



MEETING OF THE
TRANSPORTATION AUTHORITY OF MARIN
CITIZENS' OVERSIGHT COMMITTEE

October 19, 2020

5:00 p.m.

Virtual Meeting

Zoom Link:

<https://us02web.zoom.us/j/84998302374?pwd=NXI3M1Y2UEdDS0lrFlQOE9uMIQ0QT09>

Webinar ID: 849 9830 2374

Password: 463176

MEETING MINUTES

Members Present:

Peter Pelham, Major Marin Employers (Chairperson)
Bob Burton, Southern Marin Planning Area (Vice-Chairperson)
Joy Dahlgren, Central Marin Planning Area
Charley Vogt, Northern Marin Planning Area
Paul Roye, Ross Valley Planning Area
Vince O'Brien, Bicycle & Pedestrian Groups
Kate Powers, Environmental Organizations
Kevin Hagerty, League of Women Voters
Allan Bortel, Marin County Paratransit Coordinating Council
Zach Macdonald, School Districts
Paul Premo, Taxpayer Group

Alternates Present:

Jeffrey Olson, Central Marin Planning Area
Veda Florez, Northern Marin Planning Area
Kay Noguchi, League of Women Voters
Kingston Cole, Taxpayer Groups

Staff Members Present:

Anne Richman, Executive Director
Li Zhang, Chief Financial Officer/Deputy Executive Director
Dan Cherrier, Principal Project Delivery Manager
Denise Merleno, Executive Assistant
Helga Cotter, Senior Accountant
Molly Graham, Public Information Officer
Grace Zhuang, Accounting and Administration Specialist

Public Present:

Ahmad Gharaibeh, Auditor, Eide Bailly LLP
Nancy Whelan, General Manager, Marin Transit

Chairperson Peter Pelham called the Citizens' Oversight Committee (COC) meeting to order at 5:00 p.m.

1. Introductions and Welcome

Chairperson Pelham asked TAM Senior Accountant Helga Cotter to conduct the roll call. Ms. Cotter did so and confirmed that a quorum was present. Chairperson Pelham stated the meeting order rules and instructions for the public to provide comment.

2. Open Time for Public Expression

No public expression was received.

3. Review and Approval of September 21, 2020 Meeting Minutes (Action)

Chairperson Pelham stated that suggested edits to the minutes have been submitted by Members Paul Premo and Charley Vogt.

Vice-Chairperson Bob Burton made the following amendments to the minutes:

Page 1: "...wished Vice-Chairperson Bob Burton a very happy birthday", amended to read "...wished Vice-Chairperson Bob Burton a very happy 90th birthday"

Page 5, 4th Paragraph from bottom:" Vice-Chairperson Burton suggested that staff should clarify the sentence relating to suggestion of submitting the 2020 Annual Report to a competition.

Vice-Chairperson Burton moved to approve the September 21, 2020 Meeting Minutes with the changes. Member Allan Bortel seconded the motion and the Minutes were approved unanimously.

4. TAM Staff Report (Information)

Executive Director (ED) Anne Richman presented the staff report, beginning with an update on the Bus on Shoulder Feasibility Study, which received a grant from Caltrans to study the feasibility of allowing use the southbound shoulder lane of Highway 101 to reduce travel times for bus riders and provide more reliable bus services during rush hours. ED Richman stated that TAM is initiating public outreach this week, which would include a press release, social media outreach, information on TAM's website and an online survey.

ED Richman reported that the agency's traffic monitoring studies are underway, which are required every 2 years as part of the Congestion Management Program (CMP). She stated that vehicle counts are taking place in 35 locations and that bicycle and pedestrian counts are scheduled to begin this week in 20 locations. She stated that the data collected will be reported to the TAM Board, the COC, and the general public.

ED Richman provided an update on the North-South Greenway project. She stated that the TAM Board approved the actions recommended by staff to close the funding shortfall for the project at its September 24, 2020 meeting. Final approval is expected from the California Transportation Commission (CTC) and Metropolitan Transportation Commission (MTC), which will secure full funding to allow the award of the construction bid and the start of construction.

ED Richman reported on the project to upgrade bicycle and pedestrian facilities at the Gate 6 intersection in Sausalito. She noted that the bike path has the highest bike usage in Marin County. ED Richman stated that bids were higher than expected and the TAM Board approved allocating \$100,000 of sales tax interest fund at its September 24, 2020 meeting and Marin County will provide \$54,000 to close the funding shortfall and enable construction to begin.

