

County Connection

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

BOARD OF DIRECTORS MEETING AGENDA

Thursday, September 15, 2022
9:00 a.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. (GOVERNMENT CODE SECTION 54953)

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

Committee Directors, staff and the public may participate remotely by calling: Join the Zoom webinar.
When: September 15, 2022, 09:00 AM Pacific Time (US and Canada) Topic: County Connection Board of Directors Meeting

Please click the link below to join the webinar: <https://us02web.zoom.us/j/86243217510>

Or One tap mobile :

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Dial (for higher quality, dial a number based on your current location): US: +1 408 6380968

Webinar ID: 862 4321 7510

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 Board of Directors before 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.

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY

The County Connection Board of Directors 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 Board of Directors.

1. Call to Order/Pledge of Allegiance
2. Roll Call/Confirm Quorum
3. Public Communication
4. Consent Calendar
 - a) Approval of Minutes of Regular Meeting of July 21, 2022*
 - b) Approval of Minutes of Special Meeting of August 18, 2022*
 - c) Approve Resolution Declaring that the Proclaimed State of Emergency for the COVID-19 Pandemic Continues to Impact the Ability for the Board of Directors and its Committees to meet Safely in Person, and Directing that Virtual Board and Committee Meetings Continue*
Resolution No. 2023-008*
 - d) CCCTA Investment Policy-Quarterly Reporting Requirement*
 - e) OPEB Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2022*
 - f) CCCTA Drug and Alcohol-Free Workplace Policy Update*
Resolution No. 2023-006*
(The A&F Committee and staff recommends that the Board approve Resolution No. 2023-006 to adopt the proposed revisions.)
 - g) Annual Adjustment to Cafeteria Amounts for Non Represented Employees*
Resolution No. 2023-012*
(The A&F Committee and staff recommend that the Board adopt Resolution No. 2023-012, that authorizes an adjustment made to the employee cafeteria plan for the non-represented employees, consistent with what the adjustment will be per the contracts County Connection has with ATU 1605, Machinists 1173 and Teamsters 856, in the amount not to exceed \$694,788 as stated in the FY23 Operating Budget.)
 - h) 2022-23 BART Bus Bridges*
Resolution No. 2023-010*
(The A&F Committee and staff requests that the Board approve Resolution No. 2023-010, the 2022-23 BART Bus Bridge agreement to the Board for approval.)
 - i) 2022 Amended and Restated Clipper MOU*
Resolution No. 2023-009*
(The A&F Committee and staff recommend that the Board approve Resolution No. 2023-009 to authorize the General Manager to sign the new Clipper MOU.)
5. Report of Chair
 - a) Election of CCCTA Officers
 - b) Seating of New CCCTA Officers and Announcement of 2022-2023 Committee Assignments
6. Report of General Manager

Under this item, the General Manager will report on matters of relevance to CCCTA including, but not necessarily limited to, the following:

 - a) In Person Committee & Board Meetings

- b) COVID-19 Update
- 7. Report of Standing Committees
 - a) Administration & Finance Committee
 - 1) Bus Advertising Contract Extension*
Resolution No. 2023-011*
(The A&F Committee and staff recommend adoption of Resolution No. 2023-011, a two-year extension of the current contract with Vector Media for bus advertising services with a revised compensation structure through December 31, 2024.)
 - 2) Amendment to the contract with Ascendal Group LLC*
Resolution No. 2023-013*
(The A&F Committee and staff recommend that the Board adopt Resolution No. 2023-013 to amend the contract with Ascendal Group dated July 1, 2021, increasing the contract amount by \$180,000 for a revised not-to-exceed total contract amount of \$279,000.)
 - b) Operations & Scheduling Committee
 - 1) Purchase of WAVE Inductive Chargers*
Resolution No. 2023-007*
(The O&S Committee and staff recommend that the Board of Directors adopt Resolution No. 2023-007 authorizing an award of contract to WAVE Inc. for the purchase of the WAVE induction charges at a price not to exceed \$370,000.)
- 8. Board Communication – (Directors are limited to providing information, asking clarifying questions about matters not on the agenda, responding to public comment, referring matters to committee or staff for information, or requesting a report to be made at another meeting.)
- 9. Closed Session:
 - Conference with Labor Negotiator (pursuant to Government Code Section 54957.6)
 - Employee Organization:
 - Amalgamated Transit Union, Local 1605, AFL-CIO, Bus Operators
 - Machinists Automotive Trades District Lodge No. 1173, Machinists
- 10. Open Session:
 - Report of Action(s) taken during the Closed Session
- 11. Next Meeting Date: October 20, 2022
- 12. Adjournment

