

MENDOCINO COUNCIL OF GOVERNMENTS

Executive Committee Approved MINUTES

February 25, 2021
By Zoom Teleconference

Present: Committee Members: Chair Dan Gjerde, Vice Chair Scott Ignacio, Director Tess Albin-Smith
MCOG Staff: Nephele Barrett, Lisa Davey-Bates, Janet Orth, Alexis Pedrotti,
Monica Galliani
MTA Staff: Jacob King, Mark Harvey

1. **Call to Order** at 11:07 a.m. with a quorum present, Vice Chair Ignacio presiding. Chair Gjerde arrived near the start of Agenda #4, yielding the gavel to the Vice Chair.

2. **Public Expression** - None.

3. **Review & Recommendation on Options for Staffing Services Starting October 1, 2020 and Possible Contract Extensions.** Contractor Nephele Barrett referred to her written staff report and proposals in the agenda packet, then presented available options for the staffing contracts with Dow & Associates for Administrative & Fiscal Services and Davey-Bates Consulting for Planning Services. Both contracts were last awarded through a competitive procurement in 2014, for five years with optional one-year extensions for up to five years after that. The contracts have been extended twice to date. While the contracts expire September 30, 2021, a recommendation from the Executive Committee is sought now for budget purposes and to allow sufficient time for a potential new Request for Proposals (RFP). An ad hoc committee had met to review the first extension, and last year the Council preferred a more streamlined process, with contractors preparing draft extensions for consideration. Therefore draft proposals again are presented here. Nephele pointed out Exhibit A of each proposed agreement and explained the calculations, including the present CPI inflation rate of 1.67%. The billing rate proposals align with fiscal year rather than contract year. Both contractors are offering a voluntary credit for savings on curtailed travel and related direct costs during the pandemic (\$5,300 and \$4,200 respectively). She emphasized that options are offered, but no recommendation, as staff cannot recommend on their own contracts.

Lisa Davey-Bates introduced herself and gave brief background and summary of her proposal, concurring with Nephele's presentation, noting the two contracts are very similar. She added that base rates include 11.5% increase for the healthcare benefit portion; some years have costed the contractors more, but the annual average is consistent with this rate established in the original agreement. She then invited questions.

Tess asked why continued extensions are made and not another RFP. Lisa replied that all involved would have liked to have ten-year staffing contracts, however Caltrans required the five-year limit with up to five one-year extensions. Nephele noted the only other alternative is a fully competitive procurement process. This would be the third of five possible extensions.

A motion and second were made to recommend Option 1 of staff's report, that the MCOG Board approve the one-year contract extensions. Discussion on the motion: Scott pointed out there are increases in the proposal, however they are scheduled increases identified in the Exhibits over a five-year period. He considered it a good solution to Caltrans' five-year contract limit that achieves the desired result. Lisa noted that Chair Gjerde can be expected to attend the next full Council meeting when the recommended action would be taken, and he would have the opportunity to provide input at that time. [On arrival, Dan expressed his agreement with the action taken.] Nephele and Lisa thanked the committee members for their confidence and support.

Recommendation:

Upon motion by Albin-Smith, seconded by Ignacio, and carried unanimously (2 Ayes; 0 Noes; 1 Absent), the Executive Committee recommended that the Council approve the third 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 2021/22 Regional Transportation Planning Agency (RTPA)

Budget. Janet's written staff report and attachments were provided in the meeting packet, which she summarized in her presentation. (Dan Gjerde arrived 11:26 a.m. during #4a.) Total available revenues from all sources are estimated at nearly \$9.3 million, expected to remain fairly consistent when funds carried over from 2020/21 are added and potential federal CARES Act revenues listed as informational may be removed. Under the pandemic of the past year, revenue losses have heavily impacted fuel taxes, while sales taxes are up significantly.

- a. Local Transportation Fund (LTF) New Revenue Estimate and Reserves. Janet's report reviewed how the County Auditor-Controller calculated the estimate and the result, as well as the general economic trend and reserve balance. The fund estimate is \$4,525,780, up 8.4% (\$351,402) from the FY 2020/21 initial estimate. Actual revenues for the first seven months of FY 2020/21 show an increase of 14% compared to the same seven months a year ago. The Auditor then found a 3-year average increase of actual revenues and applied a more conservative percentage increase to arrive at the new FY 2021/22 estimate.

Additionally, staff proposed releasing 2020/21 temporary reserves into the 2021/22 budget, since anticipated losses of sales tax had not materialized, and the Auditor had confirmed high levels of sales tax receipts in the current year. With the combination of a high new LTF estimate and release of temporary reserves of 2020/21 revenue increases, funds available for transit exceed \$4 million for the first time. Two options were offered for allocating the funds to benefit public transit.

