

County Connection

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

ADMINISTRATION & FINANCE COMMITTEE MEETING AGENDA

Thursday, January 8, 2015
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 December 3, 2014*
4. Authorization of General Manager to Apply for Transit Security Program Funds for 2015 to Support ITS Maintenance Cost*
Resolution No. 2015-019*
5. Shadelands Fare Reimbursement Agreement*
6. PERS Actuarial Valuation for June 30, 2013; Rate for FY 2016*
7. Review of Vendor Bills, December 2014**
8. Legal Services Statement, October & November 2014-General, October & November 2014-Labor**
9. Adjournment

*Enclosure

**Enclosure for Committee Members

FY2014/2015 A&F Committee

Bob Simmons – Walnut Creek, Don Tatzin – Lafayette, 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.

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.

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, January 15, 9:00 a.m., County Connection Board Room
Administration & Finance:	Wednesday, February 4, 9:00 .am., 1676 N. California Blvd., S620, Walnut Creek
Advisory Committee:	TBA. County Connection Board Room
Marketing, Planning & Legislative:	Monday, January 5, 8:30 a.m., Pleasant Hill City Hall Small Community Room
Operations & Scheduling:	Wednesday, January 7, 8:00 a.m. Supervisor Andersen's Office 309 Diablo Road, Danville, CA

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 prior to attending a meeting.

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

Administration and Finance Committee
Summary Minutes
December 3, 2014

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 Don Tatzin
 Director Gregg Manning
 Director Bob Simmons

Staff: General Manager Rick Ramacier
 Director of Finance Kathy Casenave
 Director of Transportation Bill Churchill
 Legal Counsel Pat Glenn

1. Approval of Agenda- Approved.
2. Public Communication- None.
3. Approval of Minutes of October 1, 2014- Approved.
4. FY2014 Audit-Teleconference- Rosalva Flores, the Brown Armstrong partner in charge of the FY 2014 audit, reported by telephone on the audit findings. She reported that the audit report is unmodified, no material weaknesses or deficiencies were identified and no material noncompliance issues were noted. She commended the Authority's financial staff for its professionalism. The committee will recommend to the Board that the audit report be approved.
5. Auditors Compliance Report- The Brown Armstrong auditors reviewed FY 2014 TDA and STA revenues, diesel fuel expense, and PERS benefits paid, and concluded that the goals had been met except for STA revenue, which was \$81,000 less than the prior year.
6. Closed Session:
 - Conference with Legal Counsel-Anticipated Litigation, Government Code Section 54956.9, Maria Reyes, et. al. v. Central Contra Costa Transit Authority-
 - The committee reported in open session that no decision was made but direction was given to legal counsel.
 - Conference with Labor Negotiator (pursuant to Government Code Section 54957.76)-
 - Employee Organizations:
 - Amalgamated Transit Union, Local 1605
 - Machinists Automotive Trades District Lodge No. 1173
 - Teamsters Union, Local 856, AFL-CIO, Transit Supervisors
 - The committee reported in open session that no decision was made but direction was given to the labor negotiator.
7. Change in Financial Institutions- Director Casenave reported that the Authority's bank, First Republic Bank, will no longer do business with the government sector. Staff has considered some of the financial institutions that are used by state and local governments in California and one that stood out is Union Bank. It is the bank

for MTC, the County of Alameda and LAIF. Staff recommended that the committee approve the proposal from Union Bank and forward this item to the Board. Approved.

8. County Connection Income Statements for the Three Months Ended September 30, 2014- Director Casenave reported that the actual expenses are 9% under the year to date budget (\$809,030). Wages, fringe benefits, materials and supplies and purchased transportation accounted for most of the variance. Information only.
9. County Connection Investment Policy-Quarterly Reporting Requirement- General Manager Ramacier reported that the investments as of September 30, 2014 comply with the CCCTA investment policy.
10. Review of Vendor Bills, October and November 2014- Reviewed.
11. Legal Services Statement, August and September 2014, General & Labor- Approved.
12. Adjournment- The meeting was adjourned. The next meetings will be Thursday, January 8 and Wednesday, February 4 at 9:00 a.m.

Kathy Casenave, Director of Finance

To: Administration and Finance Committee

Date: 12/30/2014

From: Anne Muzzini, Director of Planning & Marketing

Reviewed by:

SUBJECT: Prop 1 B Transit Security Funding 2015

Background:

The Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006, otherwise known as Proposition 1B provides funding for the California Transit Security Grant Program (TSGP). Funds from this source are made available to project sponsors in California for capital security and safety projects. Funds programmed for County Connection's use amount to \$116,919 each year. In the past funds have been used for perimeter security (lighting), ITS routers on the bus, on-board cameras, and maintenance of the ITS system.