*Enclosure

**It will be available at the time of the Board meeting.

***For Board members only

General Information

Possible Action: The Board may act upon any item listed on the agenda.

Public Comment: If you wish to address the Board, please follow the directions at the top of the agenda. If you have anything that you wish distributed to the Board 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 Board to be routine and will be enacted by one motion. There will be no separate discussion of these items unless requested by a Board Member or a member of the public prior to when the Board 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 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:	Thursday, October 20, 9:00 a.m., via teleconference
Administration & Finance:	Wednesday, October 5, 2:00 p.m., via teleconference
Advisory Committee:	TBA.
Marketing, Planning & Legislative:	Thursday, October 6, 8:30 a.m., via teleconference.
Operations & Scheduling:	Friday, October 7, 8:15 a.m. via teleconference

The above meeting schedules are subject to change and may be conducted as teleconference meetings. 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

County Connection

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CCCTA BOARD OF DIRECTORS

MINUTES OF THE REGULAR MEETING

July 21, 2022

CALL TO ORDER/ROLL CALL/CONFIRM QUORUM

Vice 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, Haydon, Hoffmeister, Noack, Schroder, Storer, Tatzin and Wilk. Directors Hudson and McCluer were absent.

Staff: Churchill, Sherman, Dixit, Glenn, Horta, Johnson, Kamara, Longmire, McCarthy, Mitchell, Noya, Reeb and Rettig

PUBLIC COMMENT: None

CONSENT CALENDAR

MOTION: Director Hoffmeister moved approval of the Consent Calendar, consisting of the following items: (a) Approval of Minutes of Regular Meeting of June 16, 2022; (b) Resolution No. 2023-001, 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; (c) CCCTA Investment Policy-Quarterly Reporting Requirement; (d) Disadvantaged Business Enterprise (DBE) Goal for FFY2023-2025 and Resolution No. 2023-003. Director Storer seconded the motion, and it received the following vote of approval:

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

REPORT OF CHAIR:

Report of Nominating Committee for Election of CCCTA Officers

Vice Chair Worth informed the Board that the nominating committee consists of current chair Dave Hudson and the last 2 Chairs, Director Haydon and Director Andersen. She noted that in accordance with the customary Board rotation of officers, the nominees for the next year will likely be Amy Worth as Chair, Don Tatzin as Vice Chair and Kevin Wilk as Secretary.

REPORT OF GENERAL MANAGER:

August Committee & Board Meeting

General Manager, Bill Churchill informed the Board that normally we do not have committee meetings or a Board meeting the month of August, but this year we must have a Board meeting so we can pass a resolution regarding continuing to hold virtual meetings for Board and committee meetings. The special Board meeting will be scheduled for August 18, 2022 at 9 a.m. All committee meetings will be cancelled for August 2022.

COVID-19 Update

General Manager, Bill Churchill informed the Board that since March 2022, our employee COVID-19 positive cases decreased significantly. Then starting in June, our positive cases jumped to 14 and in the beginning of July we had 9 positive cases. Currently our numbers have dropped dramatically, and we are staying steady at this time. He will continue to update the Board as new information is available.

