County Connection
2477 Arnold Industrial Way Concord, CA 94520-5326 (925) 676-7500 countyconnection.com

ADMINISTRATION & FINANCE COMMITTEE
MEETING AGENDA

Wednesday, February 1, 2023
2:00 p.m.

PURSUANT TO THE PROVISIONS OF ASSEMBLY BILL 361, WHICH SUSPENDS CERTAIN REQUIREMENTS OF THE RALPH M. BROWN ACT, THIS MEETING WILL BE CONDUCTED AS A TELECONFERENCE.

MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON.

Committee Directors, staff and the public may participate remotely by calling:

You are invited to a Zoom webinar.
When: February 1, 2023 at 2:00 PM Pacific Time (US and Canada)
Topic: Administration & Finance Committee Meeting

Please click the link below to join the webinar:
https://us02web.zoom.us/j/85278181182

Or One tap mobile :
+14086380968,,85278181182#

Or Telephone:
+1 408 638 0968

Webinar ID: 852 7818 1182

Public comment may be submitted via email to: hill@cccta.org. Please indicate in your email the agenda item to which your comment applies. Comments submitted before the meeting will be provided to the committee Directors before or during the meeting. Comments submitted after the meeting is called to order will be included in correspondence that will be provided to the full Board.

Should Zoom not be operational, please check online at: www.countyconnection.com for any updates or further instruction.

---

*Enclosure
**Enclosure for Committee Members
***To be mailed under separate cover
****To be available at the meeting.
FY2022/2023 A&F Committee
Jim Diaz – Clayton, Laura Hoffmeister-Concord, Sue Noack-Pleasant Hill

The committee may take action on each item on the agenda. The action may consist of the recommended action, a related action or no action. Staff recommendations are subject to action and/or change by the committee.

1. Approval of Agenda
2. Public Communication
3. Approval of Minutes of December 7, 2022*
4. CCCTA Investment Policy-Quarterly Reporting Requirement*
5. Income Statements for the Three Months Ended September 30, 2022*
6. Transit Operator Recruitment Update*
   (Staff will provide an update to the Committee regarding the continued recruitment of Transit Operators.)
7. Pension Funding Framework*
   (Staff will present options for a CCCTA pension funding policy framework, including the creation of a 115 trust for pensions. Staff recommends the Committee select a funding policy direction and forward it to the Board for approval.)
8. Review of Vendor Bills, December 2022 and January 2023**
9. Approval of Legal Services Statement, November 2022 Labor, November 2022 General**
10. Next Scheduled Meeting – March 1, 2023
11. Adjournment

General Information

Public Comment: If you wish to address the committee, please follow the directions at the top of the agenda. If you have anything that you wish distributed to the committee and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.

Consent Items: All matters listed under the Consent Calendar are considered by the committee to be routine and will be enacted by one motion. There will be no separate discussion of these items unless requested by a committee member or a member of the public prior to when the committee votes on the motion to adopt.

Availability of Public Records: All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body, will be made available for public inspection by posting them to County Connection's website at www.countyconnection.com. The agenda and enclosures for this meeting are posted also on our website at www.countyconnection.com.

Accessible Public Meetings: Upon request, County Connection will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service, or alternative format requested at least two days before the meeting. Requests should be sent to the Assistant to the General Manager, Lathina Hill, at 2477 Arnold Industrial Way, Concord, CA 94520 or hill@cccta.org. Requests made by mail must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

Currently Scheduled Board and Committee Meetings

Board of Directors:	February 16, 9:00 a.m., County Connection Board Room 2477 Arnold Industrial Way, Concord, CA 94520
Administration & Finance:	Wednesday, March 1, Location TBD
Advisory Committee:	TBA. Location TBD
Marketing, Planning & Legislative:	Thursday, March 2Location TBD
Operations & Scheduling:	Friday, March 3, Location TBD

The above meeting schedules are subject to change. Please check the County Connection Website (www.countyconnection.com) or contact County Connection staff at 925/676-1976 to verify date, time, and location.

This agenda is posted on County Connection's Website (www.countyconnection.com) and at the County Connection Administrative Offices, 2477 Arnold Industrial Way, Concord, California

County Connection

INTER OFFICE MEMO

Summary Minutes
Administration & Finance Committee
Wednesday, December 7, 2022, 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
Staff: Bill Churchill, Ruby Horta, Scott Mitchell, Amber Johnson, Lathina Hill, Julie Sherman, Pat Glenn
Public: None addressed the committee

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 November 2, 2022**
   The Committee approved the minutes.

4. **Fiscal Year 2022 Financial Audit**
   Ms. Johnson gave an overview of the audit performed for the year ended June 30, 2022, informing the Committee that the audit resulted in an unmodified opinion, and that that prior year findings related to inventory and the schedule of federal awards were resolved. Ms. Johnson reviewed financial highlights of the year, then introduced Ryan Nielsen, the Brown Armstrong partner in charge of the FY 2022 audit.

   Mr. Nielsen reported that the auditor's opinion on the Authority's financial statements is unmodified, which is the highest opinion that an entity can obtain under government auditing standards, and that the statements were fairly presented in all material aspects. Mr. Nielsen reported that there were no instances of noncompliance noted in the report on State Compliance. He further reported that the auditors are required to relay certain elements of communication to the Board of Directors, specifically any significant difficulties encountered during the audit, and/or any disagreements with management, of which there were none. He also reported the results of the additional agreed-upon procedures related to certain revenue allocations and certain expenditure types. The only reportable item related to this procedure was that the Authority's fuel costs exceeded prior year costs by more than $500,000 or $0.75/per gallon. Mr. Nielsen thanked County Connection's financial staff for their work on the audit.

   Each member of the Committee recommended to the Board that the FY 2022 audit report be recommended to the full Board of Directors for approval.

5. **Pension Funding Discussion**
   Ms. Johnson reported that she has conducted research to explore the idea of the establishment of a 115 trust for pensions. Ms. Johnson gave an overview of options for how a new pension funding policy might be drafted, addressing the proposed initial investment to a 115 and ongoing revenue sources. Director Noack agreed that a 115 for pensions is a good approach, as long as the fund takes a long view, and the Authority does not plan to tap into the fund in the near term. Mr. Churchill stated that Authority staff has discussed the effects on the Authority's TDA claim with MTC staff, and MTC staff is supportive of the idea. Mr. Churchill also affirmed that the plan for this fund would have a long view, with the goal of not touching the funds for several years so that there is opportunity for a robust plan that will protect the Authority for years to come. Director Noack also stated that there is inherent flexibility in a 115 trust to cover normal pension costs. The Committee directed staff to return at a future meeting with proposed details on how to seed the trust, ongoing contribution formulas, and a proposed new pension policy for consideration.

