

County Connection

2477 Arnold Industrial Way Concord, CA 94520-5326 (925) 676-7500 countyconnection.com

ADMINISTRATION & FINANCE COMMITTEE MEETING AGENDA

Monday, July 10, 2017
9:00 a.m.

**Candace Andersen's Office,
3338 Mt. Diablo Blvd.
Lafayette, CA 94549**

The committee may take action on each item on the agenda. The action may consist of the recommended action, a related action or no action. Staff recommendations are subject to action and/or change by the committee.

1. Approval of Agenda
2. Public Communication
3. Approval of Minutes of May 31, 2017*
4. Propose reorganization of administrative staff*
(The General Manager will ask the A & F Committee to review and forward the proposed reorganization of the administrative staff to the Board.)
5. Review of Vendor Bills, June 2017**
6. Legal Services Statement, April 2017-General, April 2017-Labor**
7. Next Scheduled Meeting – August 2, 2017
8. Adjournment

*Enclosure

**Enclosure for Committee Members

***To be mailed under separate cover

****To be available at the meeting.

FY2016/2017 A&F Committee

Don Tatzin – Lafayette, Al Dessayer - Moraga, Sue Noack – Pleasant Hill, Candace Andersen – Contra Costa County

Clayton • Concord • Contra Costa County • Danville • Lafayette • Martinez
Moraga • Orinda • Pleasant Hill • San Ramon • Walnut Creek

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

General Information

Public Comment: Each person wishing to address the committee is requested to complete a Speakers Card for submittal to the Committee Chair before the meeting convenes or the applicable agenda item is discussed. Persons who address the Committee are also asked to furnish a copy of any written statement to the Committee Chair. Persons who wish to speak on matters set for Public Hearings will be heard when the Chair calls for comments from the public. After individuals have spoken, the Public Hearing is closed and the matter is subject to discussion and action by the Committee.

A period of thirty (30) minutes has been allocated for public comments concerning items of interest within the subject matter jurisdiction of the Committee. Each individual will be allotted three minutes, which may be extended at the discretion of the Committee Chair.

Consent Items: All matters listed under the Consent Calendar are considered by the committee to be routine and will be enacted by one motion. There will be no separate discussion of these items unless requested by a committee member or a member of the public prior to when the committee votes on the motion to adopt.

Availability of Public Records: All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body, will be available for public inspection at 2477 Arnold Industrial Way, Concord, California, at the same time that the public records are distributed or made available to the legislative body. The agenda and enclosures for this meeting are posted also on our website at www.countyconnection.com.

Accessible Public Meetings: Upon request, County Connection will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service so that it is received by County Connection at least 48 hours before the meeting convenes. Requests should be sent to the Assistant to the General Manager, Lathina Hill, at 2477 Arnold Industrial Way, Concord, CA 94520 or hill@countyconnection.com.

Shuttle Service: With 24-hour notice, a County Connection LINK shuttle can be available at the BART station nearest the meeting location for individuals who want to attend the meeting. To arrange for the shuttle service, please call Katrina Lewis – 925/680 2072, no later than 24 hours prior to the start of the meeting.

Currently Scheduled Board and Committee Meetings

Board of Directors:	Thursday, July 20, 9:00 a.m., County Connection Board Room
Administration & Finance:	Wednesday, August 2, 9:00 a.m., Supervisor Andersen's Office, 3338 Mt. Diablo Blvd. Lafayette, CA 9454
Advisory Committee:	TBA. County Connection Board Room
Marketing, Planning & Legislative:	Thursday, August 3, 10:00 a.m., 1676 N. California Blvd., S620, Walnut Creek
Operations & Scheduling:	Friday, July 7, 8:00 a.m. Supervisor Andersen's Office 309 Diablo Road, Danville, CA

The above meeting schedules are subject to change. Please check the County Connection Website (www.countyconnection.com) or contact County Connection staff at 925/676-1976 to verify date, time and location prior to attending a meeting.

