

Administration and Finance Committee
Summary Minutes
March 10, 2021

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:

Committee Members: Director Sue Noack
Director Don Tatzin

Staff: General Manager Rick Ramacier
Assistant General Manager Bill Churchill
Chief Operating Officer Scott Mitchell
Chief Financial Officer Erick Cheung
Director of Human Resources Lisa Rettig
Director of Planning Ruby Horta
Finance Manager Karol McCarty
Authority Attorney Madeline Chun

1. Approval of Agenda- Approved by each member of the A&F Committee
2. Public Communication- None
3. Approval of Minutes of February 3, 2021- Approved by each member of the A&F Committee.
4. Review of FY 2022 Proposed Draft Budget and Forecast – CFO Cheung reported that the FY 2022 Budget proposes \$46.7 million in operational and capital expenses with revenues to offset these costs. County Connection's main revenue source is TDA 4.0 funds from MTC; the budget proposes using \$20.6 million which is \$1.4 million more than MTC estimates we will receive next fiscal year of \$19.2 million. Therefore, TDA reserves will be needed and bringing our balance to \$21.2 million by the end of the FY 2022. He provided a summary of the all the changes that have occurred over the last year due to COVID-19 and the impacts on revenue and expense. Based on that information the Board approved the plan for a service reduction and showed it would save \$1.9 million in comparison to FY 2021 Budget and \$2.8 million in comparison to the Forecasted Budget for FY 2022 in the prior year budget. Mr. Cheung noted the importance of the Federal CARES Act funding and how it supported County Connection due to fare revenue loss and ridership decline. One of the main changes from the adoption last June is that TDA revenue is better than originally estimated and may be higher than FY 2020 amounts when it was assumed to drop 25%. Also, STA revenue is estimated to decrease 25% in FY 2021 but better than the original 40% drop. One of the larger increases to the budget in FY 2022 is the demonstration project with LAVTA for paratransit services for \$2.3 million and one of the main reasons' expenses are higher than the previous budget. Mr. Cheung also noted that the TDA Reserves in FY 2026 are a -\$340 thousand as we are spending more than we are receiving even though over the last 20 years are costs are in line with inflation but TDA revenue has not kept pace. Finally, he noted that capital forecast is based on the 2016 Short Range Transit Plan and does not include costs for electric fleet and infrastructure as we are still working with the consultant.

The Committee had a conversation with staff over the proposed budget. A key point brought by Commissioner Noack and Tatzin is the work and costs to transition from paratransit services to assist the region with trips for COVID-19 testing and meal deliveries. Also, Commissioner Tatzin wanted to have an estimate of additional federal assistance assuming the current stimulus passes and signed into law.

Staff will prepare an updated proposed budget for the Committee in April. No action taken since this is an informational item for the Committee.
5. CCCTA Investment Policy-Quarterly Reporting Requirement – CFO Cheung reported that the portfolio as of December 31, 2020 complies with County Connection's Investment Policy. Approved for the Board consent calendar.
6. Cap and Trade Grant (LCTOP) FY 2020-21 – Director Horta stated the guidelines for Low Carbon Transit Operations Program (LCTOP) through Senate Bill 1119 increases project flexibility which allowed the fare subsidy project in the Monument Corridor on Routes 11, 14, 16. The guidelines allow flexibility to continue to provide free fares on Routes

11, 14, and 16 for FY 21-22 since it serves low income communities and MTC community of concern. LCTOP funding is proposed for Route 99X which was designed to meet the current guidelines of serving communities within DAC. Route 99X connects the Martinez Amtrak Station to BART via Pacheco Blvd. and Morello Ave. LCTOP will provide funding of \$542,538 in FY 2022 which is a decrease due to COVID-19. The plan is to roll over half of the Subsidized Fares from FY 2020 to the following year for \$450,000 since we don't believe there will be sufficient ridership to use it during FY 2021. The recommendation by staff is to allocate the funds of \$215,710 for Route 99X which is in the Disadvantage Community group (DAC) and \$326,828 for free fares on Routes 11,14, 16. and \$215,710 for Route 99X. Each of the A&F Committee members approved the proposed LCTOP project funding allocation for Board approval on consent.

7. Administrative Employee Compensation Adjustment – Director Rettig stated that at the June 18, 2020 Board of Directors meeting, Resolution 2020-25 was adopted. This resolution determined that because state and federal funding was unknown at the time, any adjustment to Administrative Staff salaries was unknown and uncertain. Therefore, the resolution provided that any increase to the Administrative Staff salaries subsequently adopted by the Board of Directors would be effective July 1, 2020.

The TDA and STA projections were updated in December of 2020 realizing an increase in TDA revenue of over 3% and the reduction in STA was a more modest drop of 0.18% for the first quarter of FY 2021. Subsequently in January of 2021, the Board decided not to pull the triggers for both the ATU and Machinists bargaining units resulting in a 3% increase of pay for employees in each group. Additionally, the Teamsters received a 3% increase effective 9/1/2020.

Staff's recommendation is that all Administrative Staff at Grade 12 and below (this excludes the Executive Team) be given a 3% increase to the employees' base wage rate, effective 1/1/2021, and a lump sum payment of \$1,000.00 in lieu of the 3% from 7/1/2020 to 12/31/2020. Each of the A&F Committee members approved the proposed increase for Board approval on consent.

8. Review of Vendor Bills, February 2021- Reviewed by each member of the A&F Committee.
9. Legal Services Statement, December 2020 General and Labor and January 2021 General – Approved by each member of the A&F Committee.
10. Next Scheduled Meeting – The next meeting is set for scheduled for 8:30 am on Wednesday, April 7th via teleconference.
11. Adjournment- The meeting was adjourned.

Erick Cheung, Chief Financial Officer