6. **Reimbursement for Administrative Employees (Grade 9 and below)**
   Mr. Churchill reported that, given the positive feedback received about the COVID expense reimbursement to the members of the Teamsters and IAM, extending the same acknowledgement to Administrative employees (Grade 9 and below) not represented by any union is being proposed. Additionally, Grade 9 and below Administrative employees are not eligible for the Merit Pool that is requested by the General Manager at the end of each fiscal year. Administrative staff that benefit include positions that were critical during the COVID-19 pandemic such as custodians and customer service representatives. The Committee approved the recommendation to distribute $2,500 to non-represented administrative employees (Grade 9 and below) and forward it to the Board for approval.

7. **Review of Vendor Bills, November 2022**
   The Committee reviewed the vendor bills for November 2022.

8. **Approval of Legal Services Statement, September 2022 Labor, October 2022 General**
   The Committee approved the legal services statements for September 2022 Labor, October 2022 General services.

9. **Next Scheduled Meeting**
   The next meeting was scheduled for January 4th at 2:00 p.m. via teleconference.

10. **Closed Session:**
    Conference with Labor Negotiator (pursuant to Government Code Section 54957.6)
    Employee Organization:
    Amalgamated Transit Union, Local 1605, AFL-CIO, Bus Operators

11. **Open Session:**
    Report of Action(s) taken during the Closed Session – direction was given to staff.

12. **Adjournment**
    The meeting was adjourned at 3:03 p.m.
    Minutes prepared and submitted by: Amber Johnson, Chief Financial Officer

County Connection

INTER OFFICE MEMO

To: Administration & Finance Committee **Date:** January 25, 2023

From: Bill Churchill, General Manager

SUBJECT: CCCTA Investment Policy – Quarterly Reporting Requirement

---

Attached please find CCCTA's Quarterly Investment Policy Reporting Statement for the quarter ending September 30, 2022.

This certifies that the portfolio complies with the CCCTA Investment Policy and that CCCTA has the ability to meet the pool's expenditure requirements (cash flow) for the next six (6) months.

CCCTA

BANK CASH AND INVESTMENT ACCOUNTS
AS OF SEPTEMBER 30, 2022
(ROUNDED OFF TO NEAREST $)

FINANCIAL INST	ACCT #	TYPE	PURPOSE	PER BANK	PER BANK	PER BANK	PER GL*
FIXED ROUTE				**MAR 2022**	**JUN 2022**	**SEP 2022**	**SEP 2022**
UNION BANK	274-00-26650	***CHECKING***	AP GENERAL	$ 520,365	$ 427,368	$ 430,381	$ 263,869
UNION BANK	274-00-26693	***CHECKING***	PAYROLL	$ 95,271	$ 64,484	$ 56,110	$ 41,964
UNION BANK	274-00-26723	***CHECKING***	CAPITAL PURCHASES	$ 174,666	$ 106,774	$ 99,561	$ 99,561
UNION BANK	274-00-26715	***CHECKING***	WORKERS' COMP - CORVEL	$ 68,349	$ 64,717	$ 57,195	$ 44,361
UNION BANK	274-00-26685	***CHECKING***	PASS SALES	$ 8,702	$ 5,461	$ 11,175	$ 11,478
UNION BANK	274-00-26707	***CHECKING***	CLIPPER CARDS	$ 5,135	$ 5,135	$ 5,135	$ 5,135
PAYPAL	27SAXUUFL9732	***CHECKING***	PAYPAL-PASS SALES	$ 25	$ 25	$ 25	$ 25
			TOTAL	**$ 872,513**	**$ 673,964**	**$ 659,582**	**$ 466,393**
PARATRANSIT							
UNION BANK	274-00-26669	***CHECKING***	AP GENERAL	$ 133,098	$ 255,509	$ 148,802	$ 148,662
			TOTAL	**$ 133,098**	**$ 255,509**	**$ 148,802**	**$ 148,662**
LAIF FUND							
Effective Yield:				***0.365%***	***0.861%***	***1.35%***	
LAIF ACCOUNT	4007001	***INT-INVEST***	OPERATING FUNDS	$ 11,872,178	$ 10,771,567	$ 6,688,410	$ 6,688,410
LAIF ACCOUNT		***INT-INVEST***	Lifeline Bus Stop Access	$ 53,254	$ 53,295	$ 53,395	$ 53,395
LAIF ACCOUNT		***INT-INVEST***	Facility Rehab	$ 2,444,318	$ 2,446,250	$ 2,443,038	$ 2,443,038
LAIF ACCOUNT		***INT-INVEST***	LCTOP - Electric Trolley II	$ 22,220	$ 20,958	$ 20,155	$ 20,155
LAIF ACCOUNT		***INT-INVEST***	LCTOP - Martinez Amtrak IV	$ 73,019	$ 19,024	$ 499,237	$ 499,237
LAIF ACCOUNT		***INT-INVEST***	LCTOP - FREE Monument III (Routes 11/14/16)	$ 442,888	$ 275,110	$ 933,976	$ 933,976
LAIF ACCOUNT		***INT-INVEST***	Pass-Through CA	$ 903,239	$ 898,534	$ 896,855	$ 896,855
LAIF ACCOUNT		***INT-INVEST***	Safe Harbor Lease Reserve	$ 1,560,866	$ 1,562,096	$ 1,565,021	$ 1,565,021
LAIF ACCOUNT		***FMV ADJ.***	Fair Market Value Adjustment for Year-End	$ -			$ -
			TOTAL	**$ 17,371,982**	**$ 16,046,834**	**$ 13,100,087**	**$ 13,100,087**
CCCTA EMPLOYEE							
UNION BANK	274-00-26677	***CHECKING***	EMPLOYEE FITNESS FUND	$ 14,457	$ 13,032	$ 13,429	$ 13,429
UNION BANK	274-00-26502	***CHECKING***	EMPLOYEE FUNCTION	$ 508	$ 508	$ 508	$ 508
			TOTAL	**$ 14,965**	**$ 13,540**	**$ 13,937**	**$ 13,937**
12/20/2022			**GRAND TOTAL**	**$ 18,392,558**	**$ 16,989,847**	**$ 13,922,408**	**$ 13,729,079**

KLM/AJ

**** GL balances reduced by oustanding checks and increased by deposits in transit, if any.***

This is to certify that the portfolio above complies with the CCCTA Investment Policy and that CCCTA has the ability to meet its expeditures (cash flow) for the next six months.

Bill Churchill
General Manager

County Connection

INTER OFFICE MEMO

To: Administration & Finance Committee **Date:** 01/26/2023

From: Amber Johnson, Chief Financial Officer **Reviewed by:** W.C.

SUBJECT: Income Statements for Fiscal Year Ended September 30, 2022

Background:

The quarterly income statement report is an opportunity for the Committee to review the Authority's financial status and to provide fiscal and operational accountability.