Coming up with capital projects that can be categorized as security projects each year is a challenge. Since 2013 we have used these funds to support ongoing maintenance of our radio, onboard computer, CAD/AVL, and BusTime systems. This is an allowable TSGP expense because the funds are going to maintain a capital system that is directly related to security.

Recommendation:

Staff recommends that the Committee approve use of the FY2015 TSGP funds in the amount of \$116,919 to defray the ongoing maintenance expenses related to the ITS systems. The attached resolution is required by CalOES as part of the grant process and will be included in the Board packet if approved by the committee.

Financial Implications:

Using FY2015 TSGP funds to pay for ongoing ITS maintenance expenses will directly offset operating expenses. The funds previously were only used to support one-time capital expenses.

RESOLUTION NO. 2015-019

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
BOARD OF DIRECTORS**

* * *

**AUTHORIZATION TO REQUEST AN ALLOCATION OF
FISCAL YEAR 2015 PROPOSITION 1B CALIFORNIA TRANSIT
SECURITY GRANT PROGRAM FUNDS**

WHEREAS, the County of Contra Costa and the Cities of Clayton, Concord, the Town of Danville, Lafayette, Martinez, the Town of Moraga, Orinda, Pleasant Hill, San Ramon and Walnut Creek (hereinafter “Member Jurisdictions”) have formed the Central Contra Costa Transit Authority (“CCCTA”), a joint exercise of powers agency created under California Government Code Section 6500 et seq., for the joint exercise of certain powers to provide coordinated and integrated public transportation services within the area of its Member Jurisdictions; and

WHEREAS, the California Transit Security Grant Program (CTSGP) is a funding program that is part of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, otherwise known as Proposition 1B, which was approved by California voters on November 7, 2006; and

WHEREAS, the State Controller develops an annual list with the amounts that each eligible project sponsor is programmed to receive; and

WHEREAS, in Fiscal Year (FY) 2015, the Central Contra Costa Transit Authority is programmed to receive \$116,919; and

WHEREAS, Central Contra Costa Transit Authority recognizes that it is responsible for compliance with all Cal OES CTSGP grant assurances, and state and federal laws, including, but not limited to, laws governing the use of bond funds; and

WHEREAS, Cal OES requires Central Contra Costa Transit Authority to complete and submit a Governing Body Resolution for the purposes of identifying agent(s) authorized to act on behalf of Central Contra Costa Transit Authority to execute actions necessary to obtain CTSGP funds from Cal OES and ensure continued compliance with Cal OES CTSGP assurances, and state and federal laws.

WHEREAS, staff recommends that the Board authorize the General Manager, or his designee, to submit an allocation request to the California Governor’s Office of Emergency Services (CalOES) and any other documents required to receive a total of \$116,919 in FY15 CTSGP funds for ITS maintenance.

NOW THEREFORE, BE IT RESOLVED by the CCCTA Board of Directors that the General Manager, or his designee, is authorized to submit an allocation request to CalOES and any other documents required to receive a total of \$116,919 in FY 15 CTSGP funds for ITS maintenance; and

BE IT FURTHER RESOLVED that the General Manager, or his designee, is authorized to execute and file any assurances, certification, or furnish any additional information as CalOES may require in connection with the filing of this allocation request.

Regularly passed and adopted this _____th day of _____ 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

A.G. Dessayer, Chair
CCCTA Board of Directors

ATTEST:

Lathina Hill, Clerk to the Board

To: Administration and Finance Committee

Date: December 30, 2014

From: Anne Muzzini, Director of Planning and Marketing

Reviewed by:

Subject: Shadelands Shuttle Route Fare Subsidy

Summary

The Shadelands Business owners have successfully formed a public benefit improvement district (PBID) and will begin collecting fees for projects January 1st 2015. One of the top priorities of the PBID board was to fund a direct shuttle from Shadelands to BART. Last year Route #7 was realigned to provide more direct and frequent service from Shadelands to BART as recommended in the Adaptive Service Plan. In November the PBID board authorized the Chamber to execute an agreement on their behalf to fund the fares on Route #7. This is the same type of arrangement we have with the City of Walnut Creek for Route #4 and Route #5.

Fare Subsidy Amount

The amount of the fare subsidy was calculated based on a productivity of 10 passengers per hour and an average fare of \$1.40 per passenger. Currently the route is only carrying 8 passengers per hour.

10 pass/RHr x 20.5 RHr/Day x 255 days/yr x \$1.40 per pass = \$73,185

Agreement

The agreement attached is based on the agreement executed with the City of Walnut Creek for similar services. The Shadelands PBID Board has expressed an interest in wrapping the buses used on the shuttle and the cost for that (\$6,000 per bus) has been included as an option. In addition they are interested in equipping the buses with WiFi and that option has been included as well.