REPORT OF STANDING COMMITTEES

Administration & Finance Committee

October Free Rides Promotion

Melody Reebbs gave a brief background on the item stating that in September 2021, County Connection offered a month of free rides on all routes as part of a regional “Return to Transit” marketing effort to encourage transit use. There was a nearly immediate boost in ridership as a result of the promotion, with an overall increase of about 17% compared to the prior month. However, a subsequent rise in COVID cases resulted in ridership declines over the following few months. As ridership begins to recover again and with federal stimulus funds still being available, staff proposes offering another month of free rides in order to encourage additional transit use, especially as employees return to the office. This effort to make transit more accessible aligns well with the goals of the Blue-Ribbon Transit Recovery Task Force and the principles adopted by the Metropolitan Transportation Commission (MTC) for the distribution of federal stimulus funds.

Based on the promotion that was offered last September, staff estimates that ridership would increase about 30% compared to last October as a result of free fares, in addition to more employees returning to office work. Ridership in October 2021 was close to 170,000. Assuming an average fare of \$2 and a 30% increase in ridership, the estimated fare revenue loss would be about \$442,000. County Connection would apply federal stimulus funds to this promotion.

MOTION: Director Noack moved for authorization to provide free rides and the use of federal funds to cover passenger fares during the month of October 2022. Director Hoffmeister seconded the motion, and it received the following vote of approval:

Aye: Directors Andersen, Haydon, Hoffmeister, Noack, Schroder, Storer, Tatzin, Wilk and Worth

No: None

Abstain: None

Absent: Directors Hudson and McCluer

Marketing, Planning & Legislative Committee

Pass2Class Promotion

Melody Reebbs gave a brief background on the Pass2Class program, which was formerly known as SchoolPool and Southwest Student Transit Ticket Program and provides free bus passes for students. Prior to 2019, students would receive 20-ride punch cards that could be used at any time. Since the elimination of most paper products

as a form of payment on County Connection buses, 511 Contra Costa adopted a different type of pass that instead provides unlimited rides for a set period of time.

For the 2022/2023 school year, 511 Contra Costa will fund the purchase of unlimited ride passes that will be valid for two months from August 1st through September 30th. Applications opened on July 7th, and 511 Contra Costa expects to begin distributing the passes starting July 22nd. The pass will be valid on all County Connection fixed route services. This was an information only item.

FY 2022-2023 Short Range Transit Plan Update

Pranjal Dixit explained that County Connection will undertake passenger surveys with a purpose of collecting demographic and trip origin/destination data used to support future local and regional transit planning efforts. The survey will include questions related to demographic information, travel pattern/choice information and service quality. Additionally, questions related to current and future remote working will be included as part of the survey to better understand post-pandemic commute patterns for improved service planning. The survey will be conducted both onboard the buses and online. The onboard survey is aimed to capture the travel patterns of our existing riders, while the online survey will help reach a wider audience to capture former riders who have not yet returned to transit as well as potential new riders in the region.

The survey is planned to be conducted for a period of 3-4 weeks in August to coincide with the start of the new school year. The survey will be available in English and Spanish for both the onboard and online versions. This was an information only item.

Operations & Scheduling Committee

Steam Room Lift Replacement Construction and Resolution No. 2023-002

Scott Mitchell explained that at the May 19, 2022 Board Meeting, staff received approval from the Board for the purchase of a platform lift for the Maintenance Building steam room off the Sourcewell Contract. But now a separate construction project is required for the removal and disposal of the existing lift and installation of the new platform lift.

County Connection issued an Invitation for Bid (IFB) for the lift installation in May of 2022. The IFB was advertised on County Connection's website and in the Contra Costa Times. At the bid opening on June 15, 2022, one bid was received from Makai Solutions for \$70,953.00. While only one bid was received, staff determined the bid price was fair and reasonable by comparing the bid to bids received by other contracting entities and applying inflationary factors to those previous bids. The removal and replacement of the steam room lift will not exceed \$70,953.00. County Connection has Prop IB Facilities Grant funds available for this project.