Summary:

The unaudited County Connection Income Statements for the first quarter of Fiscal Year (FY) 2023 are presented for review. Actual revenues and expenses are presented as compared to the adopted budget. The combined expenses of Fixed Route and Paratransit for the period were $9.4 million (*Schedule 1*), which represents 20% of the budget of $47.3 million.

Fixed Route:

Overall Fixed Route revenues and expenses are presented on *Schedule 2*. Expenses for the period were $7.8 million, representing 20.7% of the total budget. Since Transportation Development Act (TDA) revenue is utilized as needed, revenues are always equivalent to expenses.

The primary driver of the expense budget is salaries and wages. Actual expenditures on salaries and wages utilized 20.4% of the annual budget. *Schedule 4* provides additional details of various components specific to *operator wages* only. All other Fixed Route expenditures are tracking as expected at this point in the year.

Paratransit:

Paratransit revenues and expenses are presented on *Schedule 3*. Expenses for the period were $1.6 million, representing 16.6% of the total budget. TDA revenue is also utilized as needed for Paratransit expenses, resulting in revenues that are equivalent to expenses.

Paratransit fare revenues for the quarter have already exceeded the modest projection in the budget, which is a good indicator of improving ridership on the paratransit service.

Purchased transportation expenses for the Authority's paratransit service has utilized 18.3% of the total budget for the year under the new paratransit contract, which is less than the 25% utilization expected at this point in the year. All other paratransit expenditures are tracking as expected.

Statistics:

Schedule 5 provides select statistical information for FY 2023 as compared to this same period in FY 2022 and FY 2021.

Statistics shown for FY 2021 represent the heart of pandemic activities (July 2020-June 2021). At this point in time, the fixed route farebox recovery ratio was 1.9%, and the cost of service per passenger was $25.47. In FY 2022, the farebox recovery ratio improved to 4.5%, and the cost per passenger decreased to $16.24, due to modest improvements ridership. In FY 2023, we see continued improvements as compared to FY 2022, with a farebox recovery ratio of 10.9% and cost per passenger of $14.26.

Paratransit has also experienced recovery at the farebox, and in the cost per passenger. The farebox recovery ratio of 0.1% in FY 2021 improved to 1.3% in FY 2022 and jumped to 6.4% in FY 2023. The cost of service per passenger of $144.15 in FY 2021 decreased to $82.13 in FY 2022 and has decreased to $69.84 in the current year.

Financial Implications:

There are no financial implications associated with this report.

Action Requested:

Staff requests that the A&F Committee accept the report and provide the update to the Board.

Attachments:

Attachment 1: CCCTA Income Statements for FY2023 Q1 (Schedules 1 through 5)

Schedule 1-Combined Fixed Route & Paratransit

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

Combined Fixed Route and Paratransit Income Statement

FY 2023 Year to Date - Comparison of Actual vs. Budget

For the Three Months Ended September 30, 2022

	Actual	Total Budget	Variance	% Budget Used
Revenues				
Passenger fares	692,633	1,833,181	(1,140,548)	37.8%
Special fares	267,405	491,014	(223,609)	54.5%
Total Fare Revenue	**960,038**	**2,324,195**	**(1,364,157)**	**41.3%**
Advertising	42,462	300,000	(257,538)	14.2%
Other revenue	237,830	100,100	137,730	237.6%
Federal operating	3,274,171	7,675,630	(4,401,459)	42.7%
TDA earned revenue	1,545,041	20,358,064	(18,813,023)	7.6%
STA revenue	966,506	5,524,029	(4,557,523)	17.5%
Measure J	1,776,918	7,009,369	(5,232,451)	25.4%
Fees to LAVTA and One Seat partners	259,984	1,933,540	(1,673,556)	13.4%
Other operating assistance	355,056	2,090,567	(1,735,511)	17.0%
Total Other Revenue	**8,457,967**	**44,991,299**	**(36,533,331)**	**18.8%**
Total Revenue	**9,418,005**	**47,315,494**	**(37,897,488)**	**19.9%**
Expenses				
Wages	3,293,471	15,874,426	(12,580,955)	20.7%
Fringe Benefits	2,586,422	12,859,148	(10,272,726)	20.1%
Total Wages and benefits	**5,879,893**	**28,733,574**	**(22,853,681)**	**20.5%**
Services	666,524	2,756,800	(2,090,276)	24.2%
Materials & Supplies	935,632	3,916,400	(2,980,768)	23.9%
Utilities	72,377	383,500	(311,123)	18.9%
Insurance	268,737	1,169,280	(900,543)	23.0%
Taxes	89,047	309,015	(219,968)	28.8%
Leases and Rentals	8,324	60,000	(51,676)	13.9%
Miscellaneous	33,863	257,500	(223,637)	13.2%
Purchased Transportation	1,287,228	7,277,906	(5,990,678)	17.7%
Purchased Transportation - for partners	176,381	1,951,519	(1,775,138)	9.0%
Operations Expenses	**3,538,112**	**18,081,920**	**(47,670,215)**	**19.6%**
Contingency	-	500,000	(500,000)	0.0%
Total Expenses	**9,418,005**	**47,315,494**	**(48,170,215)**	**19.9%**
Net Income (Loss)	**-**	**-**		

Schedule 2-Fixed Route

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

Fixed Route Income Statement

FY 2023 Year to Date - Comparison of Actual vs. Budget

For the Three Months Ended September 30, 2022

	Actual	Total Budget	Variance	% Budget Used
Revenues				
Fare revenue	584,395	1,735,000	(1,150,605)	33.7%
Special service revenue	267,405	491,014	(223,609)	54.5%
Total Fare Revenue	**851,800**	**2,226,014**	**(1,374,214)**	**38.3%**
Advertising revenue	42,462	300,000	(257,538)	14.2%
Non-Operating rev	237,830	100,100	137,730	237.6%
STA Population and Revenue	966,506	4,778,335	(3,811,829)	20.2%
Measure J	1,333,853	5,237,111	(3,903,258)	25.5%
TDA 4.0	1,251,987	17,333,307	(16,081,320)	7.2%
Federal Stimulus Funds	2,824,171	5,875,630	(3,051,459)	48.1%
Low Carbon Transit Ops Prog	120,508	600,000	(479,492)	20.1%
BART Express Funds	-	864,033	(864,033)	0.0%
Other State Grants	-	134,731	(134,731)	0.0%
Dougherty Valley Dev Fees	101,045	150,000	(48,955)	67.4%
Other Local Grants/Contributions	1,341	-	1,341	--
RM 2/Other- Express	90,263	117,538	(27,275)	76.8%
Total Other Revenue	**6,969,966**	**35,490,785**	**(28,520,819)**	**19.6%**
Total Revenue	**7,821,766**	**37,716,799**	**(29,895,033)**	**20.7%**
Expenses				
Wages	3,220,179	15,587,804	(12,367,625)	20.7%
Fringe benefits	2,554,919	12,727,405	(10,172,486)	20.1%
Total Wages and benefits	**5,775,097**	**28,315,209**	**(22,540,112)**	**20.4%**
Services	647,467	2,660,800	(2,013,333)	24.3%
Materials and supplies	935,632	3,912,400	(2,976,768)	23.9%
Utilities	64,893	344,500	(279,607)	18.8%
Casualty and liability	268,737	1,152,375	(883,638)	23.3%
Taxes	89,047	309,015	(219,968)	28.8%
Leases and rentals	8,324	60,000	(51,676)	13.9%
Miscellaneous	32,570	237,500	(204,930)	13.7%
Purchased transportation	-	225,000	(225,000)	0.0%
Total Other Expenses (non-wages)	**2,046,669**	**8,901,590**	**(6,854,921)**	**23.0%**
Contingency	-	500,000	(500,000)	0.0%
Total Expenses	**7,821,766**	**37,716,799**	**(29,895,033)**	**20.7%**
Net Income (Loss)	**-**	**-**	**-**	