ED Richman reported on the status of reopening Marin schools, which affects the Crossing Guard and Safe Routes to School (SR2S) programs. ED Richman stated that Marin Health & Human Services (HHS) has developed a website that provides information on the status of school reopening in the County.

ED Richman provided an update on Regional Measure (RM) 3. She noted that RM3 was approved by voters in June 2018 and MTC has been collecting the \$1 increase in tolls for the seven state-owned bridges since

January 2019. ED Richman stated that Howard Jarvis Taxpayers Association filed a legal challenge in the belief that the measure imposes a tax and not a fee, therefore should have required a two-thirds voter approval. She noted that the trial court and appeals court ruled in favor of MTC, and that the California Supreme Court agreed on October 14, 2020 to review the case. ED Richman confirmed that the funds will remain unavailable until the Court's decision, and she provided a list of projects in Marin County that are slated to receive funding, including the proposed Downtown San Rafael Transit Center and the Marin-Sonoma Narrows (MSN) project.

ED Richman provided an update on Sonoma-Marín Area Rail Transit's (SMART) Listening Forums. She stated that two Marin forums have taken place and that themed listening forums will be scheduled to target particular interest groups. She noted that the forums are responses to SMART's financial situation and last year's ballot measure failure and that further information is available on SMART's website.

ED Richman reported on a \$1.2 billion grant awarded to the Bay Area Rapid Transit (BART) from the Federal Transit Administration (FTA) for the Transbay Corridor Core Capacity Program. She stated that the program aims to expand the capacity of the BART system without building additional lines by upgrading the train control system to allow trains to run closer together, so that more trains are in operation. The program will also include new rail cars, new power substations to meet higher demand and facility improvements that will provide storage for the new train cars.

ED Richman concluded her report with a reminder that the TAM Board will be meeting on Thursday, October 22, 2020 and highlighted a few items on the agenda.

Ms. Cotter confirmed that no public comments were received for this item.

Member Paul Roye suggested that the two red cones at the start of the bike lane at Andersen Drive that leads to Larkspur Landing be replaced with proper signage. He also noted that drivers use the right-hand lane going east on the Richmond-San Rafael Bridge, even though sign indicates cars are prohibited from using that lane.

ED Richman clarified the location of the Gate 6 Intersection in Sausalito for Vice-Chairperson Burton.

Member Kate Powers asked if greenhouse gas (GHG) monitoring is ongoing during the Shelter-in-Place (SIP) Order by TAM or the Bay Area Air Quality Management District (BAAQMD), noting that there is a goal as part of Measure A/AA Strategic Plans to reduce GHGs. ED Richman stated that the Board reviewed a traffic study presented at the July Board meeting, which looked at vehicle miles travelled (VMT) from January 2020 to June 2020 that included some GHG calculations. She added that staff will ask BAAQMD if it has similar data available and report back to the COC if so.

Member Vince O'Brien discussed his concerns about the Sir Francis Drake Boulevard construction project, noting that the improvements seem to be cosmetic. ED Richman stated that the project is partly funded by Measure A and is managed by Marin County. She explained that the project includes extensive underground utility upgrades, replacement of sewer lines, sidewalk widening in some area, and traffic signal, bicycle and pedestrian crosswalk improvements. ED Richman stated that the project is expected to take one year.

Member Premo stated that the majority of the funding for utility upgrade is from the Marin Municipal Water District (MMWD) for the replacement of its old trunk water lines.

Member Charley Vogt asked staff to elaborate on the effects caused by the continuation of RM3 litigation on the MSN project and if other funding sources are available. ED Richman stated that the MSN project would construct a high-occupancy vehicle lane on Highway 101 between Novato and the Sonoma County line, called Segment B7/B8. She stated that funding sources include \$90 million from RM3 and \$40 million from the Senate Bill (SB) 1 Solution for Congested Corridor Program (SCCP), which TAM just applied and is expected a

decision in early December. She stated that the agency would need \$90 million from another funding source if RM3 were never available.

5. Marin Transit COVID-19 Update (Information)

Marin Transit General Manager Nancy Whelan provided an update on the effects of COVID-19 on public transit, noting that the Agency needed to cancel the supplemental school routes, the Muir Woods Shuttle Service and Ross Valley Yellow Bus Service at the start of the SIP Order. Ms. Whelan discussed the decrease in ridership, which included an 80% decrease on fixed routes and approximately 84% on paratransit services, and the potential for phased furloughs and layoffs that affect two contractors that Marin Transit uses, Whistlestop, which operates the agency's paratransit services, and MV Transportation, which operates the Muir Woods shuttle, West Marin Stagecoach and supplemental school bus routes. She stated that new safety requirements exist, as well as required operational changes and rider notifications at bus stops. Ms. Whelan also discussed the need to maintain 6 feet of physical distance between passengers on public transit, noting that a 40-foot bus with a passenger capacity of 37 has had to reduce the capacity by 75%. She confirmed that a bus is unable to stop to pick up passenger if there are 9 people on board already, which is known as a pass-up.

