

DRAFT MINUTES
Special Finance and Audit Committee Meeting

Alameda-Contra Costa Transit District

2nd Floor Board Room

1600 Franklin Street

Oakland, CA 94612

Wednesday, September 9, 2009

2:00 p.m.

Finance and Audit Committee Members:

Director Jeff Davis, Chairman

Director Greg Harper

Director Joel Young

The meeting was called to order at 2:08 p.m. with Chairman Davis presiding.

Committee Members Present: Director Harper, Director Young and Director Davis, Committee Chair.

Committee Members Absent: None.

Also Present: General Manager Rick Fernandez, General Counsel Ken Scheidig, Chief Financial Officer Lewis Clinton, and District Secretary Linda Nemeroff.

Public Comment

There was no public comment offered.

INFORMATION ITEM(S) (Consent Calendar)

[Items listed under the Consent Calendar are considered to be routine and may be enacted by one motion/one vote. If discussion is desired, an item may be removed from the Consent Calendar and will be considered individually.]

MOTION: YOUNG/HARPER to recommend approval/receipt of the items listed on the consent calendar as presented (3).

1. Consider approving Finance and Audit Committee minutes of July 29, 2009.
2. Consider recommending receipt of the Retirement Board minutes of July 24, 2009 (GM Memo No. 09-206).
3. Consider recommending receipt of the Semi Annual Retirement Board Report (GM Memo No. 09-207).
4. Consider recommending receipt of 4th Quarter Reports:
 - a. Board/Officer Travel/Meeting Expense (DS Memo No. 09-199).
 - b. Employee and Non-Employee Out-of-State Travel (GM Memo No. 09-208).

- c. Surplus/Obsolete Materials Report (GC Memo No. 09-209).

BRIEFING ITEM(S)/ACTION ITEM(S)

5. Consider receiving 4th Quarter Report on the implementation of the Finance/Human Resources (FHR) System (GM Memo No. 09-210).

FHR Project Manager Dennis Butler presented the staff report.

Director Davis inquired about the number of change orders the project has had and asked if more were expected. Mr. Butler advised that several change orders were pre-planned and were budgeted for, noting that while the project is almost out of money it was almost finished.

MOTION: HARPER/YOUNG to forward to the Board of Directors recommending receipt (3).

6. Consider recommending adoption of **Resolution No. 09-049** authorizing the General Manager to transfer the FTA Section 5339 Funds granted in the 2007 Urban Partnership Agreement from the Grand MacArthur Alternatives Analysis to the Bay Bridge Contra Flow Lane Study (GM Memo No. 09-214) [*Request to forward to the Board of Directors the same day for action pursuant to Board Policy 100, Section 5.5.4.*]

Manager of Capital Development, Legislation and Grants Kate Miller presented the staff report.

There was no discussion of the item.

MOTION: HARPER/YOUNG to forward to the Board of Directors recommending approval as presented (3).

7. Consider receiving report comparing maintenance costs by type for the bus fleet (Requested by Director Harper – 5/27/09) (GM Memo No. 09-184).

Director of Maintenance Bob Bithell presented the staff report. He pointed out a typo on the first page of the memo, paragraph 2 under Background that should read, “Understandably, the newer buses consume less parts per mile.”

With regard to Chart 3 – Vandalism – Miles Between Incidents, Mr. Bithell reported that Line 72 had the highest incidence of vandalism. Director Harper commented on the noticeable difference in miles between incidents between the Van Hool 2000 and the MCI 6000, especially when the MCI’s are used for school trips. The General Manager commented that bus monitors rode the buses in areas where vandalism was a concern. Director Harper further inquired if records were kept on the routes the buses with the highest incidents of vandalism were running. Mr. Bithell commented

that this would be doable albeit time consuming.

With regarding to Chart 4 – Body Parts (%) Used by Series for FY 05-06 through FY 08-09, Directors Harper and Davis noted that the chart would be more useful if it had given the body parts used per mile.

With regard to Chart 5 – Accidents, Miles between Incidents, Director Harper inquired as to why the Van Hool 1000 series buses had a higher incident of accidents. Mr. Bithell advised that the main issue was tail swing on this particular bus.