MOTION: Director Storer moved adoption of Resolution No. 2023-002 authorizing the General Manager to award the contract to Makai Solutions to remove and replace the steam room lift. Director Haydon seconded the motion, and it received the following vote of approval:

Aye: Directors Andersen, Haydon, Hoffmeister, Noack, Schroder, Storer, Tatzin, Wilk and Worth

No: None

Abstain: None

Absent: Directors Hudson and McCluer

Travel Training Program and Resolution No. 2023-004

Rashida Kamara gave a brief background by stating that currently, residents of Central Contra Costa have access to one travel training program. This specific program is geared towards people with disabilities and is provided by the Independent Living Resources of Solano & Contra Costa Counties (ILRSCC). Findings from the Contra Costa Accessible Transportation Strategic (ATS) Plan point to the need for transit agencies and non-profit organizations to champion an existing travel training program with the intent to expand to other geographic areas. County Connection, in partnership with the ILRSCC, can accomplish this by expanding existing services to both people with disabilities and seniors living in Central County service area.

The established need in Contra Costa County for travel training programs for seniors and people with disabilities, along with the impact on ridership associated with COVID-19, provide a great opportunity to start a program that will enhance access to transportation resources in the area, for these two groups. County Connection was awarded \$79,124 of Measure J Line 20a funds over a two-year period to provide the travel training program. All associated expenses will be covered by the grant

MOTION: Director Haydon moved adoption of Resolution No. 2023-004, authorizing the General Manager enter into an agreement with ILRSCC for the course of two years to start in July 2022 in the amount of \$79,124.2023-002. Director Storer seconded the motion, and it received the following vote of approval:

Aye: Directors Andersen, Haydon, Hoffmeister, Noack, Schroder, Storer, Tatzin, Wilk and Worth

No: None

Abstain: None

Absent: Directors Hudson and McCluer

Fall Bid Update

Pranjal Dixit explained that ridership grew through the Spring, and showed strong year-over-year growth, boosted by declining Covid cases. However, ridership has seen large swings in the last couple of months due to school closures during Spring break, and Easter and Memorial Day holidays. As of May, weekday regular routes were down 44% from pre-Covid baseline levels, school routes were down 31%, express routes were down 66%, and weekend routes were down around 31%.

The Fall bid will be implemented on August 7th. Along with the analysis of current schedule and ridership levels, staff's decisions were also guided by changes in BART schedules and school bell times.

BART will be implementing schedule changes in September that include shifts to weekday and weekend trips. Particularly, the Sunday schedule, which operates on a lower frequency compared to Saturday, has been modified to have similar trip start times as Saturdays.

The changes for Fall bid include shifting weekend trips on one route to facilitate seamless connection with BART's new schedule and shifting school trips on seven routes to match the new school bell time schedule for the upcoming school year. Due to Senate Bill 328, many schools had to change their bell schedules for the fall, which resulted in several schools now having differing end times depending on the day of the week. To accommodate those changes, schedules were modified to at least meet the latest afternoon bell time. Finally, in response to changing traffic conditions, additional time has been built into the schedule on four routes to improve on-time performance and reliability. This was for information only.

Report from the Advisory Committee

Marji McWee gave a brief presentation on the Advisory Committee and how they have started strategic level conversations with staff to understand CCCTA's current philosophy on route design and fleet composition. We conveyed what we are hearing from the public:

