

MENDOCINO COUNCIL OF GOVERNMENTS

Executive Committee Approved MINUTES

February 24, 2023
By Zoom Teleconference

Present: Committee Members: Chair Dan Gjerde, Vice Chair John Haschak, Director Bernie Norvell
MCOG Staff: Nephele Barrett, Lisa Davey-Bates, Janet Orth, Alexis Pedrotti
MTA Staff: Jacob King, Mark Harvey

1. **Call to Order** at 10:00 a.m. with all present, Chair Gjerde presiding.

2. **Public Expression** - None.

3. **Review & Recommendation on Options for Staffing Services Starting October 1, 2023 and Possible Contract Extensions.** Contractor Nephele Barrett summarized her written staff report and proposals in the agenda packet, with available options for the staffing contracts with Dow & Associates for Administrative & Fiscal Services and Davey-Bates Consulting for Planning Services. She gave background of how the contracts were awarded, with procurement for two separate services, and introduced the companies' principals. This would be the fifth and final extension, so by end of this calendar year, a decision on the next procurement process should be made to allow sufficient time before the contracts would expire September 30, 2024. Staff can present options, but not recommendations, due to conflict of interest. Discussion included:

- Options for next steps following a final extension; Caltrans likely would not support direct negotiations in lieu of full competitive procurement. The staffing contract procurement had been addressed in a 2013 Caltrans audit of MCOG. (Dan, Nephele, Lisa)
- Clarification of the Request for Proposals (RFP) procurement process timeline; it will be a large undertaking. The County or one of the cities could take on this responsibility. Agreement that County or City staff should begin by end of calendar year 2023. (John, Nephele, Dan, Lisa)
- Cost of Living Adjustment (COLA) and CPI rate: the contracts allow up to four percent without further board approval. The CPI is a look backward to the previous year's change. Last year was the first time during these contracts that it exceeded four percent, reaching 4.2%. This year's rate is 7.3%. (Nephele)
- How would MCOG pay for a COLA increase within budget constraints? (Dan)
- Staff is prepared to calculate more options in real time screen sharing. The difference between 4% and 7.3% for the Administration contract is about \$15,000. Changes to the Planning contract would not affect budget totals, but would be among line items to be adjusted within the Overall Work Program. (Janet)
- An increase would come from Local Transportation Funds (LTF), reducing the amount available for transit to claim. The portion of Administration from Surface Transportation Program would come from a substantial fund balance savings available. (Nephele)
- General support expressed for contract increases if justified and the budget can pay for them; suggestion to get close to the 7.3% figure. (Bernie)
- Agreement to move to the next agenda item for further consideration during the budget discussion, and determine a recommendation on the amount of COLA adjustment for the staffing contracts as part of budget action. (Group)

Recommendation:

Upon motion by Haschak, seconded by Gjerde, and carried on roll call vote (3 Ayes; 0 Noes; 0 Absent), the Executive Committee recommended that the Council approve the fifth and final one-year contract extensions for Administrative & Fiscal Services provided by Dow & Associates and Planning Services provided by Davey-Bates Consulting.

4. Review & Recommendation on Draft 2023/24 Regional Transportation Planning Agency (RTPA)

Budget. Janet reviewed the first draft budget, starting with the Local Transportation Fund sales tax revenues, and noting that details of the other funding programs were discussed in her written staff report and attachments provided in the meeting packet. Total available revenues from all sources are estimated at nearly \$9 million. While the new LTF estimate was down, and a shortfall projected for the current year, the revenues are at very high levels historically. Two scenarios for LTF allocations had been prepared for consideration, with further options available if so desired. The summary sheets, Options A and B, were viewed onscreen.

- a. Local Transportation Fund (LTF) New Revenue Estimate and Reserves. Janet reported the County Auditor-Controller/Treasurer Tax-Collector's FY 2023/24 estimate and revised 2022/23 estimate, indicating a current year's shortfall. The fund estimate is \$4,901,913, down 4.6% (\$235,470) from the FY 2022/23 initial estimate. After subtracting the projected shortfall of \$185,956, the net revenue estimate is \$4,715,957.

Staff recommended setting the LTF Reserve at 15 to 17% of the Auditor's estimate, well above the minimum 5% by policy, given the unallocated surplus available from audited FY 2021/22 revenues. Five percent would not provide a meaningful buffer for Mendocino Transit Authority in a slowing economy. Dan asked MTA staff to comment.

Jacob reported MTA has been building a small operating reserve from its own limited discretionary income, now at \$120,000. MTA's available funds are very restrictive. He and CFO Mark Harvey supported Option B with a 15% LTF Reserve (\$735,000), due to the economic unknowns ahead. They did not support reserving a higher amount, as MTA's costs are on the rise, particularly for labor.

Option A would release for allocation \$327,000 in 2023/24 after flowing through the reserve calculation, and Option B would release \$425,000, from unallocated prior-year revenues.