Ms. Whelan discussed the difficulty in determining the financial future of the agency, noting the large loss in ridership and fare revenues, sales tax based revenue decreases, additional costs for required vehicle and facility cleaning, and the need to provide more vehicles to ensure social distancing. Ms. Whelan also noted the difficulty in predicting when school bus services would resume.

Ms. Whelan discussed the FY2020-21 budget adopted by the Marin Transit Board in June, noting that there was little change from the FY2019-20 budget. Ms. Whelan stated that most of the agency's funds are spent on contracts for purchased transportation and local paratransit and mobility programs and that the expenses were based on what was forecast in the Short-Range Transit Plan (SRTP). She noted that some changes may be necessary when school services begin and that there should be a slow recovery for paratransit and mobility service levels.

Ms. Whelan discussed the expected revenue shortfall of \$4.8 million in May 2020 during the budget process and the amount in lost revenue was equivalent to the entire operating cost for the West Marin Stagecoach, Muir Woods shuttle and supplemental schools services, or 49 Paratransit Vehicles, or the purchase of 5 electric buses. She discussed the losses in relation to The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provided \$1.3 billion for Bay Area transit agencies that was distributed by MTC in two phases. Marin Transit received a total of \$10.2 million, which enabled the agency to avoid furloughs with its contractors and operate additional vehicles to meet social distancing requirements.

Ms. Whelan discussed revenue sources for the FY2020-21 budget, noting that 17% of revenue was from Federal funds (including CARES Act), compared to 5% for FY2019-20. She also noted that funding from Transit Development Act (TDA) and State Transit Assistance (STA) amounted to 15%, whereas State funds provided 22% of the agency's revenue in FY2019-20. Measures A/AA provided 39% of the agency's revenue in FY2019-20, while this funding has provided 35% this year due to the release of reserves and carryforward. Ms. Whelan also discussed revenue from property taxes, which amounts to 13% of the total revenue.

Ms. Whelan compared projected operating revenues from the SRTP that was published before the SIP Order with projections from June 2020 when the budget was adopted and recent projections from September 2020. She noted that fare revenues represent the most significant loss in revenue, which account for 10% - 15% of the budget per year. She confirmed that the agency is projecting ridership to remain low into 2021, trending to about 80% of normal by the end of the next fiscal year, with an estimated loss of \$1.6 million.

Ms. Whelan discussed sales tax revenues and the fairly stable property tax revenue, CARES funding and the agency's strong reserve balance. She noted that the duration of the SIP Order remains unknown and will

continue to affect ridership, and she discussed the economic uncertainty and changing travel needs due to people working remotely.

Ms. Whelan discussed the future financial outlook for the agency, noting that the Board has adopted the policy to maintain a reserve of 6 months for operating costs. Ms. Whelan stated that the reserves should prevent the need to cut services and enable the agency to study service levels and rebid contracts and discussed the difficulty of maintaining the reserve after expenditure of CARES funds and with lower state and sales tax revenues, which could be the case for 1 to 2 years beyond FY2020-21.

Ms. Whelan discussed the ways in which the agency is reducing costs, including administrative cost savings, and service adjustments, while also planning for schools reopening and reallocating services to meet social distancing requirements. She noted that the agency continues to operate the Connect2Transit service in partnership with TAM and Uber.

Ms. Whelan discussed ridership, noting that most riders are from households with annual incomes of less than \$50,000 and are essential workers, or making essential trips, during the Shelter-in-Place Order. The agency has prioritized services to hospitals, health centers and grocery stores, in addition to the on-demand service.

Ms. Whelan discussed the number of passenger pass-ups, which reached almost 900 in June 2020. Supplemental services were implemented on 4 routes on August 10, 2020, which serve the Canal neighborhood, Highway 101 bus pads, Highway 101 to Mill Valley and Fourth Street in San Rafael to the College of Marin. Ms. Whelan confirmed these are the most heavily traveled routes, which experienced the most pass-ups, which subsequently decreased with the additional services. She also noted that pass-ups increased in September when the County opened up by moving from Tier 1 to Tier 2, which are predominantly occurring in the Canal neighborhood. Ms. Whelan stated that the wait time at bus stops has decreased due to the increase in service with the average wait time being 1 – 4 minutes. Pass-ups might increase if the County opens up to the next Tier and the number of passengers on buses remains limited to 9. She stated that the agency would not be able to fund additional service increases.

