

County Connection

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CCCTA BOARD OF DIRECTORS

MINUTES OF THE REGULAR MEETING

February 16, 2023

CALL TO ORDER/ROLL CALL/CONFIRM QUORUM

Chair Amy Worth called the regular meeting of the Board of Directors to order at 9:00 a.m. Board Members present were Directors Andersen, Diaz, Noack, Schroder, Sos, Storer, Tatzin and Wilk. Director Hoffmeister arrived after the meeting convened and Director Hudson was absent.

Staff: Churchill, Sherman, Dixit, Glenn, Hill, Horta, Johnson, Kamara, Martinez, McCarthy, Mitchell and Reeb

PUBLIC COMMUNICATION: None

CONSENT CALENDAR

MOTION: Director Noack moved approval of the Consent Calendar, consisting of the following items: (a) Approval of Minutes of Regular Meeting of January 19, 2023; (b) Resolution No. 2023-026, Declaring that the Proclaimed State of Emergency for the COVID-19 Pandemic Continues to Impact the Ability for the Board and its Committees to Meet Safely in Person, and Directing that Virtual Board and Committee Meetings Continue. Director Tatzin seconded the motion, and it received the following vote of approval:

Aye: Directors Andersen, Diaz, Noack, Schroder, Sos, Storer, Tatzin, Wilk and Worth
No: None
Abstain: None
Absent: Directors Hoffmeister and Hudson

REPORT OF CHAIR: None

REPORT OF GENERAL MANAGER:

In Person Meetings

General Manager Bill Churchill informed the Board that assuming the Governor's COVID state of emergency will be lifted on February 28, 2023, we are looking to go back in person in March 2023 for committee and Board meetings. The following are the upcoming in person committee meetings dates and times:

Administration & Finance Committee: March 1 at 2 p.m. at the City of Pleasant Hill Offices

Marketing, Planning & Legislation Committee: March 6 at 11:30 a.m. at Candace Andersen's Lafayette Office

Operations & Scheduling Committee: March 1 at 8 a.m. at Candace Andersen's Lafayette Office

Director Hoffmeister arrived at 9:22 a.m.

Meetings with our State Legislators

General Manager Bill Churchill informed the Board that he and other transit operators met in Sacramento and spoke with State legislators on the fiscal cliff that will hit the transit industry in 2024-2025. He felt that because they went as a group, it showed the legislators how strong they are. They felt that they were successful in changing some of the minds and explained the importance of gap funding. Chair Worth thanked Bill Churchill and staff for organizing the meetings and making them effective.

Transit Operator Recruitment Update

General Manager Bill Churchill informed the Board that 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 the strategy of increasing the starting wage, and to remain competitive within the current labor market, at this time, County Connection proposes maintaining the increase of the starting wage for all new Operators. 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.

The Administration and Finance (A&F) Committee has recommended that the General Manager, at his discretion, have the ability to adjust the starting wage for incoming Operators from Step A up to Step C based on an evaluation of staffing needs and state of the economy. This was an information only item.

REPORT OF STANDING COMMITTEES

Administrative & Finance Committee

Adoption of a Revised Pension Funding Framework, Including the Adoption of the Public Agencies Post-Employment Benefits Trust Administered by PARS and Resolution No. 2023-027

Amber Johnson, CFO, explained that the Authority has long recognized the importance of controlling pension costs. Prior to the 2008 recession, CalPERS was over-funded for a period of time. Many public agencies saw this as an opportunity to contract with CalPERS for more enhanced benefits, either increasing the percentage of pay in retirement, and/or decreasing the age at which retirees can collect benefits. However, the Authority sensibly resisted these changes and did not enhance retiree benefits, keeping the original “2% at 60” formula. This prudent decision has been key in helping the Authority control pension costs as compared to its peers. However, the Authority is not immune from economic conditions that contribute to rising pension costs.

Over the past few months, the A&F Committee and staff have been discussing the Authority’s pension funding policy and options for enhancing the pension funding framework to help mitigate future impacts of rising pensions costs. As a result of these discussions, the A&F Committee and staff are recommending the establishment of a 115 trust for pre-funding the Authority's pension obligations, and revisions to the existing pension funding policy.

When creating the current year (FY 2023) budget and accompanying financial forecast for pension costs, staff relied on the 2021 CalPERS valuation report to model the expenses. The required annual UAL payment for FY 2024 was projected to be \$1 million. While not the focus of the FY 2023 budget, staff did plan to expend \$1 million on the required UAL payment in FY 2024 in the 10-year financial forecast model.