This agenda is posted on County Connection's Website (www.countyconnection.com) and at the County Connection Administrative Offices, 2477 Arnold Industrial Way, Concord, California

Administration and Finance Committee
Summary Minutes
May 31, 2017

The meeting was called to order at 9:00 a.m. at Supervisor Andersen's Office in Lafayette at 3338 Mt. Diablo Boulevard. Those in attendance were:

Committee Members: Director Al Dessayer
Director Don Tatzin
Director Sue Noack
Director Candace Anderson

Staff: General Manager Rick Ramacier
Director of Finance Erick Cheung
Senior Manager of Human Resources Lisa Rettig

Guest: Andrew Brown High Mark Capital Management
Rachael Sanders Public Agency Retirement Services

1. Approval of Agenda- Approved with modification of Ten Year Forecast Preliminary Options moved to Item 4.
2. Public Communication- None.
3. Approval of Minutes of May 1, 2017- Approved.
4. Ten Year Forecast Preliminary Options – Director Cheung reported that beginning in March, staff has informed the Committee and the Board regarding issues in the forecast due to lower than expected sales tax growth in the coming year and changes by CalPERS assumptions that would raise expenses in the long term. The Fiscal Year (FY) 2018 Draft Budget uses \$3.2 million more than Metropolitan Transportation Commission (MTC) estimates we will receive next fiscal year in Transportation Development Act (TDA) 4.0 funds. This will reduce our TDA reserves to \$7.0 million by the end of the fiscal year. From FY 2019 to FY 2026, expenses are estimated to grow at 3.5% a year, while revenues are only growing 2.6%. In FY 2020, the TDA reserve balance will drop to \$472 thousand assuming there are no improvements in revenue or reduction in costs. As discussed in the previous meetings, this is not sustainable and needs to be corrected for financial stability in the short and long term.

In April & May, staff prepared some strategies to balance the budget from increasing fares to reducing service. Using some of those strategies and maintaining a 12% reserve through FY 2023, County Connection would need to reduce service 52,000 hours over a one year period, 58,000 hours over two years, and 72,000 hours over a four year period. County Connection currently provides approximately 258,000 hours.

The Committee discussed the various options and asked when County Connection would receive information on how much estimated revenue would come from State Assembly Bill 1 (SB1). MTC is still reviewing the legislation and the earliest this information may become available is some time in the Fall. This item was forwarded on to the Board for review and comment.

5. Public Agency Retirement Services (PARS) OPEB Trust – Andrew Brown from Highmark Capital and Rachael Sanders from PARS reported on the performance of CCCTA's OPEB Trust. The one year performance as of June 30, 2016 was 3.12%; the performance over the last 5 years is 4.53%. The account balance as of March 31, 2017 was \$2,606,001. The committee reviewed the report and discussed the asset allocation strategy and investment rate of return. The asset allocation approved by the A&F Committee at inception is Moderately Conservative and the committee did not recommend a change at this time.

6. Adjustment to Non-Represented Administrative Employees Compensation – General Manager Ramacier & Senior Manager of Human Resources Rettig requested a 3% increase in the pay scale for administrative employees which were included in the Draft FY 2018 Budget. Approved by the Committee for the Board consent calendar.
7. FTA 5311 Grant FY 2018 – General Manager Ramacier reported that MTC is the regional coordinating agency responsible for approving and adopting the Program of Projects for the FTA Section 5311 Rural and Intercity Bus Program and the Transportation Improvement Program (TIP) for the 9-County Bay Area. Consistent with the revised Section 5311 Objectives and Criteria that were adopted by the Commission on October 23, 2013, funds will be distributed to transit operators according to each operator's rural area population and rural area route miles.

Per MTC's 5311 funding formula, County Connection has been allocated \$50,412 with a local match requirement of \$40,700 (or 44.67%). These funds are eligible to cover operating expenses on the fixed route system. Committee approved Resolution 2017-020 to the Board as a consent item.

8. Fiscal Year (FY) 2018 Draft Budget and Ten Year Forecast – Director Cheung provided a brief summary of the FY 2018 Budget. The proposed budget has \$39.0 million in expenses for fixed route and paratransit with proposed revenues to offset these costs. Staff requested that this budget be put on the Board agenda with a recommendation for approval following a public hearing. Approved.
9. Adoption of Gann Appropriations Spending Limitation for FY 2018 – Director Cheung reported that the spending limit for FY 2018 is \$71,604,709. The budgeted amount for operating and capital that is paid for by nonfederal monies is \$37,668,255 or \$33,936,454 under the Gann limitation. Approved for Board consent.
10. Review of Vendor Bills, May 2018- Reviewed.
11. Legal Services Statement, March 2017, General & Labor- Approved.
12. Adjournment- The meeting was adjourned. The next meetings will be tentatively scheduled for Monday, July 10th at 9:00 a.m. and Wednesday, August 2nd at 9:00am at 3338 Mt. Diablo Blvd, Lafayette, CA 94549.