Schedule 3- Paratransit

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

Paratransit Income Statement

FY 2023 Year to Date - Comparison of Actual vs. Budget

For the Three Months Ended September 30, 2022

	Actual	Total Budget	Variance	% Budget Used
Revenues				
Fare revenue	102,323	98,181	4,142	104.2%
Fare revenue - LAVTA	5,915	-	5,915	--
Total Fare Revenue	**108,238**	**98,181**	**10,057**	**110.2%**
Special service - One Seat Ride	89,518	162,906	(73,388)	55.0%
LAVTA Fees	170,466	1,770,634	(1,600,168)	9.6%
FTA Section 5307	450,000	1,800,000	(1,350,000)	25.0%
TDA 4.5	-	1,332,243	(1,332,243)	0.0%
TDA 4.0	293,054	1,692,514	(1,399,460)	17.3%
Measure J	443,065	1,772,258	(1,329,194)	25.0%
STA Paratransit & Rev based	-	745,694	(745,694)	0.0%
BART ADA Service/Other	41,898	224,265	(182,367)	18.7%
Total Other Revenue	**1,488,000**	**9,500,514**	**(8,012,514)**	**15.7%**
Total Revenue	**1,596,239**	**9,598,695**	**(8,002,456)**	**16.6%**
Expenses				
Wages	73,292	286,622	(213,330)	25.6%
Fringe benefits	31,504	131,743	(100,239)	23.9%
Total Wages and benefits	**104,796**	**418,365**	**(313,569)**	**25.0%**
Services	19,057	96,000	(76,943)	19.9%
Materials and supplies	-	4,000	(4,000)	0.0%
Utilities	7,484	39,000	(31,516)	19.2%
Liability	-	16,905	(16,905)	0.0%
Miscellaneous	1,294	20,000	(18,706)	6.5%
Purchased transportation	1,287,228	7,052,906	(5,765,678)	18.3%
Purchased transp - for partners	176,381	1,951,519	(1,775,138)	9.0%
Total Other Expenses (non-wages)	**1,491,443**	**9,180,330**	**(7,688,887)**	**16.2%**
Total Expenses	**1,596,239**	**9,598,695**	**(8,002,456)**	**16.6%**
Net Income (Loss)	**-**	**-**	**-**	

Schedule 4- Operator Wages

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

Operator Wages

For the Three Months Ended September 30, 2022

	Actual	Total Budget	Variance	% Budget Used
Platform/report/turn in	1,521,895	7,100,307	(5,578,412)	21.4%
Guarantees	41,573	246,070	(204,497)	16.9%
Overtime	73,532	405,139	(331,607)	18.1%
Spread	28,227	127,540	(99,312)	22.1%
Protection	49,213	281,874	(232,661)	17.5%
Travel	1,651	6,128	(4,477)	26.9%
Training	39,366	99,426	(60,060)	39.6%
Other Misc	5,987	22,876	(16,889)	26.2%
	1,761,444	**8,289,360**	**(6,527,916)**	**21.2%**

Schedule 5 - Statistics

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

FY 2023 Year to Date - Statistical Comparisons

For the Three Months Ended September 30, 2022

	Actual FY 2023 through Q1	Actual FY 2022 through Q1	*Variance FY 2023 to FY 2022*	Actual FY 2021 through Q1	*Variance FY 2023 to FY 2021*
Fixed Route					
Fares	$ 584,395	$ 195,793	*198.5%*	$ 76,151	*667.4%*
Special Fares	267,405	121,223	*120.6%*	63,994	*317.9%*
Total Fares	**$ 851,800**	**$ 317,016**	***168.7%***	**$ 140,145**	***507.8%***
Farebox recovery ratio	***10.9%***	***4.5%***	***143.4%***	***1.9%***	***478.2%***
Operating Exp (Less leases)	$ 7,821,766	$ 7,084,108	*10.4%*	$ 7,440,913	*5.1%*
Revenue Hours	***46,557***	***46,811***	***-0.5%***	***47,141***	***-1.2%***
Cost per Rev Hour	***$ 168.00***	***$ 151.33***	***11.0%***	***$ 157.84***	***6.4%***
Passengers	***548,437***	***436,229***	***25.7%***	***292,177***	***87.7%***
Cost per Passenger	***$ 14.26***	***$ 16.24***	***-12.2%***	***$ 25.47***	***-44.0%***
Passengers per Rev Hr	***11.78***	***9.32***	***26.4%***	***6.20***	***90.1%***
Paratransit					
Fares	$ 102,323	$ 18,185	*462.7%*	$ 1,099	*9210.6%*
Farebox recovery ratio	***6.4%***	***1.3%***	***399.7%***	***0.1%***	***6473.6%***
Operating Exp (Less Partners)	$ 1,596,239	$ 1,417,672	*12.6%*	$ 1,126,999	*41.6%*
Revenue Hours	***11,462***	***8,285***	***38.3%***	***6,047***	***89.5%***
Cost per Rev Hour	***$ 139.26***	***$ 171.11***	***-18.6%***	***$ 186.37***	***-25.3%***
Passengers	***22,855***	***17,262***	***32.4%***	***7,818***	***192.3%***
Cost per Passenger	***$ 69.84***	***$ 82.13***	***-15.0%***	***$ 144.15***	***-51.6%***
Passengers per Rev Hr	***1.99***	***2.08***	***-4.5%***	***1.29***	***54.2%***

County Connection

INTER OFFICE MEMO

To: Administration and Finance Committee Date: 01/24/2023

From: Kristina Martinez, Director of Recruitment & EE Development Reviewed by: WC.

SUBJECT: Transit Operator Recruitment Update

Background:

In January 2022, the Board of Directors approved an increase to the starting wage for newly hired Transit Operators to maximize County Connection's ability to recruit operators, following the COVID-19 pandemic. This increase moved the starting wage for new Operators from $23.24 per hour to $26.15 per hour, or to the third step of a five-step pay scale within the current Amalgamated Transit Union (ATU) Memorandum of Understanding (MOU). In addition, any Operator already employed under the first or second step of the pay scale was elevated to the third step.

