

Summary Minutes Administration & Finance Committee

County Connection Administration Office
2477 Arnold Industrial Way
3rd Floor Conference Room
Concord, CA 94520

Wednesday, July 10, 2024, 2:00 p.m.

Directors: Renata Sos, Sue Noack, Laura Hoffmeister
Staff: Bill Churchill, Ruby Horta, Amber Johnson, Karol McCarty
Cathy MacLeod – MacLeod & Watts, Rachael Sanders – PARS, Ashley Baires – PARS,
Dennis Mullins - PARS
Public: None

Call to Order: Meeting called to order at 2:01 p.m. by Director Sos.

1. Approval of Agenda

The Committee approved the agenda.

2. Public Communication

None.

3. Approval of Minutes of June 5, 2024

The Committee approved the minutes.

4. OPEB Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2024

Ms. Johnson explained that an Other Post-Employment Benefits (OPEB) actuarial is required to be updated every two years per GASB 75, and this valuation assesses our retirement liabilities recorded in the financial statements. Cathy MacLeod of MacLeod & Watts presented County Connection's actuarial with OPEB Liability (NOL) as of June 30, 2024, of \$3 million which is a decrease of \$619K since the last valuation. The decrease is attributed to assumptions of healthcare trends, participation assumptions for future retirees, and updated demographics. The Actuarially Determined Contribution (ADC) is the amount the Authority should contribute to fund retiree benefits. For FY 2025, this is \$603,192 however the credit for implicit subsidy of \$129,274 brings this contribution down to \$473,918. This amount was included in the current FY 2025 budget. The ADC for FY 2026 is projected at \$621,288.

The A&F Committee accepts the report and forwards it to the Board of Directors.

5. Public Agency Retirement Services (PARS) Combination 115 Trust

Ms. Johnson reported that the Public Agency Retirement Services (PARS) Combination 115 Trust holds funds for two types of future benefits. Rachael Sanders and Ashley Baires of PARS and Dennis Mullins of Public Financial Management (PFM), the investment sub-advisor, presented the report.

The OPEB 115 Trust funds future OPEB benefits that will be collected by current employees. As of March 2024, the amount in trust is approximately \$5.49 million and has earned 4.63% return on investment utilizing a “moderately conservative (passive)” investment strategy. Investments are 30% stocks and 70% bonds. No funds have been withdrawn to pay benefits to date.

In February 2023, the Board established a Pension 115 Trust that is used for prefunding pension liabilities. As of March 2024, this amount is approximately \$1.07 million and has earned 6.93% return on investment utilizing a “moderately conservative (passive)” investment strategy. Investments are 30% stocks and 70% bonds. No funds have been withdrawn to pay benefits to date.

This item is informational only and requires no action.

6. Regional Fare Transfer Policy

Ms. Horta reported that the Metropolitan Transportation Commission (MTC) has initiated an idea for a fare transfer pilot to improve passenger experience and promote higher ridership by discounting inter-agency transfers between transit agencies. The proposed policy would provide a discount of up to \$2.50 for each transfer within two hours of the first boarding. Based on current transit operators’ fares in the region, this would mean that transfers between local bus agencies would be free, and transfers to regional services such as BART or Caltrain would be discounted. Given County Connection’s fare structure, reimbursement of transfers by MTC would mean additional revenue to the Authority. The pilot will coincide with the future launch of Clipper 2.0 and is expected to last for 18 to 24 months.

The A&F Committee forwards this to the Board for approval for the General Manager to execute an MOU with MTC for the No-Cost and Reduced Cost Interagency Transfer Pilot Program.

7. Bus Accelerated Infrastructure Delivery (BusAID) Update

Ms. Horta reported that in September 2021, the Metropolitan Transportation Commission (MTC) adopted the Transformation Action Plan (TAP) which identified near-term actions to improve the region’s transit system, reduce transit travel times, and improve transit reliability. The Bus Accelerated Infrastructure Delivery (BusAID) Program has \$30 million set aside for the program. County Connection’s Monument Corridor would receive \$385K in federal funding from MTC—which would have a minimum 11.47% local match of \$50K—to optimize bus stops, improve ADA accessibility, and enhance signal timing.

The A&F Committee approved this item and recommends the Board of Directors authorization of a Master Funding Agreement with MTC for BusAID project funding.

8. Income Statements for the Nine Months Ended March 31, 2024

Ms. Johnson reported that the actual expenses of \$34.6 million represent 69.6% of the total annual budget of \$49.7 million, and expenditures are equal to revenues due to the way the Authority utilizes its TDA revenues. Fixed route expenses of \$26.9 million have utilized 66.9% of total budget with Fare Revenues exceeding budgetary estimates at 101.7% of anticipated for the year. Non-operating revenues such as investment income (\$942K) and asset disposal (\$200K) represent 932.5% of the budget category and will be transferred to the Operating and Capital Reserve at fiscal year-end. The primary driver of expenses is salaries and wages which has used 69.3% of the annual budget. Over the past three years, the farebox recovery ratio has increased from 7.6% to 9.4% to 9.6% for FY 2024. The cost of service per passenger has decreased the past three years from \$16.98 to \$14.20 to \$13.88 in FY 2024.

Paratransit expenses of \$7.7 million represent 81.0% of the total budget. Purchased transportation expenses are the primary driver and this budgetary line item has been utilized 81.6% of the budget. It is expected that purchased transportation cost will exceed the budget, but this amount can be absorbed by savings on the fixed route side. Over the past three years, the farebox recovery ratio has increased from 3.3% to 4.4% to 6.2% for FY 2024. The cost of service per passenger has decreased in prior years from \$124.19 to \$70.10 in FY 2023, but slightly rose to \$89.45 in FY 2024.

The A&F Committee accepted the report and recommended it be provided as an information item to the Board of Directors.

9. Compensation Structure for Executive-level Staff

Mr. Churchill and Ms. Johnson reported information for a proposed, employer-sponsored 401(a) plan for the executive team. Staff's initial concept was for the executive team to forgo a cost-of-living adjustment (COLA) for a single year in exchange for a comparable contribution to the 401(a) plan. At the June Board of Director's meeting, a 4% COLA was approved for non-represented employees effective July 1, 2024.

After coordinating with the Authority's legal counsel, it was determined that California Public Employees' Pension Reform Act (PEPRA) restricts the amount that governmental employers in California may contribute to 401(a) plans. The revised proposal for a 401(a) plan would encompass guidelines including: (1) eligibility of the executive team members; (2) a contribution of 2% of base salary, or the legal limit, whichever is lesser; and (3) no vesting period. In the first year, given the approved 4% COLA in June 2024, 2% would be contributed to the new 401(a) plan and 2% would be applied to regular pay. This would be cost-neutral to the Authority in the first and in subsequent years because the executive team's COLA is merely being shifted to a 401(a) contribution—in full or in part, depending upon the legal limits relating to PEPRA.

The A&F Committee approved this proposal and forwards it to the Board of Directors for final authorization.

10. Review of Vendor Bills, June 2024

The Committee reviewed the vendor bills for June 2024.

11. Approval of Legal Services Statement, April and May 2024 General and April 2024 Labor

The Committee approved the legal services statement, April and May 2024 General plus April 2024 Labor.

12. Next Scheduled Meeting

There was consensus to skip the August meeting. The next meeting is scheduled for Wednesday, September 4th at 2:00 p.m.

13. Adjournment

The meeting was adjourned at 3:01 p.m.

Minutes prepared and submitted by: Karol McCarty, Manager of Accounting