However, the following year, the required UAL payment for FY 2024 was reduced to zero, due to the unusually high return on investment that year. Using the CalPERS pension outlook tool, staff estimates that the required UAL will return in FY 2025. This one-year reprieve from sending a UAL payment to CalPERS in FY 2024 presents a unique opportunity for one-time forecasted savings to be redirected to the Pension 115 Account.

The A&F Committee recommends seeding the Pension 115 Account with an initial investment of \$1 million in FY 2024, using budgetary savings realized by the one-year reprieve from CalPERS UAL payments. This initial contribution will be invested by Highmark Capital using dollar cost averaging over a period of 3-4 months, to minimize market risk fluctuations.

MOTION: Director Noack moved that the Board authorize the General Manager to enter into a revised Agreement for Administrative Services with PARS and adopt Resolution 2023-027 approving the establishment of a new combination Public Agencies Post-Employment Benefits Trust with PARS, including establishment of a separate Pension 115 Account thereunder, and the transfer of all amounts held in the Authority's existing OPEB Trust account with PARS to the OPEB 115 Account under the combination Trust. Director Sos seconded the motion, and it received the following vote of approval:

Aye: Directors Andersen, Diaz, Hoffmeister, Noack, Schroder, Sos, Storer, Tatzin, Wilk and Worth
No: None
Abstain: None
Absent: Director Hudson

Marketing, Planning & Legislative Committee

Draft 2023 County Connection Federal Advocacy Program

Bill Churchill, General Manager, gave a brief background by stating that after a couple of years of remote visits with our delegation, we were able to meet in person last year. The in-person meetings provided an opportunity to introduce myself, as the new General Manager, and Ruby Horta as our new Assistant General Manager to our legislative leaders. As we enter the new legislative session, staff recognizes the difficulties a divided Congress will pose. Nonetheless, it is important to continue to advocate for the needs of public transit, and County Connection, specifically, as we strive to restore service, transition to a zero-emission bus fleet, and strengthen collaboration with neighboring transportation partners to better serve our community.

Last year, County Connection staff were prepared to present the advocacy program remotely, as well as with a handout due to the uncertainty of in-person meetings. This year, staff will be providing a presentation of the draft brochure to the MP&L Committee for review, highlighting County Connection's top priorities and a focus on our essential services. After staff receives input from the committee and the Board, a final draft brochure will be developed and delivered to committee members for final review at the March MP&L Committee meeting.

While we are not completely out of the pandemic, staff anticipates that in-person meetings with our Federal delegation will be possible and is currently engaged scheduling a number of appointments. After much discussion, with edits and approvals the following motion was made.

MOTION: Director Wilk moved approval of the draft 2023 Federal Advocacy Program. Director Andersen seconded the motion, and it received the following vote of approval:

Aye: Directors Andersen, Diaz, Hoffmeister, Noack, Schroder, Sos, Storer, Tatzin, Wilk and Worth
No: None
Abstain: None
Absent: Director Hudson

Regional Fare Transfer Policy-Information Only

Melody Reeb, Director of Planning, Marketing, & Innovation, explained that similar to the Clipper BayPass Pilot, MTC will serve as the lead agency for the Title VI process and conduct an equity analysis at the regional level in coordination with transit operator staff. As this is a fare reduction, the pilot is not anticipated to present significant issues from a Title VI perspective. Although MTC will be leading the effort, the individual transit agency boards are still responsible for complying with Title VI requirements and would need to approve the analysis. Staff anticipates that the equity analysis along with an inter-agency Memorandum of Understanding (MOU) will be presented to the Board for approval in late 2023.

MTC has identified \$22.5 million in funding through the Transit Transformation Action Plan to support the implementation of the pilot and offset fare revenue losses. The pilot is expected to last for 18 to 24 months depending on usage. Under the proposed funding model, transit agencies would be responsible for the first \$0.50 of each transfer discount, and MTC would reimburse the remaining amount. However, the reimbursement from MTC would then be reduced to account for the estimated increase in fare revenue generated from additional trips being made as a result of the program. Because County Connection already provides transfer discounts that exceed the initial \$0.50 that operators would be responsible for, staff anticipates that all additional costs in terms of foregone revenue would be covered by MTC. Information Only.

BOARD COMMUNICATION: None

ADJOURNMENT: Chair Worth adjourned the regular Board meeting at 10:27 am.

Minutes prepared by:

Lathina Hill

Assistant to the General Manager

Date: February 27, 2023