The Chamber of Commerce for the City of Walnut Creek is acting and the financial management entity for the PBID at this point and the agreement will be executed with them.

Next Steps

The agreement needs to be reviewed by the Chamber attorney then a start date determined. They are anxious to begin, and it will be possible to initiate free service on Route #7 mid driver bid.

SHADELANDS FARE REIMBURSEMENT AGREEMENT

This Agreement is entered into effective the ____ day of ____, 2014 by and between the CENTRAL CONTRA COSTA TRANSIT AUTHORITY (County Connection), a joint exercise of powers entity created, existing and in good standing under California Government Code Sections 6500 et seq.; and THE CHAMBER OF WALNUT CREEK who is acting on behalf of the Shadelands Business owners (Shadelands).

WHEREAS, County Connection engaged a consultant to conduct an Adaptive Service Analysis Plan to evaluate and develop recommendations for maximizing the effectiveness of its public transit service;

WHEREAS, the Adaptive Service Analysis Plan was adopted by the Board of Directors in December 2013, and staff was directed to proceed with soliciting public input and conduct further analysis to implement service changes recommended by the Plan, which included modifications to Route 7;

WHEREAS, in April 2014, following consideration of public comment, the Board of Directors authorized implementation of the recommended changes to Route 7 to provide more frequent and direct service from Shadelands to the Pleasant Hill BART station;

WHEREAS, the Shadelands desires to provide a fare subsidy for the passengers of Route 7 so that all passengers ride free, not to exceed \$73,200 a year.

NOW, THEREFORE, in consideration of the mutual covenants and promises of the parties set forth herein, County Connection and the Shadelands agree as follows:

1. **Definitions.** Unless the context otherwise requires, the terms defined in this section shall, for the purposes of this document and any amendments thereto, have the following meanings:
 - (a) **Bus** - means a 30 to 40 foot long diesel motor coach (bus), equipped with destination signage and equipment to allow handicapped access.
 - (b) **Headways** - means the interval of time between the departure of a bus from a specific stop and the arrival of the immediately succeeding bus at the same stop.
 - (d) **Level of Service** - means the number of trips and the headways between them at a given stop. An increase in the Level of Service shall be an increase in the number of trips and/or a decrease in the headways

between them. A decrease in the Level of Service shall be a decrease in the number of trips and/or an increase in the headway between them.

2. **Term.** The term of this Agreement shall commence on January 1, 2015, and continue until terminated by either party as provided herein.
3. **Route 7.** County Connection shall initially provide Route 7 service as described in Exhibit A, which is attached and incorporated by this reference. County Connection retains full discretion and control over the method and means for operation of Route 7 as fixed route public transportation service.
4. **Level of Service.** Initially, County Connection shall provide Route 7 service weekdays during the hours of 7:00 a.m. and 10:30 a.m. and between 3:00 p.m. and 7:30 p.m. During these periods, Route 7 service will be operated with approximately twenty minute headways.
5. **Changes to Level of Service.** County Connection reserves the right to make changes in Route 7 service in response to ridership and demand. The opportunity to make changes occurs four (4) times a year in March, June, August or December. Shadelands may request changes in Route 7 service for County Connection's consideration no later than three (3) months prior to the date the change is to be implemented. Service changes may be made during the term of the agreement at County Connection's reasonable discretion, following consultation with the Shadelands.
6. **Public Transportation Service.** The Route 7 service covered by this Agreement shall be open to all members of the general public.
7. **Fare.** So long as the Shadelands provides the fare subsidy as specified herein, County Connection will waive the applicable fare to ride Route 7 for all passengers. No transfers shall be issued to passengers riding these services.
8. **Buses.**
 - (a) **Maintenance.** County Connection shall service and perform preventative maintenance on all buses used in Route 7 service pursuant to its standard operating policies for buses used in mass transit services, and shall keep the interior and exterior of such buses clean and in attractive condition. COUNTY CONNECTION shall replace any buses used in the service as needed pursuant to its standard operating policies for buses used in mass transit services.