Ongoing Labor Shortages

County Connection alongside many other transit agencies continue to face the challenges of labor uncertainties. Since the approval of an increase to the starting wage in early 2022, County Connection has received roughly 100 applications for the Transit Operator position and recruited 23 new Operators. This has represented a considerable improvement as normal attrition throughout the agency has occurred. However, while County Connection has been able to reduce its Operator shortfall, we are still not fully staffed and ongoing recruitment is vital to protecting current service levels and responding to any new service demands.

In late December 2022, County Connection reached an agreement with the ATU, extending their contract through January 2026. With the success of this strategy and to remain competitive within the current labor market, at this time, County Connection will maintain the increase of the starting wage for all new Operators, as directed by the General Manager. The terms of the new agreement with the ATU include a five percent (5%) increase in year one, which increased the third step of the pay scale from $26.93* per hour to $28.28 per hour. County Connection, in its sole discretion, reserves the right to discontinue this temporary increase.

Financial Implications:

*$26.93 – 3% increase effective 2/1/2022 per ATU MOU

Inclusive of the terms of the agreement in year one (5%) with the ATU, there is a projected incremental increase of approximately $7,600 per new hire annually. This increase encompasses wages and benefits and is well within the scope of the existing budget.

Recommendation:

None, for information only.

Action Requested:

None, for information only.

County Connection

INTER OFFICE MEMO

To: Administration & Finance Committee **Date:** 1/25/2023

From: Amber Johnson, Chief Financial Officer **Reviewed by:** W.C.

SUBJECT: Pension Funding Framework

Background:

At the November 2022 Administration and Finance (A&F) Committee meeting, the Committee directed staff to review the Authority's current pension funding policy and recommend improvements, specifically the potential creation of a 115 trust for pensions to help mitigate future impacts of rising pension costs. In December 2022, staff presented an analysis of the Authority's current pension funding policy framework and alternative options.[1] After a thorough discussion, the Committee directed staff to explore the creation of a 115 trust for pensions and return at a future meeting with proposed details on how to seed the trust, and a proposed new pension policy that includes ongoing funding options for consideration.

Creation of a Pension 115 Trust:

Since June 2010, the Authority has participated in an Internal Revenue Code Section 115 trust for Other Post Employment Benefits (OPEB) established by Public Agency Retirement Services (PARS), to set aside funds to pay for future OPEB benefits that will be collected by current employees (the "OPEB 115 Trust"). As of December 2022, there was approximately $4.7 million in the Authority's OPEB 115 Trust. Since inception, the OPEB 115 Trust account has earned approximately 4% return on investment. No funds have been withdrawn from the trust to pay benefits to date.

PARS also offers a Pension Rate Stabilization Program (PRSP) 115 trust specifically designed to address GASB 68 pension liabilities and stabilize future costs. Furthermore, PARS has created an IRS-approved, tax-exempt combination Section 115 trust that can be used by local agencies to set aside funds for both future OPEB and pension expenses.

Staff recommends the establishment of a new combination irrevocable Trust to replace the existing OPEB 115 Trust, with one that will have two accounts (the "Combination 115 Trust"). One account will be for the existing OPEB assets (the "OPEB 115 Account") and the other account will be for prefunding pension liabilities (the "Pension 115 Account"). In the Combination 115 Trust, funds contributed for pre-funding OPEB and pension liabilities are separately accounted for, although combined under one trust, resulting in administrative and cost efficiencies. The IRS Private Letter Ruling that verifies the tax-exempt status of the PARS Combination 115 Trust program is included as Attachment 1. A draft Administrative Services agreement with PARS is included as Attachment 2.

[1] December 2022 A&F Item #5

Source of Funding:

Due to the restrictive nature of most of the Authority's external funding sources, passenger fares are the Authority's logical source of funding the Pension 115 Account. In the year just ended (FY 2022), the Authority collected $2.2 million in passenger fares. As post-pandemic ridership continues to recover, this amount is projected to grow in future years.

Initial Funding Options:

Staff recommends seeding the Pension 115 Account with an initial investment of at least $500 thousand. The Authority has two sources from which it can transfer these initial funds: the Safe Harbor Reserve (with a balance of $1.5 million), or FY 2024 budgetary savings (up to $1 million, as outlined in the December 2022 A&F staff report). Use of Safe Harbor Reserve funds would have a net zero effect on the Authority's total reserve funds, as this would merely transfer funds from one reserve designation to another. Use of FY 2024 budgetary savings would increase the Authority's total reserve funds. Additionally, any transfer of funds to the Pension 115 Account would restrict their use to pension expenses only.

Because the goal of the pension funding framework is to set aside additional funds for pensions, Staff recommends using FY 2024 budgetary savings as the source of these initial funds.

Ongoing Funding Policy Options:

The current pension funding policy for discretionary payments directly to CalPERS compares actual pension costs to budgeted pension costs and permits staff to contribute any budgetary savings up to $100,000 in a given year as an additional payment directly to CalPERS. Additionally, payments greater than $100,000 can be approved during the budget approval process. Should the Authority wish to retain this policy, a simple edit could be made to indicate that these payments would be sent to the Pension 115 Account, rather than directly to CalPERS.

Since the Authority will utilize fare revenue as its source of funds, an alternative policy for ongoing funding of the Pension 115 Account could be tied to fare revenues. For example, "If fare revenues exceed $2.5 million in a given fiscal year, the General Manager is allowed to authorize a contribution to the Pension 115 Account in an amount up to 3% of the fare revenues collected. If this amount exceeds $100,000, A&F and Board authorization would be required."

Another alternative would be to set a flat contribution amount of $100,000 per year.

Use of Funds:

Funds that are set aside in the Pension 115 Account will be restricted for use solely on pension costs. The PARS Combination 115 Trust structure would allow the Authority to reimburse itself for prior and current year pension payments to CalPERS – both normal cost and unfunded accrued liability payments. This gives the Authority a lot of flexibility in case of future budgetary constraints that would necessitate withdrawing funds from the trust. However, it is the recommendation of staff that the Authority take a "long view" on this account and refrain from withdrawing from the account unless absolutely necessary. Staff recommends that Board authorization should be required to withdraw from the account. This authorization could take place during the budgetary approval cycle, or, on an emergency basis if circumstances warrant an emergency withdrawal.