- b. Administration. The total Administration budget proposal is up 6.8% (\$34,835) under Option A and up 9.8% (\$50,247) under Option B, from all sources (refer to agenda packet for details). LTF costs for Administration would be 11% of the Auditor's estimate under either option, within historical norms. As a percentage of total revenues from all sources, Administration remains consistently at five percent. Other Direct Costs (i.e. not in the contract) of \$58,500 (up \$10,500 from \$48,000), representing a return to past levels, typically between \$50K and \$60K. Last year staff had recommended making use of prior-year pandemic savings of such expenses as travel and meetings. There were no objections to either Administration budget option.
- c. Two Percent Bicycle & Pedestrian Program. This amount is a calculated formula for an optional allocation up to two percent, according to Transportation Development Act (TDA) law. After Administration is subtracted, 2% of the new LTF fund estimate comes to \$87,154 under Option A and \$86,846 under Option B. MCOG issues a call for eligible projects every two years to the Technical Advisory Committee and awards are made by the Council. There was consensus to allocate the full two percent.
- d. Planning Overall Work Program (OWP). The funding proposal was prepared by Planning staff. There is a proposed decrease to the LTF proposal, from an atypical \$314,438 last year to \$147,479, returning to the usual three percent target. Added to this is the temporary one-time reserve of \$29,135 to help fund member agencies' requests for projects, which clears a prior-year unallocated balance. The draft OWP is reviewed annually by the Technical Advisory Committee (TAC) for recommendation to the Council. After comments are received from Caltrans, the final OWP is formally adopted by the Council in June. There were no objections to the proposed OWP budget.
- e. Balance Available for Transportation. The balance of LTF available to MTA for claiming comes to \$4,241,000 under Option A (down 8.9% from 2022/23) and \$4,323,896 under Option B (down 7.2%). This will be the third successive year that LTF for transit exceeds \$4 million.

Janet briefly reviewed the State Transit Assistance (STA) revenues from fuel taxes. The preliminary State Controller's estimate is an all-time high of more than \$1 million. Added to the unallocated balance of \$369,690, this makes available \$1,443,571 for allocation, which may be claimed for operations or capital.

Including LTF, STA, Capital Reserve, and State of Good Repair funds, total revenues for transit are \$6,544,850 under Option A and \$6,627,746 under Option B.

Questions and continued discussion included:

- MTA favors Option B; would this option also help MCOG staff? Yes, it does include higher COLA figure for the staffing contracts. More combinations could be considered. (Jacob, Mark, Janet)
- Option B gives more flexibility for MTA? Yes. (John, Jacob)
- Discussion of relatively high reserve versus hard costs, maintenance of buildings, ways to contain costs; with inflation ongoing, reserves and new revenues may not grow over the next few years. Contractors' costs are up generally with the present economic conditions. (Dan, Jacob, Bernie)
- Discussion of insurance options for contractors' employee benefits, up 11.5% in new proposal; suggestion to look at eligibility for REMIF (Redwood Empire Municipal Insurance Fund). Unknown whether contractors can apply as an eligible JPA. The contractors do shop and compare, will look into. (Dan, Nephele)
- Comfortable with 7.3% COLA, though looking for potential savings in future as costs may rise faster than revenues. (Dan)

Chair Gjerde called for any public comment on the item, with none received.

Recommendation:

Upon motion by Haschak, seconded by Norvell, and carried on roll call vote (3 Ayes; 0 Noes; 0 Absent), the Executive Committee recommended approval of staff's recommended Draft 2023/24 Regional Transportation Planning Agency (RTPA) Budget – Option B with Consumer Price Index (CPI) inflation rate of 7.3 percent for COLA adjustment to both staffing contracts and LTF Reserve at 15 percent, for further development during the annual budget process, including:

- LTF Reserve fund balance of \$735,000, triple the minimum percentage allowed under policy, releasing for allocation \$425,024
- \$559,626 LTF for Administration
- \$86,846 LTF for 2% Bicycle & Pedestrian Program, allocating the full optional 2%
- \$141,479 of new LTF plus \$29,125 of LTF prior-year unallocated revenues for the Planning program
- \$4,353,031 LTF for Transit
- Allocations from other sources for the Transportation Planning Overall Work Program (OWP) as recommended by staff and Technical Advisory Committee
- Allocations from the Surface Transportation Block Grant (STBG) Program according to policy and the staffing contract.

– *Summary of recommended budget is attached.*

5. Direction to Staff for Preparation of Report to Board – Project Funding Forecast. Dan suggested agendaizing a look-ahead at the next cycle of the State Transportation Improvement Program (STIP) for discussion by the Council of available capacity for projects. Nephele noted 2023 is a STIP development year, with the Fund Estimate due in summer and assumptions already released by the California Transportation Commission (CTC) for preparation of Regional Transportation Improvement Programs (RTIPs). Discussion followed on allocation priorities and local road needs and liabilities. Next board meeting is a good opportunity for the full Council to review, as staff is planning a general orientation and outline of funding programs.