- (b) **Sign.** The destination signs on the buses will read "Shadelands Shuttle - Route 7."
9. **Drivers.** County Connection shall supply drivers necessary to perform the services required under this Agreement. Drivers shall be County Connection employees and shall meet all conditions of employment by County Connection for bus operation, including but not limited to holding a valid California class 2 motor vehicle license.
10. **Interruption.** County Connection shall maintain readily available at all times sufficient buses, drivers and supervisors to be able to perform the service in accordance with its standard procedures.
11. **Compensation.**
- (a) **Fare Subsidy.** The Shadelands shall pay County Connection an annual subsidy of \$73,200 a year to offset the fare revenue lost by providing all Route 7 passengers with a free ride. County Connection will monitor Route 7 ridership . If the foregone fare revenue is substantially less than the fare subsidy, the parties will confer to determine whether a reduction in the fare subsidy amount is justified.. If the fare subsidy is not sufficient to offset the fares lost, then County Connection may adjust the service levels so that the fare subsidy substantially replaces the foregone fares. County Connection assumes responsibility for all other cost and expense for providing Route 7 service.
- (b) **Optional Services.**
- Bus Wraps: Shadelands has expressed interest in bus wraps for the three (3) buses that operate on the Route #7 to identify the Shadelands route with a special look. If Shadelands wishes to exercise the option of wrapping the buses, they will be responsible for layout and design, subject to County Connection review and approval, and assume the cost of production and installation at \$6,000 per bus. County Connection will arrange for services to produce and install the wrap. Shadelands will pay for the wraps after design and prior to production and installation.
- WiFi: Shadelands has expressed interest in having WiFi for the convenience of passengers on the three (3) buses that operate on the Route #7. If Shadelands wishes to exercise the option of installing WiFi on the buses, County Connection will arrange for installation of WiFi

service at Shadelands' expense, consisting of a one time fee of \$1,050 to install three routers, and an ongoing cost of \$1,800 a year for the cellular service. The one time fee will be paid in advance of the installation. The ongoing annual fee will be added to the fare reimbursement invoice at a rate of \$150/month or \$450 per quarter.

- (c) **Limitation in Compensation.** In no event shall Shadelands be responsible to pay more than \$73,200 annually for the fare reimbursement of Route #7 without an amendment to this agreement. Optional service described in Section 11. (b) shall be in addition to the fare subsidy amount and shall be billed as described in Section 11.(b).
 - (d) **Records.** County Connection shall maintain accurate records of the number of buses operated in the service, the schedule, hours, miles, and ridership for the route and will provide monthly ridership reports to the Shadelands.
12. **Payment.** The Shadelands shall pay County Connection an annual amount of \$73,200 in equal monthly (\$6,100/mo.) or quarterly (\$18,300/quarter) increments. County Connection shall invoice the Shadelands by the 20th of the following month in which services are rendered, or the 20th of the month after the close of the quarter (Oct 20th, Jan 20th, March 20th, July 20th). Invoices will be prorated to account for the service start date. The Shadelands shall submit payment within ten days of receipt of the County Connection invoice.
13. **Compliance with Laws.** County Connection shall comply with all laws, regulations and orders of any federal, state, county, regional or municipal authority applicable to the service.
14. **Insurance.** County Connection shall procure and maintain, at its sole cost, for the duration of this Agreement the following insurance:
- (a) **General Liability and Automobile Liability.** County Connection shall maintain General Liability insurance and Automobile Liability insurance covering "any auto" in the same form and in at least the same amount as the coverages for all other operations of County Connection. The foregoing coverage is currently provided through the CALTip insurance pool.
 - (b) **Workers' Compensation Insurance.** County Connection shall maintain Workers' Compensation insurance in the amounts required by law.

16. **Independent Contractor.** In performing under this Agreement, County Connection shall act at all times as an independent contractor. Nothing contained herein shall be construed or applied so as to create the relationship of principal and agent, or of employer and employee, between the Shadelands and County Connection.
17. **Communications.** All required payments, reports, and notices may be sent by ordinary mail. Until notified otherwise, in writing, County Connection shall send all such communications relating to this Agreement to the following address:

Chamber of Walnut Creek (Shadelands)
Attention:

and the Shadelands shall send all communications to the following address:

Central Contra Costa Transit Authority
Attention: Anne Muzzini
2477 Arnold Industrial Way
Concord, CA 94520

18. **Assignment and Subcontracting.** Neither the Shadelands nor County Connection may assign any rights or subcontract for performance of any duties under this Agreement without the prior written consent of the other. Any attempts to assign or subcontract without the necessary consent shall be void. This Agreement benefits and burdens the successors and assigns of both the Shadelands and County Connection.
19. **Records.** County Connection shall maintain true and complete records in connection with the service and all transactions related thereto, and shall retain all such records for a least thirty-six (36) months after the end of the calendar year in which the service is performed.

[Make this a new Section 20 and renumber) No Gifts, Commissions or Fees. Except as otherwise expressly provided herein, neither County Connection nor any director, officer, employee or agent of County Connection, its subcontractors or vendors, shall give to or receive from any director, employee or agent of the Shadelands any gift or entertainment of significant value or any commission, fee, or rebate in connection with this Agreement.

20. **Termination of Agreement.**

(a) **Termination for Cause.**

(1) **Termination by County Connection.** County Connection may, by fifteen (15) days' prior written notice of default to the Shadelands, terminate this Agreement if the Shadelands fails to make payments as provided in Section 12 of this Agreement within five (5) days of receipt of County Connection's notice of delinquency. If the Shadelands fails to make such overdue payment to County Connection within five (5) days of receipt of County Connection's notice of delinquency, County Connection shall be entitled to a late charge equal to three percent (3%) of the amount overdue, and for the actual and reasonable costs incurred by County Connection to effect such termination.

