

# County Connection

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

## ADMINISTRATION & FINANCE COMMITTEE MEETING AGENDA

Wednesday, November 6, 2013  
9:00 a.m.  
Hanson Bridgett  
1676 North California Blvd., Suite 620  
Walnut Creek, California

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 October , 2013\*
4. Correspondence with CalPERS regarding Employer Rate Increase\*
5. Review of Vendor Bills, October 2013\*\*
6. Legal Services Statement, August 2013-General, August/September 2013-Labor\*\*
7. Adjournment

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\*Enclosure

\*\*Enclosure for Committee Members

FY2013/2014 A&F Committee

Al Dessayer – Moraga, Erling Horn – Lafayette, Robert Storer – Danville, Gregg Manning - Clayton

Clayton • Concord • Contra Costa County • Danville • Lafayette • Martinez  
Moraga • Orinda • Pleasant Hill • San Ramon • Walnut Creek

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

## General Information

**Public Comment:** Each person wishing to address the committee is requested to complete a Speakers Card for submittal to the Committee Chair before the meeting convenes or the applicable agenda item is discussed. Persons who address the Committee are also asked to furnish a copy of any written statement to the Committee Chair. Persons who wish to speak on matters set for Public Hearings will be heard when the Chair calls for comments from the public. After individuals have spoken, the Public Hearing is closed and the matter is subject to discussion and action by the Committee.

A period of thirty (30) minutes has been allocated for public comments concerning items of interest within the subject matter jurisdiction of the Committee. Each individual will be allotted three minutes, which may be extended at the discretion of the Committee Chair.

**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 available for public inspection at 2477 Arnold Industrial Way, Concord, California, at the same time that the public records are distributed or made available to the legislative body. The agenda and enclosures for this meeting are posted also on our website at [www.countyconnection.com](http://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. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service so that it is received by County Connection at least 48 hours before the meeting convenes. Requests should be sent to the Assistant to the General Manager, Lathina Hill, at 2477 Arnold Industrial Way, Concord, CA 94520 or [hill@countyconnection.com](mailto:hill@countyconnection.com).

**Shuttle Service:** With 24-hour notice, a County Connection LINK shuttle can be available at the BART station nearest the meeting location for individuals who want to attend the meeting. To arrange for the shuttle service, please call Robert Greenwood – 925/680 2072, no later than 24 hours prior to the start of the meeting.

### **Currently Scheduled Board and Committee Meetings**

Board of Directors:	Thursday, November 21, 9:00 a.m., County Connection Board Room
Administration & Finance:	Wednesday, November 6, 9:00 a.m. 1676 N. California Blvd., S620, Walnut Creek
Advisory Committee:	Friday, November 8, 9:30 a.m., County Connection Board Room
Marketing, Planning & Legislative:	Thursday, November 7, 8:30 a.m., 3338 Mt. Diablo Blvd., Lafayette
Operations & Scheduling:	Friday, November 8, 8:30 a.m., Walnut Creek City Offices

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

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

Administration and Finance Committee  
Summary Minutes  
October 9, 2013

The meeting was called to order at 9:00 a.m. at the Walnut Creek offices of Hanson Bridgett. Those in attendance were:

Committee Members: Director, Board Al Dessayer  
Director, Board Gregg Manning  
Director Robert Storer  
Staff: General Manager Rick Ramacier  
Director of Finance Kathy Casenave  
Director of Planning Anne Muzzini  
Sr Human Resource Manager Lisa Rettig  
Pat Glenn, Legal Counsel  
Guests: Ralph Hoffmann  
Board member Erling Horn