Erick Cheung, Director of Finance

TO: Administration & Finance Committee

DATE: July 5, 2017

FROM: Rick Ramacier
General Manager

SUBJECT: Administrative
Reorganization

Background

Over the past years, a number of administrative based positions have remained unfilled or eliminated upon an incumbent's departure. Often this was part of cost cutting measures, less often it was due to a lack of a qualified replacement. Thus, senior staff (in terms of time on the job) absorbed many of the functions from these unfilled or lost positions. Other functions were no longer covered.

Through recent retirements of long time senior administrative employees, an increasing work load for remaining administrative employees, and the increasing technical and political nature of delivering public transportation service, an unsustainable strain is upon the work force as well as the current organizational chart. In short, we have allowed the administrative staff levels to shrink too much and the current structure of the Authority is a hinder to attracting and developing critical staff in support of providing modern and expected transit services.

It should be noted that the shrinkage in staff was greater between 2004 and 2010, while the work increase has largely happened since 2013 or so. Also, the departure of long time senior employees picked up in pace after 2013. Thus, the impact to the administrative workforce from the departure of employees and the current organization chart was delayed and is now being fully felt at this time.

To address this situation, the General Manager seeks to reorganize the administrative structure of the Authority. The purpose is to update the organizational structure so that the Authority can meet its vision and mission in delivering public transportations service effectively, efficiently, safely, and responsively well into the next decades.

Brief Analysis of Current Situation

The functional areas that could use greater staff attention and oversight are, accessible services (including paratransit contract oversight), human resources, and information technology. Furthermore, the structure was greatly flattened shortly after I became General Manager. In my view, we are too flat. In order for us to be truly effective in a manner consistent with the direction and goals of the Authority, the organizational structure should increase its verticalness at this time. This will facilitate teamwork, consistency, and better overall staff performance and accountability.

We have enjoyed the benefit of having a number of well experienced long term senior people in management at the Authority. The downside of this is that since 2013, a number of these folks have left, and a few more are likely to leave within the next few years. A highly experience and competent team not only can overcome the inherent weaknesses of a relatively flat structure, but can actually sometimes thrive in one at times.

As these long term employees have left, we have and continue to work hard to replace them with capable talent. We have been somewhat successful in this. The one thing the newer people tend to not have is the well-developed experience of their predecessors. Their continued and on-going development is very important for them to reach their full potential. Thus, this situation may call for a more vertical structure to support this.

Current Structure

The current organizational structure has Directors followed by Senior Managers followed by Managers. There are no Assistant General Managers or Chiefs per se. Recently, some Directors have been reluctant to make decisions or recommendations that are not entirely within their respective department. Meanwhile, these types of multi-departmental decision needs have been growing. At the same time, confusion has developed between the roles, functions, and compensation distinctions between Senior Manager and Manager. Thus, lines of communication and command have been inefficiently blurred.

New Structure

The new structure proposes to have an Assistant General Manager- Administration, a Chief Operating Officer, and a Chief Financial Officer. The next layer would be Directors followed by Managers. The title of Senior Manager would cease. This structure would provide the General Manager with a more consolidated span of control, take advantage of three very strong proven leaders among the existing employees, and provide regular and high level support to a handful of younger employees who with such help are ready to take on the role of department head. Finally, this will allow me to spend more time effectively representing our interests externally as is needed at this time.

Financial Considerations

In the short term, there is a net growth of four staff to the administration of the Authority under the proposed plan. Over the next year or so, that will likely be offset by the elimination three possibly four positions through attrition.

The four positions that the new structure will have could cost up to an estimated \$430,000 per year. The savings from eliminating select positions through attrition could save an estimated \$375,000 per year upon completion of said attrition. So, there is a financial impact in terms of salary and benefits to the new proposed organizational structure.

While it is most difficult to assess the potential financial impact of not moving forward with an organizational restructuring as proposed, I am most comfortable stating that if we keep the

current structure, a negative financial impact will be felt in some manner. This is because I don't believe we can continue to operate the agency in manner that is efficient and effective without addressing the staffing and structural needs of the Authority. Ultimately, service delivery will suffer likely leading to further ridership erosion. We will likely be viewed as non-responsive to a changing service environment, and likely find it harder to attract the funding we need to maintain our core operations.