(2) **Termination by Shadelands.** The Shadelands may terminate the Agreement for cause under any of the circumstances set forth below:

(a) **Breach of Agreement.** If County Connection fails to perform any of the services or violates any provisions of the Agreement, in accordance with its terms; or

(b) **Non-Compliance With Law.** Failure or refusal of County Connection to comply with applicable Federal, State and local governing laws or codes.

Shadelands shall first provide written notice of the deficiencies in County Connection's performance and shall allow at least ten (10) days of County Connection's receipt of such notice for County Connection to rectify the deficiencies. If County Connection fails to correct the deficiencies within the stipulated period, Shadelands may terminate the Agreement upon giving fifteen (15) days' prior written notice.

(b) **Termination for Convenience.** Either County Connection or the Shadelands may terminate the Agreement for convenience by giving the other party notice one hundred twenty (120) days prior to the subsequent

driver sign-up date. If Shadelands terminates the Agreement for convenience, County Connection shall be paid for all months in which service was provided, and the actual and reasonable costs incurred by County Connection to effect the termination.

- (c) **Notices.** All notices of termination shall be given by certified mail or personal service to the party at the address specified in the Agreement as amended in writing.
 - (d) **Closing Statement.** Upon termination, County Connection shall submit a written closing statement to the Shadelands to specify the costs of service, and the costs of services actually performed to the date of termination for which the Shadelands has not previously paid.
21. **Entire Agreement.** This Agreement is the entire agreement of this matter between the parties, and supersedes all prior negotiations and understandings with respect thereto. County Connection and the Shadelands each acknowledge that it has not relied upon any promise, representation, or warranty not expressly set forth in this Agreement in executing this Agreement. If any provision of this Agreement is void or otherwise unenforceable, the remainder of the Agreement shall continue in full force and effect. This Agreement shall not be modified except by a writing signed by both parties.
22. **Severability.** If any provision of this Agreement or the application of any such provision shall be held by a court of competent jurisdiction to be invalid, void, or unenforceable to any extent, the remaining provisions of this Agreement and the application thereof shall remain in full force and effect and shall not be affected, impaired, or invalidated.
23. **Captions and Article Letters.** The captions and article letters appearing in this Agreement are inserted as a matter of convenience and in no way define or limit the provisions of this Agreement.
24. **Time.** Time is of the essence of this Agreement.
25. **Attorneys' Fees.** In any action which the Shadelands or County Connection bring to enforce its respective rights hereunder, the unsuccessful party shall pay all costs incurred by the prevailing party, including reasonable attorneys' fees.
26. **Applicable Law.** This Agreement shall be construed in accordance with California law.

IN WITNESS WHEREOF, County Connection and the Shadelands have executed this Agreement as of the date first-above written.