1. Adoption of the Agenda- Approved.
2. Public Communication- Mr. Hoffmann discussed various transit issues.
3. Selection of Chair- Al Dessayer was selected as chair for the committee.
4. Summary Minutes of August 28, 2013 meeting- Approved.
5. Closed Session, Employee Benefits Issues: The committee met in closed session to discuss new medical plans available through CalPERS. The committee reported back in open session that they are recommending to the Board amounts that CCCTA will contribute to the new medical plans. Approved for Board consent calendar.
6. Additional CalPERS Medical Plans for Administration- The same issue occurs for Administrative staff. Staff & legal counsel believe that the most logical way of approaching this is to use the CCCTA portion of the old providers whose premiums most closely compare with the new providers. The committee members approved for Board consent calendar.
7. Increasing Cafeteria Amounts for Non represented Employees.- Sr. Human Resource Manger Lisa Rettig reported that the current MOUs with the ATU and Teamsters increase the Cafeteria Plan annually using a formula that averages the increases in the two (2) most popular health plans by coverage level and splitting that amount and adding it to the Cafeteria Plan. Staff recommends using the same formula for the Administrative employees. Approved for Board consent calendar.
8. Bishop Ranch service agreement- Director Muzzini reported that she had been in discussion with Bishop Ranch to bring AT&T into the current agreement and add additional trips to accommodate the additional riders. She reported that Bishop Ranch has decided

not to pursue this at this time. The committee decided that this would be a good opportunity to bring this issue to the Board for discussion because there are a number of new Board members. Approved for Board agenda, discussion only.

9. Unaudited Financial Statements for FY 2013- Director Casenave reported that the audit fieldwork had been completed and adjustments, if any, would not be material. She reported that the actual expenses were 5.6% under budget (\$1,838,381). Committee members discussed various line items of the financial statement.
10. Review of Vendor Bills, September 2013- The committee reviewed the vendor bills.
11. Legal Services Statement, July 2013 - Approved.
12. Adjournment- The meeting was adjourned. The next meetings will be Wednesday, November 6 and Wednesday, December 4 at 9:00 am at the Hanson Bridgett offices in Walnut Creek.

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Kathy Casenave, Director of Finance

# County Connection

## INTER OFFICE MEMO

To: Administration and Finance Committee

Date: October 29, 2013

From: Kathy Casenave, Director of Finance

Reviewed by:

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**SUBJECT:** Correspondence with CalPERS regarding Employer rate increase

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### Summary of Issues:

In June staff reported that the employer rate for County Connection had been increased to 7.321% for FY 2014 from the previously calculated 5.416% because of the new pension reform legislation.

Many assumptions go into the calculation of the normal cost- salary increases, mortality, terminations, age of retirements. *CalPERS uses assumptions based on the collective historical experience of all public agencies.* When the actual experience of each individual pension plan differs from the actuarial assumptions used to project the funding requirements, adjustments to the employer rate can occur. *Historically County Connection has received a credit each year.* The actuarial report received in November 2012 reduced the normal cost by 1.905%, so that the net employer rate for next year would have been 5.416%.

The new legislation does not allow for reductions in the normal cost rate, even though that rate is calculated using standard assumptions that may not be reflective of the experience of individual plans. Therefore, our rate next year will be 7.321%.

The A&F Committee asked staff to contact Bob Blum at Hanson Bridgett to discuss whether there was any pending legislation that would address this issue.

I contacted Mr. Blum and discovered that he was taking a position with a medical care provider and would be leaving H&B shortly. He did not think there was any pending legislation that would change this requirement and suggested we contact CalPERS directly. I contacted our actuary (see attached letter) and she responded that there is no legislation that would change this requirement. She forwarded my letter to the chief and deputy chief actuaries for their comments. I have not received any further communication.

There are not many CalPERS plans that are in our predicament so it is very likely that this issue will not be addressed at present. Another attorney at Hanson Bridgett stated that there is a provision in the new law that would provide some relief at the 130% funded ratio. Staff will investigate further if our plan approaches that benchmark.

**Financial Implications:** The increase in the rate has added about \$230,000 per year to pension costs, which has been included in the FY 2014 budget and ten year forecast.

# County Connection

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September 3, 2013

Fritzie Archuleta  
Senior Pension Actuary  
CalPERS Actuarial Office

RE: Central Contra Costa Transit Authority 2146548042

Dear Ms. Archuleta;

I spoke to you in June expressing concern that our PERS employer rate went up to 7.321% (the normal cost) because of the new pension law. This will increase our employer contribution by about \$230,000 in FY 2014, and obviously will increase our costs in the out years also.