With regard to Chart 7 – Top 13 Part Costs FY 05-06 through FY 08-09, Director Harper inquired why the total expenses were \$4 million more than what was presented in Chart 1 for all parts. Mr. Bithell advised that he would need to review the back-up data in order to resolve the discrepancy.

Director Davis inquired if there was a chart that delineates if costs are rising over time. Mr. Bithell reported that costs are increasing across the fleet. The General Manager further commented on the difficulty associated with comparing newer more advance technology buses with older buses, noting that the sophisticated technology on newer buses cost more to maintain. Director Davis made the observation that the charts did not provide much relevancy from a management standpoint. The General Manager reported that the buses that run the trunk lines, those with new technology, and those that have particulate traps cost the District more to run and maintain.

Director Harper commented on his defense of the Van Hools and the notion that he may have been mistaken in his belief that it was fundamentally a better bus. The General Manager responded that the Van Hools have better performance than the NABIs. Discussion ensued with regard to Chart 9 – Road Calls. Director Harper noted that the 1000 and 2000 Series Van Hools had many more road calls than the New Flyer and Gillig buses that were ready to be retired. Mr. Bithell responded that that the 1000 Series Van Hools had run over 6.5 million miles and the others were running significantly less. In addition, Mr. Bithell reported that the older buses were used on shorter routes due to the potential for these buses to break down. The General Manager reported that the chart included accidents, incidents, and any other things that happen with the buses. He further added that the Van Hools are the buses on the heavily used lines and are subject to more wear and tear.

Director Davis advised that separate from this report, there needed to be an assessment of the Van Hool purchases.

Members of the committee requested additional information:

- Chart on body parts used by series per mile;
- Miles between incidents by year for bus type;
- Location of damage to buses by series;
- Chart with the total parts cost for each bus type;
- Time out of service;
- Labor associated with the various activities for the last two years; and

- Include the year the coach was purchased in addition to the series number.

Public Comment:

Harvey Grosser inquired why the 7200 Series buses were omitted from chart. The General Manager advised that the District only had seven of this type of bus.

MOTION: HARPER to retain the matter in committee for the presentation of follow-up analysis requested by the committee in two months (3).

Agenda Planning

Director Harper requested a report regarding the equity of service reductions in Special District’s 1 and 2 as well as how we ensure Measure AA/BB/VV money is being properly allocated [May be addressed at a Board meeting].

November/December

- Amendments to Board Policy 312 – Budget Policy (Referred back to committee by the Board on 8/26/09) (Reference: GM Memo No. 08-226a).

Pending Not Scheduled

- Report on the impact of \$100+ barrel oil with emphasis on what experts think it will do to our ridership as people are faced with \$4.00 to \$5.00 per gallon gasoline (Requested by Director Peebles – 11/14/07) [Referred from Planning 5/28/08].
- Report on unfunded liabilities related to the retirement plan and a presentation by the actuaries (Requested by Director Ortiz – 7/9/08).
- Report regarding the issue of not being to obtain farebox information by line and the ramifications (Requested by Director Harper – 2/25/09).

Quarterly Reports

- Board/Officer Travel/Meeting Expense (November – Consent)
- Employee Out-of-State Travel (November – Consent)
- Financial Performance/Quarterly Budget Update (November)
- Surplus/Obsolete Materials (November – Consent)
- Finance/Human Resources (FHR) System Implementation (November)

Semi-Annual Reports (Consent)

DBE/FTA Report (May/Nov)
Retirement Board (July/Dec)

2009 Fiscal Policy Review (Action)

Capital Project Policy 316 (April)
Budget Policy No. 312 (May)
Disposition of Surplus Equipment Policy 356 (May)

Annual Reports (2009)

Fare Structure Update (Mar) Action
Appropriations Limit (June) Action
DBE Goals (July) Action
Externally Funded Welfare to Work (Nov) Consent
Measure AA/BB (Dec to Board) Action
Year-End Audited Financial Statements (Nov) Briefing

Board/Staff Comments (Government Code Section 54954.2(a))

Adjournment

There being no further business to come before the committee, the meeting was adjourned at 3:08 p.m. The next meeting of the Finance and Audit Committee is scheduled for Wednesday, September 30, 2009.

Respectfully submitted,

Linda A. Nemeroff
District Secretary