**CENTRAL CONTRA COSTA TRANSIT
AUTHORITY**

By: _____
Rick Ramacier, General Manager

By: _____
Name/Title

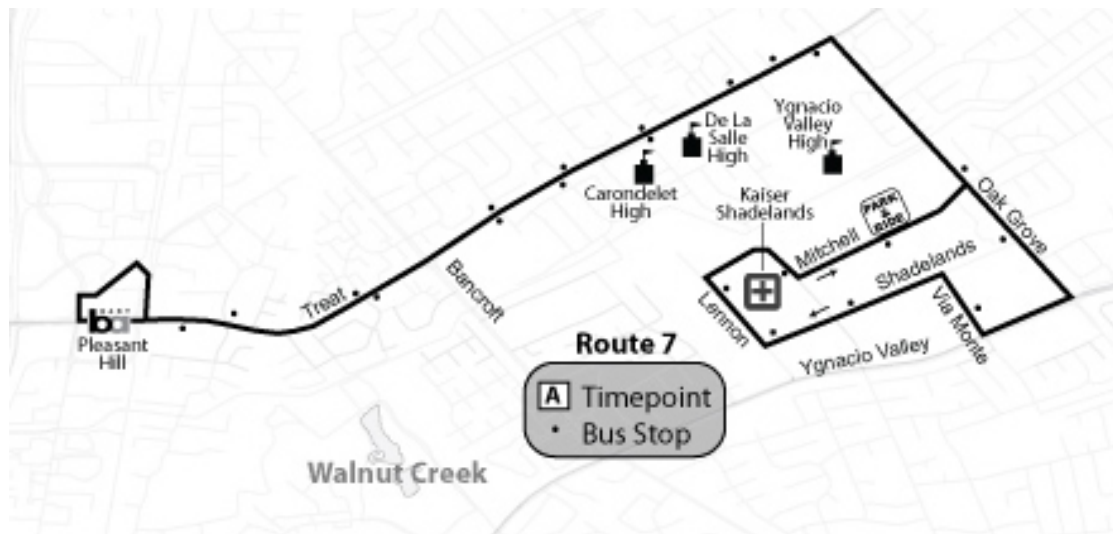
Approved as to Legal Form and Content

By: _____
Madeline Chun, Legal Counsel

By: _____
Name/Title

EXHIBIT A

Route 7 Pleasant Hill BART Mitchell Park 'n Ride			
Leave BART Pleasant Hill	Arrive Mitchell Park 'n Ride	Leave Mitchell Park 'n Ride	Arrive BART Pleasant Hill
b	A	A	b
7:07	7:23	7:23	7:40
7:22	7:38	7:38	7:55
7:37	7:53	7:53	8:10
7:52	8:08	8:08	8:25
8:07	8:23	8:23	8:40
8:22	8:38	8:38	8:55
8:37	8:53	8:53	9:10
8:52	9:08	9:08	9:25
9:07	9:23	9:23	9:40
9:22	9:38	9:38	9:55
9:37	9:53	9:53	10:10
9:52	10:08	10:08	10:25
3:07	3:23	3:23	3:40
3:22	3:38	3:38	3:55
3:37	3:53	3:53	4:10
3:52	4:08	4:08	4:25
4:07	4:23	4:23	4:40
4:22	4:38	4:38	4:55
4:37	4:53	4:53	5:10
4:52	5:08	5:08	5:25
5:07	5:23	5:23	5:40
5:22	5:38	5:38	5:55
5:37	5:53	5:53	6:10
5:52	6:08	6:08	6:25
6:07	6:23	6:23	6:40
6:22	6:38	6:38	6:55
6:37	6:53	6:53	7:10
6:52	7:08	7:08	7:25
7:07	7:23	7:23	7:40



County Connection

INTER OFFICE MEMO

To: Administration and Finance Committee

Date: December 29, 2014

From: Kathy Casenave *Kc*
Director of Finance

Reviewed By:

SUBJECT: PERS Actuarial Valuation for June 30, 2013; Rate for FY 2016

SUMMARY OF ISSUES:

The PERS Actuarial Valuation Report for the period ending June 30, 2013 was recently received. This valuation is used to set the rate for the next fiscal year. **The employer rate for FY 2016 will be 8.997%, up from the current year's rate of 7.105%.**

CalPERS has projected our rates for FY 2017 through FY 2021. These projections changed from the prior year, and will most likely change next year. Below are the CalPERS current projections compared with the prior report's projections:

	Current Projection	Prior Projection
FY 2016 Actual	8.997%	5.800%
FY 2017	9.200%	7.000%
FY 2018	9.000%	8.200%
FY 2019	8.800%	9.400%
FY 2020	8.600%	10.60%
FY 2021	8.400%	

Estimates of future employer rates depend upon a variety of factors:

- Future investment returns of 7.5%.
- Payroll growth of 3%.
- Demographic assumptions including the percentage of employees that will terminate, die, or retire in each future year.

The updated projections will be used for the budget and 10 year forecast. Even though the FY 2016-FY 2018 projections are more than the prior year, the out years are less. In the last CCCTA 10 year forecast, staff used the 10.6% rate for the FY 2020- FY 2023 years. When the 10 year forecast is updated, the 8.4% rate will be used for the FY 2021- FY 2024 years.

Several pages of the actuarial report are attached.

Funded Status, Based on Market Value of Assets, Page 6

The funded status is 95.1% (the PERS long term goal is 100%), with unfunded liability totaling \$3.4 million. The prior year the funded status was 89.6%, with the unfunded liability at \$6.8 million.

Investment rate of return, Page 13

It is CalPERS' policy to use a constant investment return rate (7.5%) for the actuarial report rather than the actual rate of return. This is called *asset smoothing*- the delayed recognition of part of the investment gains or losses dampens the effect of short-term market value fluctuations in setting employers' rates. The delayed recognition is smoothed over a period of 15 years, based on an actuarial value that is not less than 80% or more than 120% of market value. Because of the significant loss in FY 2009, CalPERS increased the corridor limits to 60%-140% for the FY 2012 rate and 70%-130% for the FY 2013 rate. For FY 2014 rate, the corridor limits returned to 80%-120%.

The CalPERS history of investment returns is shown on **Page 13** of the report.

Other Information- C-1 & C-2

- There are 155 retirees receiving benefits
- The average annual benefit is \$12,757
- The average age of retirees is 68.77
- There are 256 active members
- The average annual payroll of the active members is \$51,400
- The covered annual payroll is \$13,158,233
- The average age for active members is 51.56
- Page C-2 includes a breakdown of the active members by age and salaries & years of service. As of June 30, 2013, 24% of the workforce was over 60 years of age.