Summary of Proposed Framework:

In summary, staff recommends the following pension funding framework to be considered by the Committee, with three options for an ongoing funding policy:

Framework Element:	**Staff Recommendation:**		
Pension Funding Vehicle	Pension 115 Account under a Combination 115 Trust		
Source of Pension Funds	Fare Revenues		
Initial Funding	$500,000 from FY 2024 budgetary savings		
Ongoing Funding	Current policy of actual pension costs vs. budgeted pension costs	New policy of 3% of fare revenues when fare revenues exceed $2.5 million	New policy of $100,000 flat per year
Use of Funds	Must be authorized by the Board either through the budget approval process or on an emergency basis		

Financial Implications:

The Authority is presently in a strong position to implement this set of pension-related policies. While the long-term impact of this pension-related set of actions is impossible to quantify, it is fair to conclude that reserving funds for pension costs now and into the future will bring significant budgetary benefits over time.

Recommendation:

Staff recommends that the Committee select a funding policy direction and forward it to the full Board of Directors for approval.

Attachments:

Attachment 1: IRS Letter Ruling
Attachment 2: Draft Agreement for Administrative Services with PARS

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

Index Number: 115.00-00

U.S. Bank National Association
c/o Susan Hughes, Vice President
3121 Michelson Drive (Suite 300)
Irvine, CA 92612

Person To Contact:
Robin J. Ehrenberg, ID No. 1000219292
Telephone Number:
(202) 317-5800
Refer Reply To:
CC:TEGE:EOEG:EO3
PLR-146796-14
Date: June 5, 2015

Legend

Trust	=	Public Agencies Post-Employment Benefits Trust
Trust Agreement	=	Public Agencies Post-Employment Benefits Trust Agreement
Trustee	=	U.S. Bank National Association

Dear Ms. Hughes:

This letter responds to a letter from your authorized representative dated December 22, 2014, requesting rulings that (1) the Trust's income is excludable from gross income under section 115 of the Internal Revenue Code (IRC) and (2) the Trust is not required to file annual federal income tax returns under IRC section 6012(a)(4). The Trust represents the facts as follows:

FACTS

The Trust is a multiple employer trust established to enable public-agency employers to fund post-retirement employee benefits. Each participating employer must be a public agency that is a state, political subdivision of a state, or an entity the income of which is excludable from gross income under IRC section 115. The employer's governing body must authorize in writing the adoption of the Trust and the employer must execute the adoption agreement, which approves the Trust's administrator and provides that the agency adopts and agrees to be bound by the Trust Agreement. In the adoption agreement, the employer elects to fund obligations to provide benefits under a post-employment health care plan and contribute to a defined-benefit pension plan maintained by the employer that is qualified under IRC section 401(a). The employer may elect to fund either or both obligations.

The Trust Agreement provides that assets are held by the Trust for the exclusive purpose of funding participating employers' benefit obligations and defraying the reasonable expenses of the Trust. The Trust's assets may not be used for any other purpose. Each employer's contributions to the Trust, together with any allocable investment earnings and losses, are held in a separate account for that employer. Assets allocated to satisfy an employer's health and welfare benefit obligation or the employer's pension obligation may only be used for purposes of satisfying that particular obligation. The assets held in an employer's account are not available to pay any obligations incurred by any other employer.

The employers appoint the Trustee and the Trust's administrator and may remove the Trustee or the administrator by a two-thirds vote of all employers. The employers may amend the Trust Agreement with the approval of two-thirds of all employers then participating in the Trust. The employers may terminate the Trust by unanimous agreement of all employers.

Upon termination of the Trust, any assets remaining in an employer's account, after satisfaction of benefit and the Trust's obligations are returned to the employer to the extent permitted by law and consistent with the requirements of IRC section 115.

LAW AND ANALYSIS

Issue 1 - IRC section 115(1)

IRC section 115(1) provides that gross income does not include income derived from any public utility or the exercise of any essential governmental function and accruing to a state or any political subdivision thereof.

Rev. Rul. 77-261, 1977-2 C.B. 45, holds that income generated by an investment fund that is established by a state to hold revenues in excess of the amounts needed to meet current expenses is excludable from gross income under IRC section 115(1), because such investment constitutes an essential governmental function. The ruling explains that the statutory exclusion is intended to extend not to the income of a state or municipality resulting from its own participation in activities, but rather to the income of an entity engaged in the operation of a public utility or the performance of some governmental function that accrues to either a state or political subdivision of a state. The ruling points out that it may be assumed that Congress did not desire in any way to restrict a state's participation in enterprises that might be useful in carrying out projects that are desirable from the standpoint of a state government and that are within the ambit of a sovereign to conduct.

Rev. Rul. 90-74, 1990-2 C.B. 34, holds that the income of an organization formed, funded, and operated by political subdivisions to pool various risks (e.g., casualty, public liability, workers' compensation, and employees' health) is excludable from gross income under IRC section 115(1), because the organization is performing an essential governmental function. The revenue ruling states that the income of such an organization is excludable from gross income so long as private interests do not participate in the organization or benefit more than incidentally from the organization. The benefit to the employees of the insurance coverage obtained by the member political subdivisions was deemed incidental to the public benefit.

Through the Trust, participating public agency employers fund health and welfare and pension obligations for retired employees. Each of the Trust's participating employers is required to be a state, political subdivision of a state or an entity the income of which is excludable from gross income under IRC section 115. Providing health, welfare and pension benefits to current and former employees constitutes the performance of an essential government function within the meaning of IRC section 115(1). See Rev. Rul. 90-74 and Rev. Rul. 77-261.

The Trust's income accrues to its participating employers, all of which are political subdivisions of a state or entities the income of which is excludable from gross income under IRC section 115. No private interests will participate in, or benefit from, the operation of Trust, other than as providers of goods or services. The benefit to employees is incidental to the public benefit. See Rev. Rul. 90-74.

In no event, including dissolution, will the Trust's assets be distributed or revert to any entity that is not a state, a political subdivision of a state, or entity the income of which is excludable from its gross income by application of IRC section 115(1).

Issue 2- IRC section 6012(a)(4)

Section 301.7701-1(b) of the Procedure and Administration Regulations (Regulations) provides that the classification of organizations that are recognized as separate entities is determined under sections 301.7701-2, 301.7701-3, and 301.7701-4, unless a provision of the IRC provides for special treatment of that organization.

Section 301.7701-4(a) of the Regulations provides that, in general, an arrangement will be treated as if it can be shown that the purpose of the arrangement is to vest in trustees responsibility for the protection and conservation of property for beneficiaries who cannot share in the discharge of this responsibility and, therefore, are not associates in a joint enterprise for the conduct of business for profit.

The Trust enables public-agency employers to set aside funds to be used to satisfy each employer's separate pension and health and welfare benefit obligations. The

Trustee is charged with the responsibility of the protection and conservation of the Trust property for the benefit of the beneficiaries of the Trust. The beneficiaries of the Trust cannot share in the discharge of the Trustee's responsibility for the protection and conservation of property and, therefore, are not associates in a joint enterprise for the conduct of business for profit. IRC section 6012(a)(4) provides that every trust having for the taxable year any taxable income or having gross income of $600 or more, regardless of the amount of taxable income, shall make returns with respect to income taxes under Subtitle A.