Ms. Whelan discussed Marin Transit's participation in the Bay Area Healthy Transit Plan, which has developed health and safety guidelines and is available on a website: www.healthytransitplan.com. She discussed the reporting measurements, for both customers and employees for properly wearing face coverings and maintaining safe distancing. Ms. Whelan reported that riders complied with the face covering requirements 98% of the time and that additional vehicles have been provided to enable riders to maintain 6 feet distance. Ms. Whelan also reported 98% compliance with drivers properly wearing face masks and stated that there have been no incidents of employees contracting COVID-19. She confirmed this information is provided to the Board on a monthly basis and is uploaded to the website. Ms. Whelan stated that a 5-star rating is awarded for at least 95% compliance with the rules.

Member Hagerty thanked Ms. Whelan for an excellent presentation and asked if she foresees a significant increase in ridership in the future. Ms. Whelan stated that a survey projected a possible 80% return to pre-pandemic ridership over the next 12 to 18 months.

Alternate Olson thanked Ms. Whelan for her informative presentation and asked how many riders were passed up at stops during peak hours. In response, Ms. Whelan confirmed that riders are not abandoned by drivers who allow an additional rider on a bus if it is the last service bus for that day. She stated that riders should not need to wait too long for a ride with the increased service frequency.

In response to Alternate Olson, Ms. Whelan confirmed that bus drivers call in if they are unable to stop for riders because their buses have reached capacity. She stated that buses have been scheduled as efficiently as possible in areas where they are most needed.

In response to Member Vogt, Ms. Whelan stated that a meeting was convened through the Marin County Office of Education to discuss schools reopening and the agency is in contact with each school district. Ms. Whelan stated that they might not be able to resume services to all schools that reopen under the current circumstances.

Member Premo thanked Ms. Whelan for her presentation. In response to Member Premo's question, Ms. Whelan confirmed that funding from property taxes is part of the base property tax assesses on each property and remains very stable, providing approximately \$4.5 million in funding per annum.

6. Review and Acceptance of the FY2019-20 TAM Comprehensive Annual Financial Report (Action)

Chief Financial Officer/Deputy Executive Director Li Zhang presented the staff report which asks the COC to review the Draft FY2019-20 TAM Comprehensive Annual Financial Report (CAFR) and refer it to the TAM Board for acceptance.

Ms. Zhang introduced the Auditor, Ahmed Gharaibeh, from Eide Bailly LLP, whom she said would present the FY2019-20 TAM CAFR with her. She provided background information on Mr. Gharaibeh and his team, whom she noted has functioned as TAM's auditors for the past 8 years. Ms. Zhang stated that Eide Bailly helped the agency to develop the first CAFR during the FY2017-18 annual audit, which won a Certificate for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). She asked members to provide staff with comments or edits they might have about the CAFR.

Ms. Zhang discussed the desire to continually improve the report to make it more appealing to the public. She discussed the report, which comprises an Introductory Section, Financial Section, Statistical Section and a Compliance Section. Ms. Zhang noted that she would lead the discussion on the Introductory Section, which addresses the role of TAM as the Congestion Management Agency for Marin and administrator for Measure A/AA Sales Tax and Measure B \$10 Vehicle Registration Fee (VRF). She also stated that this Section covers the County's economic status and highlighted some of the economic characteristics of the County, which she noted experienced negative population growth for the period between 2017 and 2020. Ms. Zhang stated that Marin has the highest per capita personal income in the Bay Area and the lowest unemployment rate at 7%, while the Bay Area unemployment rate is 8.5% and 11% for the State as a whole as of August. Ms. Zhang provided historic trends of TAM's sales tax revenue, noting that the drop in revenue for FY2019-20 was not as low as some other Bay Area counties have experienced.

Mr. Gharaibeh confirmed the purpose of the audit is to ensure the financial statements are fairly stated and confirm the balances, sales tax revenues and accounts are correctly reported. Mr. Gharaibeh reported that his team have issued a clean opinion. He stated that the financial statements include transactions related to each major funding source, including Measures A/AA, Measure B and General Fund. He discussed the agency's assets and liabilities and provided a breakdown of the agency's funds, noting total revenue of \$34.8 million and expenditures of \$37.42 million for FY2019-20.