FINANCIAL IMPLICATIONS: These rates will be used for the revised forecast.

ACTION REQUESTED: None; information only.

ATTACHMENTS: Selected pages of the PERS valuation report

The use of this report for any other purposes may be inappropriate. In particular, this report does not contain information applicable to alternative benefit costs. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Required Employer Contribution

	Fiscal Year 2014-15	Fiscal Year 2015-16
Actuarially Determined Employer Contributions		
1. Contribution in Projected Dollars		
a) Total Normal Cost	\$ 1,881,500	\$ 2,063,739
b) Employee Contribution ¹	933,747	1,006,204
c) Employer Normal Cost [(1a) – (1b)]	947,753	1,057,535
d) Unfunded Liability Contribution	(324,895)	236,093
e) Required Employer Contribution [(1c) + (1d)]	\$ 622,858	\$ 1,293,628
Projected Annual Payroll for Contribution Year	\$ 13,339,240	\$ 14,378,455
2. Contribution as a Percentage of Payroll		
a) Total Normal Cost	14.105%	14.353%
b) Employee Contribution ¹	7.000%	6.998%
c) Employer Normal Cost [(2a) – (2b)]	7.105%	7.355%
d) Unfunded Liability Rate	(2.436%)	1.642%
e) Required Employer Rate [(2c) + (2d)]	4.669%	8.997%
Minimum Employer Contribution Rate²	7.105%	8.997%
Annual Lump Sum Prepayment Option ³	\$ 914,094	\$ 1,247,686

¹For classic members this is the percentage specified in the Public Employees Retirement Law, net of any reduction from the use of a modified formula or other factors. For PEPRA members the member contribution rate is based on 50 percent of the normal cost. A development of PEPRA member contribution rates can be found in Appendix D. Employee cost sharing is not shown in this report.

²The Minimum Employer Contribution Rate under PEPRA is the greater of the required employer rate or the employer normal cost.

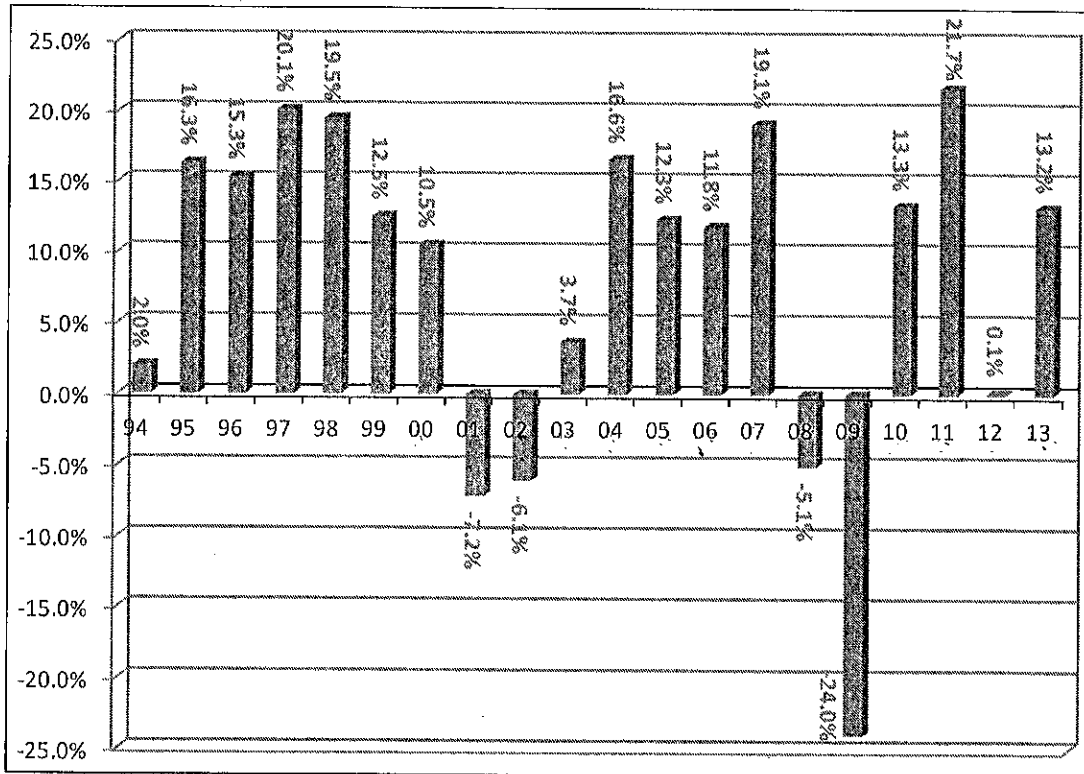
³Payment must be received by CalPERS before the first payroll reported to CalPERS of the new fiscal year and after June 30. If there is contractual cost sharing or other change, this amount will change.