Based solely on the facts and representations submitted by the Trust, we conclude that:

1. Because the income of the Trust derives from the exercise of an essential governmental function and will accrue to a state or a political subdivision thereof, the Trust's income is excludable from gross income under IRC section 115(1).

2. The Trust is classified as a trust within the meaning of IRC section 7701(a) and section 301.7701-4(a) of the Regulations. Because Trust's income is excludable from gross income under IRC section 115, the Trust is not required by IRC section 6012(a)(4) to file an annual income tax return.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. This ruling concerns only the federal tax treatment of the Trust's income and may not be cited or relied upon by any taxpayer, including the Trust, employers participating in the Trust, and any recipients of benefits paid under the terms of the Trust, as to any matter relating to the taxation of accident or health contributions or benefits.

This ruling is directed only to the taxpayer who requested it. IRC section 6110(k)(3) provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,

Kenneth M. Griffin
Branch Chief, Exempt Organizations Branch 3
(Tax Exempt and Government Entities)

cc: Marcus Wu
Pillsbury Winthrop Shaw Pittman LLP
12255 El Camino Real, Suite 300
San Diego, CA 92130-4088

Paul Marmolejo
Director, Office of Federal, State and Local Governments
SE:T:GE:FSL

AGREEMENT FOR ADMINISTRATIVE SERVICES

This agreement ("Agreement") is made this _____ day of _____, 2023, between Phase II Systems, a corporation organized and existing under the laws of the State of California, doing business as Public Agency Retirement Services and PARS (hereinafter "PARS") and the [Agency Name] ("Agency").

WHEREAS, the Agency has adopted the PARS Public Agencies Post-Employment Benefits Trust for the purpose of pre-funding pension obligations and/or Other Post-Employment Benefits ("OPEB") obligations ("Plan") and is desirous of retaining PARS as Trust Administrator to the Trust, to provide administrative services.

NOW THEREFORE, the parties agree:

1. **Services.** PARS will provide the services pertaining to the Plan as described in the exhibit attached hereto as "Exhibit 1A" ("Services") in a timely manner, subject to the further provisions of this Agreement.
2. **Fees for Services.** PARS will be compensated for performance of the Services as described in the exhibit attached hereto as "Exhibit 1B".
3. **Payment Terms.** Payment for the Services will be remitted directly from Plan assets unless the Agency chooses to make payment directly to PARS. In the event that the Agency chooses to make payment directly to PARS, it shall be the responsibility of the Agency to remit payment directly to PARS based upon an invoice prepared by PARS and delivered to the Agency. If payment is not received by PARS within thirty (30) days of the invoice delivery date, the balance due shall bear interest at the rate of 1.5% per month. If payment is not received from the Agency within sixty (60) days of the invoice delivery date, payment plus accrued interest will be remitted directly from Plan assets, unless PARS has previously received written communication disputing the subject invoice that is signed by a duly authorized representative of the Agency.
4. **Fees for Services Beyond Scope.** Fees for services beyond those specified in this Agreement will be billed to the Agency at the rates indicated in the PARS' standard fee schedule in effect at the time the services are provided and shall be payable as described in Section 3 of this Agreement. Before any such services are performed, PARS will provide the Agency with a detailed description of the services, terms, and applicable rates for such services. Such services, terms, and applicable rates shall be agreed upon in writing and executed by both parties.
5. **Information Furnished to PARS.** PARS will provide the Services contingent upon the Agency providing PARS the information specified in the exhibit attached hereto as "Exhibit 1C" ("Data"). It shall be the responsibility of the Agency to certify the accuracy, content, and completeness of the Data so that PARS may rely on such information without further audit. It shall further be the responsibility of the Agency to deliver the Data to PARS in such a manner that allows for a reasonable amount of time for the Services to be performed. Unless specified in Exhibit 1A, PARS shall be under no duty to question Data received from the Agency, to compute contributions made to the

Plan, to determine or inquire whether contributions are adequate to meet and discharge liabilities under the Plan, or to determine or inquire whether contributions made to the Plan are in compliance with the Plan or applicable law. In addition, PARS shall not be liable for nonperformance of Services to the extent such nonperformance is caused by or results from erroneous and/or late delivery of Data from the Agency. In the event that the Agency fails to provide Data in a complete, accurate and timely manner and pursuant to the specifications in Exhibit 1C, PARS reserves the right, notwithstanding the further provisions of this Agreement, to terminate this Agreement upon no less than ninety (90) days written notice to the Agency.

6. **Records.** Throughout the duration of this Agreement, and for a period of five (5) years after termination of this Agreement, PARS shall provide duly authorized representatives of Agency access to all records and material relating to calculation of PARS' fees under this Agreement. Such access shall include the right to inspect, audit and reproduce such records and material and to verify reports furnished in compliance with the provisions of this Agreement. All information so obtained shall be accorded confidential treatment as provided under applicable law.

7. **Confidentiality.** Without the Agency's consent, PARS shall not disclose any information relating to the Plan except to duly authorized officials of the Agency, subject to applicable law, and to parties retained by PARS to perform specific services within this Agreement. The Agency shall not disclose any information relating to the Plan to individuals not employed by the Agency without the prior written consent of PARS, except as such disclosures may be required by applicable law.

8. **Independent Contractor.** PARS is and at all times hereunder shall be an independent contractor. As such, neither the Agency nor any of its officers, employees or agents shall have the power to control the conduct of PARS, its officers, employees, or agents, except as specifically set forth and provided for herein. PARS shall pay all wages, salaries, and other amounts due its employees in connection with this Agreement and shall be responsible for all reports and obligations respecting them, such as social security, income tax withholding, unemployment compensation, workers' compensation, and similar matters.

9. **Indemnification.** PARS and Agency hereby indemnify each other and hold the other harmless, including their respective officers, directors, and employees, from any claim, loss, demand, liability, or expense, including reasonable attorneys' fees and costs, incurred by the other as a consequence of, to the extent, PARS' or Agency's, as the case may be, negligent acts, errors or omissions with respect to the performance of their respective duties hereunder.

10. **Compliance with Applicable Law.** The Agency shall observe and comply with federal, state, and local laws in effect when this Agreement is executed, or which may come into effect during the term of this Agreement, regarding the administration of the Plan. PARS shall observe and comply with federal, state, and local laws in effect when this Agreement is executed, or which may come into effect during the term of this Agreement, regarding Plan administrative services provided under this Agreement.

11. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California. In the event any party institutes legal proceedings to enforce or interpret this Agreement, venue and jurisdiction shall be in any state court of competent jurisdiction.

