

INTER OFFICE MEMO

Administration and Finance Committee
Summary Minutes
September 9, 2020

The meeting was called to order at 8:30 a.m. via Teleconference pursuant to the provision of the Governor's Executive Orders N-25-20 and N-29-20. Those in attendance were:

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| Committee Members: | Director Al Dessayer Director Sue Noack Director Don Tatzin |
| Staff: | General Manager Rick Ramacier Chief Operating Officer Scott Mitchell Assistant General Manager Bill Churchill Chief Financial Officer Erick Cheung Director of Planning, Marketing & Innovation Ruby Horta Director of Human Resources Lisa Rettig Manager of Planning Melody Reeb Hanson Bridgett Pat Glenn and Madeline Chun |

1. Approval of Agenda- Approved by each member of the A&F Committee
2. Public Communication- None
3. Approval of Minutes of August 5, 2020- Approved by each member of the A&F Committee.
4. Closed Session –
 - a. Conference with Labor Negotiator (pursuant to Government Code Section 54957.6) Employee Organizations: Teamsters Union, Local 856, Machinists 1173 and ATU 1605. No reportable action taken.
5. CCCTA Investment Policy – Quarterly Reporting Requirements – CFO Cheung reported that the portfolio as of June 30, 2020 complies with County Connection's Investment Policy. Each member of the committee approved the item for the Board consent calendar.
6. Increasing Cafeteria Amounts for Non Represented Employees – Director Rettig reported that County Connection contracts under the Public Employee's Medical and Hospital Care Act (PEMHCA) for Administrative employee benefits. The current MOUs with the ATU and Teamsters increase the Cafeteria Plan annually using a formula that averages the increases in the two (2) most popular health plans by coverage level and splitting that amount and adding it to the Cafeteria Plan. In recent history the Board has provided the same increases to the Administrative Employees Cafeteria Plan in the interest of equality. For 2021, the two most popular health plans are Kaiser and Anthem Traditional and the estimated costs to implement the cafeteria increases for administrative employee groups is \$26,029 and budgeted for \$18,817. Each member of the committee approved the monthly increase for the Administrative Employee Cafeteria Plan to the Board for consent.
7. Lifeline Transportation Program Cycle 6 Grant Funding – Director Horta Planning Manager Reeb stated that there are Lifeline Transportation Program (LTP) Cycle 6 funds available for improved mobility for low-income residents of Contra Costa. County Connection's portion of those funds are for \$83,785. The LTP funds will support the Monument Corridor, which includes Routes 11,14,16,18,19,311,314, and 316. These routes provide basic transportation services to County Connection riders; 25% of whom are low income. All lines serve and/or are predominantly located in Communities of Concern. Public Transit is a primary means of transportation for both the adult and youth populations within the Communities of Concern. All lines presently provide service to employment, services, retail, schools, health care and coordination to BART stations. Funding this project would preserve existing headways and service span. Each member of the committee approved the item for Board approval for consent.

8. On-Call General Engineering Consulting Services Contract Award– COO Mitchell stated that County Connection has utilized on-call engineering services contract with Diablo Engineering. Staff issued a RFP earlier this year and received two qualified proposals. Based on the proposals, staff is recommending that the A&F Committee recommend to the Board of Directors to authorize the GM to enter into a contract with Diablo Engineering. The agreement conforms with State and Federal requirements, no guaranteed minimum level of compensation but not to exceed \$1.8 million. We have several potential engineering projects which include replacement of underground fuel tanks and expanding the electric bus charging stations. Each member of the A&F Committee approved the contract with Diablo Engineering for on call services to the Board for consent.
9. Update on Fiscal Year 2020 & Fiscal Year 2021 Budget – CFO Cheung provided an update to Fiscal Year (FY) 2020 & FY 2021. From the adoption in June through August, staff has been updating the FY 2020 & FY 2021 revenues and expenses. For FY 2020, the unaudited expenses are now \$37.8 million, which is \$2.4 million less than the assumption in June. The main reason for the reduction was related to COVID-19, since we have vacancies not currently being filled, declining diesel expense due to reduced service and dropping prices, and demand for paratransit services significantly decreased. The ending TDA reserve is \$26.0 million which is an increase of \$9.2 million from the previous fiscal year, but this is mainly due to receiving approximately \$6.9 million in CARES Act Funding. We also did not lose as much revenue as originally estimated in TDA, STA and Measure J, which accounts for 75% of our funding. As we stated in the June staff report, we thought the financial impact would be felt more in FY 2021 based upon the downward revenue estimates. The CARES Act provides us cash flow and funding in FY 2021 as our regional partners (MTC, State of California and Contra Costa Transportation Authority) significantly reduced our allocations.

For Fiscal Year 2021, staff reviewed and updated expenses to lower costs by \$494 thousand for a total of \$44.0 million in operations. The decrease represents not giving cost of living adjustments for administrative staff and freezing certain vacant positions and reducing supplies and services without affecting current service levels. Even with these changes and assuming no additional adjustments to expense or revenue, we will overspend our TDA revenue by \$8.9 million in FY 2021. Our TDA reserves would drop to \$17.1 million in FY 2021 and by FY 2023 we would be a negative \$3.4 million.

The forecasted estimated current level of revenue is not sustainable to meet the operating expenses of County Connection into the near future. Staff provided a summary of scenarios of the forecast based on the current assumptions and additional scenarios adjusting for TDA revenue for the A&F Committee's consideration. In general, the scenarios assume different levels of TDA revenue loss from 5% to 20% compared to FY 2020 actual and then incorporate different levels of expense reduction from status quo all the way up to \$7 million. It also assumes the contingency for FY 2021 of \$600 thousand is not needed. The specific expense reductions are to be determined and assumed to be spread over two years (i.e. \$3 million reduction would be \$1.5 million in FY 2021 and an additional \$1.5 million in FY 2022). Most likely any reduction in expenses would have an impact to service levels. Staff has assumed a baseline of 16% of TDA reserves or two months for sufficient cash flow. Based on these assumptions, and if no changes to revenues or expenses are made, we will not have sufficient funds to operate sometime in FY 2023. It is also important to note that the revenue estimates are still very preliminary as the data for the first quarter (July to September) for TDA, STA, and Measure J will be available around November/December of this year and that represents approximately 75% of our revenues as shown.

In the coming months, staff will bring back reductions in service and updates on our revenue for FY 2021. Staff requested this item be forwarded to the Board for their comments and questions. Commissioner Tatzin had to excuse himself and left the meeting at 9:20 am. Commissioner Dessayer and Noack approved moving the item to the Board.

10. Review of Vendor Bills, August 2020- Reviewed.
11. Legal Services Statement, June 2020 General & Labor and July 2020 General – Approved by Commissioner Dessayer and Noack of the A&F Committee.
12. Next Scheduled Meeting – The next meeting is set for scheduled for 8:30 am on Wednesday, October 7th via teleconference.
13. Adjournment- The meeting was adjourned