Plan's Funded Status

	June 30, 2012	June 30, 2013
1. Present Value of Projected Benefits	\$ 76,945,025	\$ 81,999,152
2. Entry Age Normal Accrued Liability	65,329,327	69,119,201
3. Market Value of Assets (MVA)	\$ 58,524,861	\$ 65,752,326
4. Unfunded Liability [(2) – (3)]	\$ 6,804,466	\$ 3,366,875
5. Funded Ratio [(3) / (2)]	89.6%	95.1%
Superfunded Status	No	No

CalPERS History of Investment Returns

The following is a chart with the 20-year historical annual returns of the Public Employees Retirement Fund for each fiscal year ending on June 30. Beginning in 2002, the figures are reported as gross of fees.



The table below shows historical geometric mean annual returns of the Public Employees Retirement Fund for each fiscal year ending on June 30, 2013, (figures are reported as gross of fees). The geometric mean rate of return is the average rate per period compounded over multiple periods. It should be recognized that in any given year the rate of return is volatile. Although the expected rate of return on the recently adopted new asset allocation is 7.5 percent the portfolio has an expected volatility of 11.76 percent per year. Consequently when looking at investment returns it is more instructive to look at returns over longer time horizons.

History of CalPERS Geometric Mean Rates of Return and Volatilities					
	1 year	5 year	10 year	20 year	30 year
Geometric Return	13.2%	3.5%	7.0%	7.6%	9.4%
Volatility	-	17.9%	13.9%	11.8%	11.6%

Summary of Valuation Data

	June 30, 2012	June 30, 2013
1. Active Members		
a) Counts	246	256
b) Average Attained Age	51.46	51.56
c) Average Entry Age to Rate Plan	37.34	37.49
d) Average Years of Service	14.12	14.07
e) Average Annual Covered Pay	\$ 49,623	\$ 51,400
f) Annual Covered Payroll	12,207,294	13,158,323
g) Projected Annual Payroll for Contribution Year	13,339,240	14,378,455
h) Present Value of Future Payroll	87,584,074	94,853,300
2. Transferred Members		
a) Counts	30	26
b) Average Attained Age	49.65	49.39
c) Average Years of Service	3.14	2.57
d) Average Annual Covered Pay	\$ 66,375	\$ 67,426
3. Terminated Members		
a) Counts	97	101
b) Average Attained Age	51.16	51.75
c) Average Years of Service	3.04	3.53
d) Average Annual Covered Pay	\$ 36,040	\$ 37,137
4. Retired Members and Beneficiaries		
a) Counts	151	155
b) Average Attained Age	68.02	68.77
c) Average Annual Benefits	\$ 12,134	\$ 12,757
5. Active to Retired Ratio [(1a) / (4a)]	1.63	1.65

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Average Annual Benefits represents benefit amounts payable by this plan only. Some members may have service with another agency and would therefore have a larger total benefit than would be included as part of the average shown here.

Active Members

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Distribution of Active Members by Age and Service

Attained Age	Years of Service at Valuation Date						Total
	0-4	5-9	10-14	15-19	20-25	25+	
15-24	1	0	0	0	0	0	1
25-29	3	3	0	0	0	0	6
30-34	8	3	3	0	0	0	14
35-39	8	9	7	2	0	0	26
40-44	8	7	8	1	0	0	24
45-49	6	3	10	10	3	1	33
50-54	6	7	11	6	6	9	45
55-59	7	3	12	6	6	12	46
60-64	2	4	10	4	8	7	35
65 and over	1	2	5	3	4	11	26
All Ages	50	41	66	32	27	40	256

} 61 24%

Distribution of Average Annual Salaries by Age and Service

Attained Age	Years of Service at Valuation Date						Average
	0-4	5-9	10-14	15-19	20-25	25+	
15-24	\$34,550	\$0	\$0	\$0	\$0	\$0	\$34,550
25-29	41,406	51,004	0	0	0	0	46,205
30-34	42,355	49,622	58,402	0	0	0	47,351
35-39	57,952	49,027	50,570	51,678	0	0	52,393
40-44	41,106	48,964	61,715	48,131	0	0	50,560
45-49	44,504	48,131	47,024	59,824	48,131	57,630	50,968
50-54	39,450	52,055	45,052	51,092	74,551	54,938	52,110
55-59	38,183	77,460	44,927	45,536	59,899	65,398	53,395
60-64	49,822	41,151	46,947	69,864	42,193	46,666	47,925
65 and over	61,629	52,731	47,936	48,131	55,699	61,235	55,675
All Ages	\$44,447	\$51,148	\$49,046	\$54,792	\$55,979	\$58,428	\$51,400