12. **Force Majeure.** When a party's nonperformance hereunder was beyond the control and not due to the fault of the party not performing, a party shall be excused from performing its obligations under this Agreement during the time and to the extent that its performance is prevented by such cause. Such cause shall include, but not be limited to: any incidence of fire, flood, acts of God or unanticipated communicable disease, acts of terrorism or war commandeering of material, products, plants or facilities by the federal, state or local government, a material act or omission by the other party or any law, ordinance, rule, guidance or recommendation by the federal, state or local government, or any agency thereof, which becomes effective after the date of this Agreement that delays or renders impractical either party's performance under the Agreement.

13. **Ownership of Reports and Documents.** The originals of all letters, documents, reports, and data produced for the purposes of this Agreement shall be delivered to and become the property of the Agency. Copies may be made for PARS but shall not be furnished to others without written authorization from Agency.

14. **Designees.** The Plan Administrator of the Agency, or their designee, shall have the authority to act for and exercise any of the rights of the Agency as set forth in this Agreement, subsequent to and in accordance with the written authority granted by the Governing Body of the Agency, a copy of which writing shall be delivered to PARS. Any officer of PARS, or his or her designees, shall have the authority to act for and exercise any of the rights of PARS as set forth in this Agreement.

15. **Notices.** All notices hereunder and communications regarding the interpretation of the terms of this Agreement, or changes thereto, shall be effected by delivery of the notices in person or by depositing the notices in the U.S. mail, registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

    (A) To PARS: PARS; 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660; Attention: President

    (B) To Agency: [Agency]; [Agency Address]; Attention: [Plan Administrator Title]

    Notices shall be deemed given on the date received by the addressee.

16. **Term of Agreement.** This Agreement shall remain in effect for the period beginning _____, 2023 and ending _____, 2026 ("Term"). This Agreement may be terminated at any time by giving thirty (30) days written notice to the other party of the intent to terminate. Absent a thirty (30) day written notice to the other party of the intent to terminate, this Agreement will continue unchanged for successive twelve-month periods following the Term.

17. **Amendment.** This Agreement may not be amended orally, but only by a written instrument executed by the parties hereto.

18. **Entire Agreement.** This Agreement, including exhibits, contains the entire understanding of the parties with respect to the subject matter set forth in this Agreement. In the event a conflict arises between the parties with respect to any term, condition or provision of this Agreement, the remaining terms, conditions, and provisions shall remain in full force and legal effect. No waiver of any term or condition of this Agreement by any party shall be construed by the other as a continuing waiver of such term or condition.

19. **Attorneys Fees.** In the event any action is taken by a party hereto to enforce the terms of this Agreement the prevailing party herein shall be entitled to receive its reasonable attorney's fees.

20. **Counterparts.** This Agreement may be executed in any number of counterparts, and in that event, each counterpart shall be deemed a complete original and be enforceable without reference to any other counterpart.

21. **Headings.** Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

22. **Effective Date.** This Agreement shall be effective on the date first above written, and also shall be the date the Agreement is executed.

AGENCY:

BY: _____
Plan Administrator Name

TITLE: _____

DATE: _____

PARS:

BY: _____
Tod Hammeras

TITLE: Chief Financial Officer

DATE: _____

EXHIBIT 1A

SERVICES

PARS will provide the following services for the [Agency Name] Public Agencies Post-Employment Benefits Trust:

1. Plan Installation Services:
   (A) Meeting with appropriate Agency personnel to discuss plan provisions, implementation timelines, actuarial valuation process, funding strategies, benefit communication strategies, data reporting, and submission requirements for contributions/reimbursements/distributions;
   (B) Providing the necessary analysis and advisory services to finalize these elements of the Plan;
   (C) Providing the documentation needed to establish the Plan to be reviewed and approved by Agency legal counsel. Resulting final Plan documentation must be approved by the Agency prior to the commencement of PARS Plan Administration Services outlined in Exhibit 1A, paragraph 2 below.
2. Plan Administration Services:
   (A) Monitoring the receipt of Plan contributions made by the Agency to the trustee of the PARS Public Agencies Post-Employment Benefits Trust ("Trustee"), based upon information received from the Agency and the Trustee;
   (B) Performing periodic accounting of Plan assets, reimbursements/distributions, and investment activity, based upon information received from the Agency and/or Trustee;
   (C) Coordinating the processing of distribution payments pursuant to authorized direction by the Agency, and the provisions of the Plan, and, to the extent possible, based upon Agency-provided Data;
   (D) Coordinating actions with the Trustee as directed by the Plan Administrator within the scope of this Agreement;
   (E) Preparing and submitting a monthly report of Plan activity to the Agency, unless directed by the Agency otherwise;
   (F) Preparing and submitting an annual report of Plan activity to the Agency;
   (G) Facilitating actuarial valuation updates and funding modifications for compliance with the applicable GASB pronouncements and/or statements, if prefunding OPEB obligations;
   (H) Coordinating periodic audits of the Trust;
   (I) Monitoring Plan and Trust compliance with federal and state laws.
3. PARS is not licensed to provide and does not offer tax, accounting, legal, investment or actuarial advice.

EXHIBIT 1B

FEES FOR SERVICES

PARS will be compensated for performance of Services, as described in Exhibit 1A based upon the following schedule:

An annual asset fee shall be paid from Plan assets based on the following schedule:

For Plan Assets from:			**Annual Rate:**
$1	to	$10,000,000	0.25%
$10,000,001	to	$15,000,000	0.20%
$15,000,001	to	$50,000,000	0.15%
$50,000,001	and	above	0.10%

Annual rates are prorated and paid monthly. The annual asset fee shall be calculated by the following formula [Annual rate divided by 12 (months of the year) multiplied by the Plan asset balance at the end of the month]. Trustee and Investment Management Fees are not included.

EXHIBIT 1C

DATA REQUIREMENTS

PARS will provide the Services under this Agreement contingent upon receiving the following information. Agency is solely responsible for ensuring that all information and documentation provided to PARS is true, correct, and authorized:

1. Executed Legal Documents:
   - (A) Certified Resolution
   - (B) Adoption Agreement to the Public Agencies Post-Employment Benefits Trust
   - (C) Trustee Investment Forms

2. Contribution – completed Contribution Transmittal Form signed by the Plan Administrator (or authorized Designee) which contains the following information:
   - (A) Agency name
   - (B) Contribution amount
   - (C) Contribution date
   - (D) Contribution method (Check, ACH, Wire)

3. Distribution – completed Payment Reimbursement/Distribution Form signed by the Plan Administrator (or authorized Designee) which contains the following information:
   - (A) Agency name
   - (B) Payment reimbursement/distribution amount
   - (C) Applicable statement date
   - (D) Copy of applicable premium, claim, statement, warrant, and/or administrative expense evidencing payment
   - (E) Signed certification of reimbursement/distribution from the Plan Administrator (or authorized Designee)

4. Other information pertinent to the Services as reasonably requested by PARS and Actuarial Provider.