6. Reports / Information / Members' Concerns. It was confirmed that both John as Delegate and Bernie as Alternate will attend the CALCOG Regional Leadership Forum in person at Riverside. It is likely the board meeting portion will be offered in hybrid format for remote attendance. Brief discussion of the forum ensued.

7. Adjournment. The meeting was adjourned at 11:01 a.m.

Mendocino Council of Governments

Regional Transportation Planning Agency & COG - Fiscal Year 2023/24 Budget

Administration, Bicycle & Pedestrian, Planning, Transit Allocations and Reserves - Executive Committee Recommendation - February 24, 2023

REVENUES	Trans. Devt. Act (TDA)			State			Federal		Local Agencies	TOTALS
	LTF	STA	CRF	PPM	RPA	Grants	STBG	5311		
2023/24 LTF Official County Auditor's Estimate	4,901,913									4,901,913
2022/23 Auditor's Anticipated Shortfall	-185,956									-185,956
Total Local Transportation Fund (LTF) Estimate	4,715,957									4,715,957
LTF 2014/15 prior-year unallocated revenues - reserved 2017/18	29,135									29,135
Carryover - Planning Overall Work Program and RSTP Local Assistance	pending							237,560		237,560
2023/24 State Transit Assistance - SCO's Preliminary Estimate		1,073,881								1,073,881
2023/24 State of Good Repair - SCO's Preliminary Estimate						154,817				154,817
STA and SGR - Fund Balance Available for Allocation		369,690								369,690
MCOG's Capital Reserve Fund - Balance Available for Transit			705,462							705,462
Federal Transit Administration (FTA) Sec. 5311 Program - CRRSAA								To Info Supp.		0
FTA Section 5311 Program - Annual Regional Apportionment								pending		0
2023/24 STIP Planning, Programming & Monitoring (PPM)				141,000						141,000
2023/24 Rural Planning Assistance					294,000					294,000
2023/24 State Active Transportation Program (ATP) - grants & carryover						pending				0
2022/23 Transportation Planning Program carryover				53,750	pending	0				53,750
Surface Transportation Block Grant Program							811,848			811,848
HCD Regional Early Action Planning (REAP) Housing Funds - est. carryover						370,832				370,832
SHOPP Complete Streets Program - SR-162 Corridor Multi-Purpose Trail						1,511,000				1,511,000
Rural Counties Task Force - Membership Dues									38,500	38,500
LTF Reserve:										
2021/22 LTF Unrestricted Balance - audit pending	384,429									
LTF Reserve Balance as of 6/30/2022 - audit pending	1,212,745									
Less LTF Reserve Allocated for FY 2022/23	437,150									
Subtotal	1,160,024									
Less LTF Reserve per Policy adopted 4/2/2001 - 15% as reserved last year	735,000									(Per policy, minimum Reserve is 5% of County Auditor's estimate of new revenue, to nearest 1,000.)
Amount Available for Allocation in FY 2023/24	425,024									425,024
TOTAL REVENUES	5,170,116	1,443,571	705,462	194,750	294,000	2,036,649	1,049,408	0	38,500	10,932,456
ALLOCATIONS										
2023/24 Administration - inc. staffing contract at max. 7.3% COLA	559,626							101,116	38,500	699,242
2% Bicycle & Pedestrian - 2023/24 LTF Estimate less Admin. x .02	86,846									86,846
2023/24 Planning Overall Work Program (OWP) - new funds at 3% per TDA	141,479			141,000	294,000					
Temporary Reserves - LTF prior-year unallocated revenues requested for Planning OWP	29,135									
Carryover Funds - See OWP Summary	pending			53,750	pending	0				Total OWP: 659,364
Total Administration, Bike & Ped., and Planning	817,085	0	0	194,750	294,000	0	101,116	0	38,500	1,445,452
BALANCE AVAILABLE FOR TRANSIT	4,353,031	1,443,571	705,462	0	0	154,817	0	0	0	6,656,881
2023/24 Mendocino Transit Authority Claim - due April 1:										
MTA Operations										0
Unmet Transit Needs										0
Senior Centers Operations										0
Transit Planning										0
Capital Reserve Fund Contribution										0
Capital Program, MTA & Seniors Current Year										0
Capital Program, Long Term (Five Year Plan)										0
Total Transit Allocations	0	0	0					0		0
Other Allocations - RSTP for MCOG Partnership Fund							100,000			100,000
Other Allocations - RSTP for County & Cities Projects by Formula							621,848			621,848
Other Allocations - ATP Infrastructure Grants - SR162 Corridor Multi-Purpose Trail						pending				0
Other Allocations - REAP for Admin., County & Cities Projects by Formula						370,832				370,832
Other Allocations - SHOPP Complete Streets for SR-162 Corridor Multi-Purpose Trail						1,511,000				1,511,000
TOTAL ALLOCATIONS	817,085	0	0	194,750	294,000	1,881,832	822,964	0	38,500	4,049,132
Balance Remaining for Later Allocation	4,353,031	1,443,571	705,462	0	0	154,817	226,444	0	0	6,883,324