

**Summary Minutes
Administration & Finance Committee
Wednesday, January 5, 2:00 p.m.**

Due to COVID-19, this meeting was conducted as a teleconference pursuant to the provisions of Assembly Bill 361.

Directors: Sue Noack, Keith Haydon, Laura Hoffmeister
Staff: Bill Churchill, Ruby Horta, Amber Johnson, Rashida Kamara, Kristina Martinez, Melody Rees, Madeline Chun
Public: None

Call to Order: Meeting called to order at 2:00 p.m. by Director Noack.

1. Approval of Agenda

The Committee approved the agenda.

2. Public Communication

None

3. Approval of Minutes of December 8, 2021

The Committee approved the minutes with a slight revision by Director Haydon to clarify that the A&F Committee did approve the staff recommendation to appoint the Director of Human Resources as the third alternative to the CalTIP board and forward the same to the full Board of Directors.

4. Finance Department Update

Ms. Johnson updated the Committee on the status of various finance department reports and activities, with some reports being generated later than usual due to the temporary vacancy at the CFO position. Ms. Johnson stated that the audited financial statements will be brought to the Committee for review and approval at the February meeting, and that the draft budget is on track to be presented to the Committee in March. Director Hoffmeister asked if an extension for submitting the audited financial statements was granted by the Metropolitan Transportation Commission (MTC), and Ms. Johnson confirmed that an extension was granted.

5. Clipper MOU Amendment

Ms. Rees presented a request of staff to approve an amendment to the Clipper Memorandum of Understanding (MOU) to incorporate the Regional Transit Card (RTC) program. Ms. Rees explained that the RTC program provides for discounted transit fares for people with disabilities, and that the program is currently administered by transit operators, but there is a request among operators to shift the administration of this program to MTC with policy oversight from the Clipper executive board. Ms. Rees also stated there would be no financial impact from this change, as the cost

allocation formula will remain the same and CCCTA's share will continue to be approximately \$18,000 annually.

Director Noack asked if attendants could also use this type of Clipper card while assisting a disabled person in addition to while traveling alone. Ms. Reeb responded that the RTC card is only issued to the person with disabilities who qualifies for it, and that certain riders may also qualify to bring an attendant with them who would ride for free. Director Haydon asked about the composition of the Clipper executive board. Mr. Churchill responded that the Clipper executive board is made up of transit operator General Managers from around the Bay Area, and that CCCTA has a seat on the board.

Ms. Chun stated she would follow up with MTC's general counsel to clarify whether the full Board of Directors was required to approve the MOU, or if it could be approved by the General Manager. Ms. Horta stated that many transit operators were having the MOU approved at the General Manager level, but that CCCTA staff opted to bring it to the full Board for consistency, since prior Clipper MOU amendments had been approved by the Board. Ms. Chun agreed with this approach and noted that the MOU contains an indemnity clause that protects MTC against any claims that might arise on this program from activities that took place prior to MTC administering the program.

The Committee approved the proposal to recommend the Board authorize the General Manager execute Clipper MOU Amendment 3.

6. Transit Operator Recruitment

Ms. Martinez brought an update to the Committee on the status of recruitment efforts, which have been challenging for CCCTA and most transit agencies due to the COVID-19 pandemic, and that many new and various strategies have been used to try to attract new operator applicants. Ms. Martinez stated that staff modeled many different scenarios internally to address the issue, resulting in a proposal that all new operators be hired at step C of the pay scale, and that any operators currently at step A or B also be elevated to step C. Ms. Martinez stated that the immediate cost of this proposal would be approximately \$57,000 per year, which is well within the current budget as many vacancies have resulted in budget savings. Mr. Churchill stated that this proposed change was within the existing ATU contract and while it does not trigger a meet & confer requirement, Mr. Churchill already spoke with ATU leadership, and they were amenable to the change.

Director Hoffmeister stated that any increase in pay would drive the pension unfunded liability upwards and inquired if staff had considered offering a one-time bonus instead. Mr. Churchill stated that while CCCTA has never offered recruitment bonuses, other transit agencies are beginning to offer this type of incentive. Director Hoffmeister also stated that existing operators at step C could be upset by this change. Mr. Churchill responded that the ATU leadership did have this concern, but the ATU agreed that this proposal would help make CCCTA operator salaries more competitive in the area which is also important.

Director Hoffmeister asked if CCCTA received pandemic-related federal funding, and Mr. Churchill confirmed CCCTA did receive Cares Act and ARP funding. Director Hoffmeister asked if hazard pay and/or essential worker pay had been proposed. Mr. Churchill stated that no bay area transit operator has provided this type of pay, but that CCCTA has offered other incentives to operators

during the pandemic to keep operations running as smoothly as possible. Director Hoffmeister requested that staff keep these kinds of options in mind when considering future operator incentives. Mr. Churchill stated that with the ATU contract coming up for renewal in about a year, staff will be thoughtful about bringing a compensation package that is competitive. Director Haydon stated that this proposal would bring CCCTA into a more competitive position, with a higher starting hourly range than other operators nearby, comparing this proposal to an article in the East Bay times about transit operator recruitment issues.

The Committee agreed to recommend this item to the full Board of Directors for approval.

7. PERS Actuarial Valuation for June 30, 2020; Rate for FY 2023

Ms. Johnson presented an overview of the CalPERS actuarial valuation for the period ending June 30, 2020, stating that the employer rate for PERS retirement for FY 2023 will be 9% and the unfunded liability payment will be \$890,590. Ms. Johnson reported that the current valuation report indicates that CCCTA's unfunded liability payments will increase by \$420,000 over the next five years as compared to last year's projected five-year payment schedule, due to a return on investment of 4.7% at June 30, 2020. Ms. Johnson also reported that CalPERS has since reported a return on investment of 21.3% as of June 30, 2021, which will likely cause CCCTA's unfunded liability payments to return to the estimates presented last year. In addition, Ms. Johnson reported that CalPERS has lowered its discount rate from 7% to 6.8% as a result of the extraordinarily high rate of return realized at June 30, 2021. Ms. Johnson also stated that with a funded status of approximately 88%, additional payments to CalPERS to reduce the unfunded liability were not recommended at this time. Director Haydon commented that he agreed that additional payments should not be made at this time. Director Hoffmeister asked when the potential operator pay increases would appear in the CalPERS valuation report, and Ms. Johnson confirmed that they would not appear until the report for the period ending June 30, 2022, which is two years from the time of this report.

Director Noack requested that staff bring this update to the full Board of Directors.

8. Review of Vendor Bills, December 2021

Director Haydon reported that his questions from last month's vendor bills had been answered satisfactorily. The Committee reviewed the vendor bills for December 2021.

9. Approval of Legal Services Statement, October 2021 General

Director Haydon reported that his questions from last month's legal services statement had been answered satisfactorily. The Committee approved the legal services statement for October 2021.

10. Other Discussion

Ms. Chun reported that the State of California had sought an injunction against the Department of Labor for holding up federal grants as a result of opposition to PEPRA legislation, and that on December 20, the district court judge granted the injunction, which resulted in federal grants once again flowing to transit operators in California.

11. Next Scheduled Meeting

The next meeting was scheduled for February 2nd at 2:00 p.m. via teleconference.

12. Adjournment – The meeting was adjourned at 2:47 p.m.

Minutes prepared and submitted by: Amber Johnson, Chief Financial Officer