

Administration and Finance Committee  
Summary Minutes  
April 11, 2018

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 Keith Haydon
Staff:	General Manager Rick Ramacier Assistant General Manager Bill Churchill Chief Operating Officer Scott Mitchell Chief Financial Officer Erick Cheung Director of Planning Ruby Horta
Guests:	None

1. Approval of Agenda- Approved.
2. Public Communication- None
3. Approval of Minutes of February 7, 2018- Approved.
4. Defaulting to Marin Clean Energy (MCE) for the provision of electricity at the County Connection administrative and maintenance buildings – COO Mitchell reported that Concord City Council joined MCE in 2017. On April 1, 2018, MCE will begin providing electrical services to the City of Concord which would include County Connection's facilities. MCE met with staff and compared our current costs with PG&E, which showed saving of 2.5% to 4% based on our current usage. MCE is the default unless County Connection opts out to remain with PG&E. The committee recommended to the Board to default to MCE, staff will review billings and bring back to the committee if issues arise.
5. Income Statements for the Six Months Ended December 31, 2017 – CFO Cheung reported that the actual expenses of \$17,332,054 are -8.2% (\$1,555,868) under budget for the first six months of the fiscal year. Expenses are under budget due to vacancies and lower IT contracts, legal services, repair costs, and diesel fuel costs. Finally, the contingency is not needed for the first six months. Mr. Cheung also noted that fare revenues of \$2,416,923 are -3.8% below budget (\$96,057). The committee accepted the report.
6. Fiscal Year 2019 Draft Budget and Ten Year Forecast – CFO Cheung reported that the FY 2019 Budget is similar to the previous month and proposes \$39.3 million in operational expenses for fixed route and paratransit with revenues to offset these costs. County Connection's main revenue source is TDA 4.0 funds from MTC; the budget proposes using \$20.1 million which is \$1.8 million more than MTC estimates we will receive next fiscal year of \$18.3 million. Therefore, TDA reserves will be needed and bringing our balance to \$8.3 million by the end of the FY 2019. Staff is still working with Contra Costa Transportation Authority (CCTA) on STA allocations since that function has now been designated to them. Also, additional information will be coming forward in regards to an updated Other Post Employment Benefit valuation in the following month. The FY2019 Draft Budget and Ten Year Forecast is to get approval by the Committee's and Board's approval to file a timely TDA claim be filed with MTC. The committee approved that the item in the form of a Resolution to the Board for approval.
7. Initial Fare Proposal – AGM Churchill reported that one of the options to raise revenue is increasing fares. The last time fares were increased were increased was in 2009, nearly ten years ago, as a response to the loss in revenue resulting from the economic crises of 2008. Since 2009, many neighboring agencies have increased cash fares, eliminated transfers, and/or introduced a cash surcharge to encourage Clipper usage. AC Transit, TriDelta Transit, SolTrans and San Joaquin Regional Transit (SJRTD) have all eliminated transfers and SJRTD have eliminated all paper products. As part of our ongoing review of operations and projected revenue, staff has prepared a detailed fare analyses with the goal of simplifying the fare structure and potentially optimizing revenue while mitigating ridership loss. By restructuring the existing fare system staff anticipates more customers will use the Clipper system resulting in faster boarding times with

less disputes between operators and customers. Additionally this will streamline the administrative processes in purchasing, distributing and accounting for a myriad of paper fare products. Staff believes this will increase fare revenue bringing budgetary projections more in line with anticipated expenses as well as maintain the Authority's fare recovery ratio such that other revenue streams are not compromised such as new the STA Block Grant.

Proposed options including:

- a. Fares - Adult cash fares are proposed to be raised to \$2.50, with Senior/Disabled local and express rides increasing to \$1.25. For purposes of our revenue projection, we assume about half of current cash payers will switch to Clipper payment.
- b. Elimination of paper transfers - County Connection has a generous paper transfer policy of two hours on weekdays and up to three hours on weekends. This paper transfer slip allows for unlimited rides during this period. Transfers are particularly vulnerability to fraud and result in the highest number of uncomfortable fare disputes between operators and passengers. Since transfers will still be available to customers through Clipper, the elimination of paper transfers should provide a significant incentive to shift to the use of the Clipper product. In addition, the elimination of bus to bus paper transfers, staff proposes to eliminate the paper BART transfers, which reduces cash fares by \$1.00. This BART transfer discount will still be available automatically when using a Clipper Card from BART to a County Connection bus. Commuter Cards are a program to purchase 20 bus rides and 20 BART transfer rides, which is proposed for elimination to be replaced by Clipper.
- c. Paper passes - Before the launch of Clipper, County Connection introduced several paper pass products intended to provide a discount and convenience for frequent users. These products include senior and adult punch cards, a paper adult monthly pass, and commuter cards. For all proposals, these are proposed to be eliminated as we now have Clipper.
- d. Express fares - All cash fare increases will subsequently eliminate the current higher fare surcharge for express routes. This will streamline our system and will allow for more seamless use of parallel routes for regular pass holders.
- e. Summer youth pass - As part of this proposal, the Summer Youth Pass will be modified to become an unlimited pass for \$60 for the whole summer. The previous Youth Pass was a punch card for 20 rides for \$15. This change is proposed to be consistent with our neighboring transit agencies and may induce more ridership due to the unlimited nature of the pass as opposed to youth riders rationing their punch card trips.
- f. Clipper – no changes except the possible elimination of the Senior Midday Free.

The financial implications are difficult to estimate since there are no recent examples. Staff estimates projected increase in fare revenue of \$909,000 assuming a 10% drop in ridership to \$1,130,000 assuming ridership only decreases 5%.

Staff is seeking authorization to start the public process as required by our public participation board policy as well as federal Title VI Fare Equity requirements. This will include a series of public workshops, public announcements in various local media outlets, and a public hearing at the board. In addition, customer service will take public comments over the phone and via email concerning the fare proposal.

The committee recommended to the Board to start the public process a required by our policy as well as federal Title VI Fare Equity requirements.

8. Review of Vendor Bills, March 2018 - Reviewed.
9. Legal Services Statement, January 2018 Labor- Approved.
10. Adjournment- The meeting was adjourned. The next meeting is set for scheduled Wednesday, May 9<sup>th</sup> at 1676 North California Blvd, Suite 620, Walnut Creek, CA and June 6<sup>th</sup> at 9:00 am at 3338 Mt. Diablo Blvd, Lafayette, CA.

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Erick Cheung, Chief Financial Officer