"Option A" would double the minimum LTF Reserve to ten percent (\$452,000), releasing \$18,301 for allocations. "Option B" would reserve the usual five percent (\$226,000), releasing \$244,301 for allocations, which MTA may claim for operations, senior centers, unmet needs, and capital program.

- b. Administration. The total Administration budget proposal is up 1.2% (\$7,231). LTF costs continue a downward trend from 11.6% of the Auditor's estimate to 10.9%. As a percentage of total revenues from all sources, Administration is about five percent. Other Direct Costs (i.e. not in the contract) drop from \$59,295 to \$54,000, well within past levels of \$50-\$60,000. Staff's proposal is \$621,548 from: LTF (\$492,001), RSTP (\$90,000), and Service Authority for Freeway Emergencies/SAFE (39,547). There were no objections to the proposed Administration budget.
- 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 \$80,676. MCOG issues a call for eligible projects every two years to the Technical Advisory Committee and awards are made by the Council. There were no objections to allocating 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 \$159,501 last year to \$147,701 (decrease of \$11,500 or 7%). 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 presented to the Council in the May budget workshop, for adoption in June. There were no objections to the proposed OWP budget.
- e. Balance Available for Transportation. Under Option A, the balance of LTF available to MTA for claiming comes to \$4,071,667, up \$522,554 (14.7%) from FY 2020/21. Under Option B, MTA can claim \$4,297,667, up \$748,554 (21.1%). This will be the first time LTF for transit reaches \$4 million. The fund estimate for State Transit Assistance (STA), from fuel taxes, is roughly halfway between last year's preliminary and revised estimates, at \$653,365, reflecting a downward trend, despite a boost from SB 1. Janet noted that under either option, A or B, LTF increases more than cover STA losses. (The unclaimed STA fund balance is negligible, as it was used to make up for 2020/21 losses.) Including LTF, STA, Capital Reserve, state grants and CARES, total revenues for transit are \$7,071,537 under Option A, and \$7,297,537 under Option B.

Questions and discussion included:

- Temporary spikes in sales tax revenue may have been generated in part from local spending on home improvements and relocating as a result of wildfires and public health shelter order, as well as home schooling expenditures. Online internet shopping appears to be a factor also. (Tess, Scott, Janet)
- Explain how MCOG's capital program works for MTA's transit purposes. MCOG holds a separate Capital Reserve Fund as allowed under TDA, tied to MTA's own five-year capital plan. (Scott, Janet)

- MTA's own level of operating cash reserves is inadequate and static at about \$100,000. Monthly operating costs are more than \$400,000; independent auditors have advised setting aside three months of operating cash. Reserves are mainly available from MCOG's formally reserved TDA funds (two different accounts for Operating and Capital). It was confirmed that Retained Earnings disclosed on MTA's audited balance sheets in prior years did not translate into unrestricted cash assets. (Tess, Jacob, Mark, Janet, Nephela)
- MTA staff favored Option A with the larger amount of operating reserves set aside, particularly with future fuel costs unknown. LTF funds released for MTA's claim under this option are sufficient to address some capital needs as well. (Jacob)

Additional funds identified for public transit also were discussed. Janet explained that the federal CARES Act funds were identified on MCOG's 2020/21 budget to show an available offset of anticipated TDA funding losses for transit, although the funds do not flow through MCOG and are directly claimed by MTA. Nephela confirmed that CARES Act funds as identified on the 2021/22 draft MCOG budget are for information only, so they could be removed from the budget tables. Federal Section 5311 funds also are shown. Some of the CARES Act funds flow through the 5311 program, while the annual 5311 regional apportionment does require MCOG's approval for allocation to MTA. In discussion, it was agreed leave the CARES funding in the draft budget tables for now, as it does not affect today's recommendation.

Recommendation:

Upon motion by Gjerde, seconded by Albin-Smith, and carried unanimously (*3 Ayes; 0 Noes; 0 Absent*), the Executive Committee recommended approval of staff's recommended "Option A" Draft 2020/21 Regional Transportation Planning Agency (RTPA) Budget, for further development during the annual budget process, including:

- LTF Reserve fund balance of ten percent, \$452,000, double the minimum as allowed under policy, releasing for allocation \$18,301
- A reserved balance of LTF prior-year unallocated revenues of \$29,135
- \$492,001 LTF for Administration
- \$80,676 LTF for 2% Bicycle & Pedestrian Program, allocating the full optional 2%
- \$147,701 LTF for the Planning program
- \$4,071,667 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 Regional Surface Transportation Program (RSTP) according to policy and the staffing contract.