Mr. Gharaibeh discussed pension liabilities and payments. He stated that the unfunded pension liability is about \$300,000, which is a relatively small amount in comparison with other similar agencies. Mr. Gharaibeh also discussed health insurance contributions for retirees and required employer contributions, and the agency's Other Post-Employment Benefit (OPEB) liabilities.

Mr. Gharaibeh discussed the Statistical Section, which includes financial trends, demographic and economic information, and operating information. Mr. Gharaibeh noted that the recent drop in revenue has not been as significant as other transit agencies have experienced. He reviewed sales tax rates in Marin County, taxable sales by industry, with automotive sales and food service industries providing a significant share.

Mr. Gharaibeh then presented the Compliance Section and reported that TAM is in compliance with the 5% administrative and program management cost cap as mandated by Measure A/AA Expenditure Plans. Mr. Gharaibeh confirmed that the agency is also in compliance with the Single Audit requirements for federal grants.

In response to Vice-Chairperson Burton, Ms. Zhang clarified the agency's administrative and program management costs, noting that TAM is both the CMA and sales tax administrator for Marin County. She stated that a maximum of 5% of sales tax, along with MTC federal planning funds and other state and regional funds could be spent on administration and program management costs of the agency. She confirmed a breakdown of administration and program management costs for each fund is provided in the Supplemental Information in Budget to Actual reports of the CAFR. Ms. Zhang offered to provide a summary table of administration and program management cost by fund in future year to help clarify the question and Vice-chairperson Burton was very appreciative and agreed that the summary table be very helpful.

In response to Chairperson Pelham, Mr. Gharaibeh stated that CalPERS's assumed rate of return of is 7.0% for FY2019-20, which seemed very optimistic. The expected rate of return is based on an extended period of time and the historical performance of the investment. Member Premo noted that CalPERS reviews the projected rates of return every few years and usually lowers the rate each time. He- discussed the problem of unfunded liabilities in relation to CalPERS' investment strategy.

Member Powers and Ms. Zhang discussed unspent fund balance and interest earnings. Ms. Zhang confirmed that interest earnings on unspent investments are proportionally assigned to the different funds based on fund balance in each fund. Ms. Zhang noted that Marin Transit had requested the interest earnings to be assigned proportionally under the funding share specified in the Expenditure Plan but the TAM Board denied this request, because the Expenditure Plan specifically noted that the TAM Board has the discretion to decide how the interest funds should be spent and interest funds remain the only major source of discretionary funds for the agency and have been used to close the funding gap for various high priority projects/programs. She confirmed that interest earned from sales tax funds could not be used to fund pension liabilities and that the TAM Board established an interest fund policy that allows the interest to be spent on Measures A/AA eligible projects, such as the \$100,000 that was allocated to the Gate 6 Intersection Project in Sausalito. She discussed the importance of preserving the interest fund, so the TAM Board has the means to close project funding gaps when needed.

Ms. Cotter confirmed that no public comments were received for the item.

Member Vogt moved to accept the Draft FY2019-20 TAM CAFR with the recommendation the TAM Board review and accept the report at its next meeting. Vice-Chairperson Burton seconded the motion, which was approved unanimously.

7. Review of the FY2020-21 First Quarter Financial Report (Information)

Ms. Zhang presented the staff report which asks the COC to review the FY2020-21 First Quarter Financial Report. She stated that expenditures are less than \$1 million, noting that invoices are expected to show in the second quarter. Ms. Zhang reported on revenue, noting that sales tax is slightly less than the FY2019-20 first quarter and that she expects the agency to meet this year's projected budget of \$24.5 million. She stated that Measure B revenue remains steady.

Member Hagerty asked about the possibility of adding projections of future expenditures as part of the quarterly report. Ms. Zhang discussed the difficulty of estimating when each expenditure would become due for each

budget line and amount of effort it requires. Member Vogt noted that staff has included a chart showing annual projected revenues and future expenditures at the back of the report and Member Hagerty agreed it was helpful.

Ms. Cotter confirmed that no public comments were received for the item.

8. Committee Member Hot Items Report (Discussion)

There were none.

9. Discussion of Next Meeting Date and Recommended Items for the Agenda

Ms. Zhang discussed the need for a November meeting to review the Measures A/AA Compliance Audit and provide an update to SR2S Program. She noted that the COC Annual Report Sub-committee would be meeting soon to begin discussions on the FY2020-21 COC/2020 TAM Annual Report.

The next meeting was scheduled for November 16, 2020.

The meeting was adjourned at 7:00 p.m.

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