

INTER OFFICE MEMO

Administration and Finance Committee
Summary Minutes
May 9, 2018

The meeting was called to order at 9:00 a.m. in Walnut Creek at 1676 North California Blvd., Suite 620. 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 Legal – Jessica Valenti Legal – Pat Glenn Bickmore Actuary – Kevin Watts
Guests:	Ralph Hoffman

1. Approval of Agenda- Approved.
2. Public Communication- Ralph Hoffman noted a slow trend of ridership increases in fixed route and slower than population because we have not had ridership training in many years in areas of multi-family housing.
3. Approval of Minutes of April 11, 2018- Approved.
4. Closed Session:
 - a. Liability Claims (Government Code Section 54956.95) Claim against Central Contra Costa Transit Authority; Claimant: Nancy Walker
 - b. Conference with Labor Negotiator-Pat Glenn (pursuant to Government Code Section 54957.6) Employee Organizations: Amalgamated Transit Union, Local 1605; Machinists Automotive Trades District Lodge No. 1173; Teamsters, Local 856
5. Open Session: Report of Action taken in Closed Session – Direction was provided to staff.
6. OPEB Actuarial Valuation – CFO Cheung and Mr. Watts provided a summary of the OPEB Actuarial Valuation Report which is required every two years by Governmental Accounting Standards Board (GASB) Statement No. 45. County Connection's Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2018 is \$4.3 million which is a decrease of \$2.5 million since the last valuation. The primary reason for the decrease is favorable experience due to fewer new retirees electing coverage for themselves and/or their spouse and lower 2018 medical premiums than projected in the 2015 valuation which accounts for \$1.4 million. An additional \$0.9 million decrease is based on this favorable experience assumption for future retirees and spouses. The Annual Required Contribution (ARC) for FY 2018 is \$588,345. However, County Connection gets credit under implicit subsidy of \$100,568 for current employees, therefore the benefits paid to retirees and the trust should amount to \$487,777. This amount is \$142,223 less than the original FY 2018 Budget of \$630,000. The ARC for FY 2019 is \$606,839 and the amount net of credit paid to retirees and trust should be \$486,319. The FY 2019 Proposed Budget presented in the prior month includes \$667,265 based on preliminary information. The current version has been reduced by \$180,946 to agree with the actuarial report. The A&F members discussed the actuarial report with Mr. Watts to gain a better understanding of the actuarial changes. The committee accepted the report and concurred with staff's recommendation to contribute the ARC for FY 2018 and FY 2019 which was consistent with past practice. Finally, the committee agreed to forward the item to the Board of Directors as a consent item.

7. Fiscal Year 2019 Draft Budget and Ten Year Forecast – CFO Cheung reported that the FY 2019 Budget has been updated and proposes \$39.5 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 \$19.5 million which is \$1.1 million more than MTC estimates we will receive next fiscal year of \$18.3 million. This draft includes the following changes:
- a. STA Population revenue – CCTA allocated \$3.9 million to County Connection which is an increase of \$1.1 million in revenue in FY 2019.
 - b. Lifeline revenue – CCTA is responsible for allocating the Lifeline funds and based on the estimates there is approximately \$400 thousand annually available over the next two years. This is a competitive process and the amount is still unknown how much will be allocated to agencies. For FY2019, staff reduced the amount from \$500 thousand to \$300 thousand, since there are at least two application submittals for Central Contra Costa County. For future years, the forecast assumes \$400 thousand, since the other applicant would not be eligible for future funding under the funding guidelines.
 - c. Other Post-Employment Benefits (OPEB) expense – County Connection received an updated OPEB valuation report which the Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2018 is \$4.3 million, a decrease of \$2.5 million since the valuation two years ago. The liability decrease is due to fewer new retirees electing coverage for themselves and/or their spouse and lower 2018 medical premiums than projected in the 2015 valuation. Therefore, the OPEB expense is less than originally presented in April for FY 2018 and FY 2019 for \$138 thousand and \$181 thousand, respectively.
 - d. General Liability, Property and Employment Practices Liability insurance expense – County Connection is a part of CalTIP for general liability and property insurance. In late April, CalTIP informed members that premiums will increase 20% due to claims losses and fewer providers of insurance coverage. Staff had preliminarily assumed insurance increase of \$46 thousand (10%), but has been revised to \$95 thousand for a total of \$555 thousand for FY 2019.
 - e. Workers Compensation expense – Staff increased FY 2018 workers compensation estimated expense by \$200 thousand based on possible claim settlements.
 - f. Sales Tax expense – Increase sales tax expense due to rising diesel fuel costs between 20%-30% over the previous year. The increase for FY 2018 and FY 2019 is \$5 thousand and \$30K, respectively.
 - g. Contingency expense – Increase the contingency for \$300 thousand due to timing of STA funds and labor negotiations in FY 2019.
 - h. TDA Revenue needed – The net impact is an increase of TDA reserves of \$618 thousand in FY 2019 from \$8.3 million to \$8.9 million.
 - i. The Ten Year Financial Forecast – The Board requested that the SB1 revenue and PERS Unfunded Actuarial Liability expense be shown on its own line.

The A&F Committee accepted the report and forwarded to the Board.

- 8. Review of Vendor Bills, April 2018 - Reviewed.
- 9. Legal Services Statement, February 2018 General & Labor- Approved.
- 10. Adjournment- The meeting was adjourned. The next meeting is set for scheduled Wednesday, June 13th at 9:00 am and July 11th at 10:00 am at 3338 Mt. Diablo Blvd, Lafayette, CA.

Erick Cheung, Chief Financial Officer