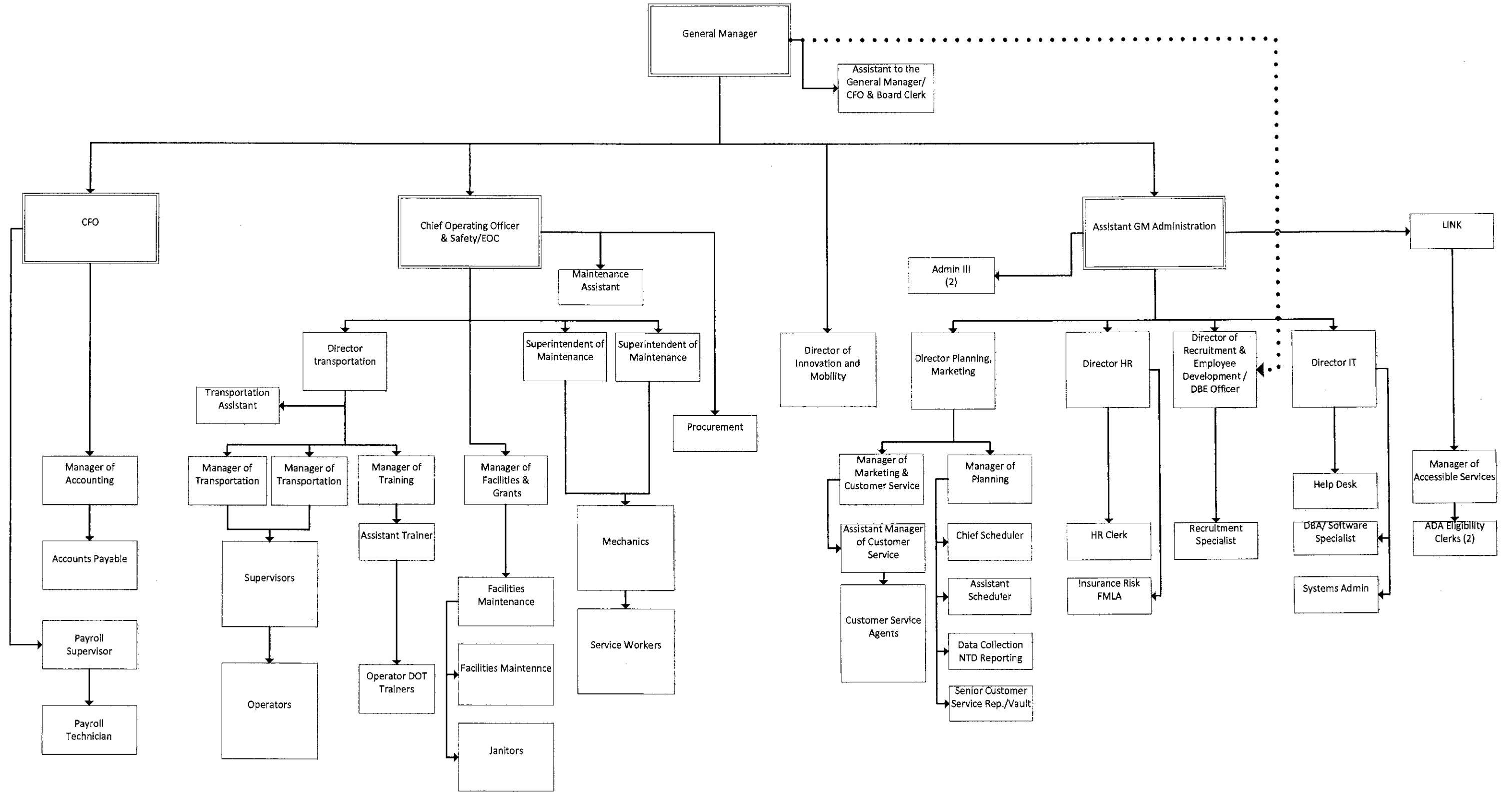
Options

- 1.) Implement an administrative reorganization as put forward in Attachment A.
- 2.) Implement a different administrative reorganization.
- 3.) Stay with the current organizational chart as in Attachment B.

Action Requested

The General Manager respectfully requests that the A&F Committee forward option 1.) to the full board for their approval.

Attachment A



Attachment B