– *Summary of recommended budget is attached.*

5. Reports / Information / Members' Concerns. None.

6. Adjournment. The meeting was adjourned at 12:05 p.m.

Submitted by Janet Orth, Deputy Director / CFO

Mendocino Council of Governments

Regional Transportation Planning Agency - Fiscal Year 2021/22 Budget

Administration, Bicycle & Pedestrian, Planning, Transit Allocations and Reserves - Executive Committee Recommendation - February 25, 2021

REVENUES	Trans. Devt. Act (TDA)			State			Federal		Local Agencies	TOTALS
	LTF	STA	CRF	PPM	RPA	Grants	STBGP	5311		
2021/22 LTF Official County Auditor's Estimate	4,525,780									4,525,780
2020/21 Auditor's Anticipated Unrestricted Balance	219,584									219,584
Total Local Transportation Fund (LTF) Estimate	4,745,364									4,745,364
2020/21 Auditor's Anticipat'd Unrestricted Balance - Reversal	-219,584									-219,584
Reserved LTF prior-year unallocated revenues <i>inc. 2020/21 \$247,964 partial reserve</i>	277,099									277,099
Carryover - Planning Overall Work Program and RSTP Local Assistance	33,779							233,785		267,564
2021/22 State Transit Assistance - SCO's Preliminary Estimate	-----	653,365								653,365
2021/22 State of Good Repair - SCO's Preliminary Estimate	-----					139,740				139,740
STA and SGR - Fund Balance Available for Allocation	-----	1,856				0				1,856
MCOG's Capital Reserve Fund - Balance Available for Transit	-----		696,296							696,296
Federal Transit Administration (FTA) Sec. 5311 Program- CARES Act carryover	-----							1,508,613		1,508,613
FTA Section 5311 Program - Annual Regional Apportionment	-----							pending 5311		0
2021/22 STIP Planning, Programming & Monitoring (PPM)	-----			106,000						106,000
2021/22 Rural Planning Assistance	-----				294,000					294,000
2021/22 State Active Transportation Program (ATP - grants & carryover)	-----					pending				0
2020/21 Transportation Planning Program carryover	-----				pending	pending				0
2020/21 Local Road Safety Plans (LRSP) carryover	-----								pending	0
Surface Transportation Block Grant Program last year's actual pending new estimate	-----						796,494			796,494
HCD Regional Early Action Planning (REAP) Housing Funds - carryover	-----					pending				0
LTF Reserve:										
2019/20 LTF Unrestricted Balance- audit in progress	256,982									
LTF Reserve Balance as of 6/30/2020- audit in progress	416,394									
Less LTF Reserve Allocated for FY 2020/21	203,075									
Subtotal	470,301									
Less LTF Reserve Minimum Balance per Policy adopted 4/2/2001 - <i>double at 10%</i>	452,000									(Per policy, Reserve is 5% of County Auditor's estimate of new revenue, to nearest 1,000.)
Amount Available for Allocation in FY 2021/22	18,301									18,301
TOTAL REVENUES	4,854,959	655,221	696,296	106,000	294,000	139,740	1,030,279	1,508,613	0	9,285,108
ALLOCATIONS										
Temporary Reserves - LTF prior-year unallocated revenues	29,135									29,135
2021/22 Administration	492,001						90,000			582,001
2% Bicycle & Pedestrian - 2021/22 LTF Estimate less Admin. x .02	80,676									80,676
2020/21 Planning Overall Work Program (OWP) - New Funds	147,701			106,000	294,000				0	
Carryover Funds - See OWP Summary	33,779			pending	pending	0				Total OWP: 581,480
Total Administration, Bike & Ped., and Planning	783,292	0	0	106,000	294,000	0	90,000	0	0	1,273,292
BALANCE AVAILABLE FOR TRANSIT	4,071,667	655,221	696,296	0	0	139,740	0	1,508,613	0	7,071,537
2021/22 Mendocino Transit Authority Claim- due April 1:										
MTA Operations								pending 5311		0
Unmet Transit Needs										0
Senior Centers Operations										0
Capital Reserve Fund Contribution										0
Capital Program, MTA & Seniors Current Year										0
Capital Program, Senior Centers 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							606,494			606,494
Other Allocations - ATP Infrastructure Grants - SR162 Corridor Multi-Purpose Trail						pending				
Other Allocations - REAP for Admin., County & Cities Projects by Formula						pending				pending
TOTAL ALLOCATIONS	783,292	0	0	106,000	294,000	0	796,494	pending	0	1,979,786
Balance Remaining for Later Allocation	4,071,667	655,221	696,296	0	0	139,740	233,785	1,508,613	0	7,305,322