I realize that many CalPERS plans are underfunded but this has not been the experience of Central Contra Costa Transit Authority. I have reviewed all of the reports since 1997. *In every year our contribution rate has been less than the normal cost rate and, except for the last three years, the plan has been fully funded, even using the market value of assets rather than the actuarial value of assets. (See next page).*

Clearly, the actual events and demographics at our agency are different than the global assumptions that CalPERS uses in calculating the normal cost rate.

We of course want to have a fully funded pension plan but we have been able to achieve this under the old law. It seems like we are being penalized because *other plans* are significantly underfunded.

I am asking if there is anything that CalPERS can do to remedy this situation for us and other public agencies who have historically achieved a fully funded pension plan using the old method of calculating the employer contribution rate.

Very truly yours,



Katherine Casenave  
Director of Finance  
Central Contra Costa Transit Authority

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**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**

Central Contra Costa Transit Authority Contribution Rates & Funded Status

Fiscal Yr for rate	Employer Normal Cost rate	Credit for Surplus	PERS ER rate	Funded Status- MVA basis	MVA as of
1997	7.353%	-0.668%	6.685%	102.8%	6/30/1994
1998	7.481%	-0.192%	7.289%	110.5%	6/30/1995
1999	8.572%	-8.572%	0.000%	129.6%	6/30/1996
2000	7.292%	-7.292%	0.000%	156.2%	6/30/1997
2001	7.085%	-7.085%	0.000%	170.1%	6/30/1998
2002	6.706%	-6.706%	0.000%	172.3%	6/30/1999
2003	6.704%	-6.704%	0.000%	166.2%	6/30/2000
2004	6.808%	-6.808%	0.000%	136.6%	6/30/2001
2005	6.882%	-2.846%	4.036%	114.4%	6/30/2002
2006	7.395%	-1.620%	5.775%	100.3%	6/30/2003
2007	7.355%	-1.486%	5.869%	107.5%	6/30/2004
2008	7.177%	-2.009%	5.168%	113.3%	6/30/2005
2009	7.240%	-1.921%	5.319%	116.0%	6/30/2006
2010	7.230%	-2.453%	4.777%	129.1%	6/30/2007
2011	7.221%	-2.347%	4.874%	113.3%	6/29/2008
2012	7.640%	-2.422%	5.218%	78.9%	6/29/2009
2013	6.976%	-1.757%	5.219%	84.0%	6/29/2010
2014	7.321%	-1.905% not applied	7.321%	93.9%	6/29/2011



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## FW: Central Contra Costa Transit Authority's employer rate

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Archuleta, Fritzie <Fritzie\_Archuleta@calpers.ca.gov>

Tue, Sep 3, 2013 at 2:16 PM

To: "Milligan, Alan" <Alan\_Milligan@calpers.ca.gov>, "Lamoureux, David" <David\_Lamoureux@calpers.ca.gov>

Cc: "casenave@cccta.org" <casenave@cccta.org>

Hi Katherine,

Unfortunately, we did not come up with this regulation. Agencies must pay the full normal cost due to the governor's pension reform law. At this point in time, I do not believe there is anything CalPERS can do other than administer the law as it was written.

I have cc'd the chief actuary and our deputy chief so that they can add comments.

FRITZIE ARCHULETA

*Senior Pension Actuary*

*CalPERS Actuarial Office*

*(916)795-1262*

**From:** Katherine Casenave [mailto:casenave@cccta.org]

**Sent:** Tuesday, September 03, 2013 1:40 PM

**To:** Archuleta, Fritzie

**Subject:** Central Contra Costa Transit Authority's employer rate

Ms. Archuleta-

Please see the attached letter expressing my concern about the pension law change and how it is affecting our organization.

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Kathy Casenave

Director of Finance

Central Contra Costa Transit Authority