- Constituents often observe that they won't use County Connection because it is inconvenient, requires circuitous routes, and they are waiting too long for the next bus—unless the rider is going to BART. Taking a short distance trip across the county often takes hours to complete.
- COVID aside, many would be more inclined to take the bus, if the agency used shuttles with frequent headways on direct routes that served today's most visited intra-county destinations.
- In recent years, the county has developed many districts including high-density housing, commercial/retail, and large healthcare campuses. These districts include the transit villages, but others are in outlying areas far from the BART stations.
- With all this development, the increasing population is becoming more concentrated. Meanwhile, the county's demographics are shifting—some is attributable to the pandemic, while other trends are part of the natural/social factors. More vehicles are on the road again and many traffic routes and patterns have evolved. On the other hand, the agency's current routes reflect the COVID reductions in service which overlaid the existing design which had been built upon earlier patterns and conditions. We're now in a changed environment.
- People who are traveling to/from these intra-county destinations want to go on the most direct route, which is usually most easily achieved by automobile. In contrast, taking a bus typically adds extra wait and travel time while it swings by a BART station or a transit center. The bus often lays over there, and many riders must transfer to another route to continue their trip. Waiting for that next bus usually requires more time. Most time-pressured people won't give up the extra hours required to travel this way--especially when the same trip in a car would take less than 30 minutes door-to-door.

She will continue to update the Board as new members join and new topics come up.

BOARD COMMUNICATION: None

CLOSED SESSION:

Conference with Labor Negotiator (pursuant to Government Code Sections 54957.6)

Employee Organization: Amalgamated Transit Union, Local 1605, AFL-CIO, Bus Operators
Teamsters Local 856 and Machinists Lodge 190

OPEN SESSION:

Report of Action(s) taken during the Closed Session

Vice Chair Worth reported that the Board received a briefing from its labor negotiator, Pat Glenn. There was no reportable action.

ADJOURNMENT: Vice Chair Worth adjourned the regular Board meeting at 10:49 am.

Minutes prepared by:

Lathina Hill

Assistant to the General Manager

Date: September 6, 2022

County Connection

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CCCTA BOARD OF DIRECTORS

MINUTES OF THE SPECIAL MEETING

August 18, 2022

CALL TO ORDER/ROLL CALL/CONFIRM QUORUM

Chair Dave Hudson called the regular meeting of the Board of Directors to order at 9:00 a.m. Board Members present were Directors Andersen, Haydon, Hoffmeister, Noack, Schroder, Storer, Tatzin, Wilk and Worth. Director McCluer was absent.

Staff: Churchill, Sherman, Hill, Horta, Kamara, Mitchell

PUBLIC COMMENT: None

CONSENT CALENDAR

MOTION: Director Hoffmeister moved approval of the Consent Calendar, consisting of the following items:
(a) Resolution No. 2023-005, 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 Worth seconded the motion, and it received the following vote of approval:

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

REPORT OF CHAIR: None

REPORT OF GENERAL MANAGER:

Update on SB 917

General Manager, Bill Churchill informed the Board that SB917, Seamless Bay Area, was not adopted during this legislative session. Staff will continue to keep the Board abreast of all legislative updates.

ADJOURNMENT: Chair Hudson adjourned the regular Board meeting at 9:05 am.

Minutes prepared by:

Lathina Hill

Assistant to the General Manager

Date: August 18, 2022

INTER OFFICE MEMO

To: Board of Directors

Date: September 6, 2022

From: Bill Churchill
General Manager

SUBJECT: Declaring that the Board and Its Committee Meetings Will Continue to be Held via Teleconference

SUMMARY OF ISSUES:

Due to the ongoing COVID-19 pandemic, the General Manager and Legal Counsel recommend the Board adopt a resolution under Assembly Bill 361 (AB 361) (1) making findings that the proclaimed COVID-19 pandemic State of Emergency continues to impact the ability of the Central Contra Costa Transit Authority (CCCTA) Board of Directors (Board) and its committees to meet safely in person, and (2) allowing for CCCTA to use the modified teleconferencing requirements under California Government Code Section 54953 for Board and committee meetings for the next 30 days.

On September 16, 2021, Governor Newsom signed into law AB 361 amending Government Code Section 54953 to allow local agencies to use teleconferencing for public meetings without requiring teleconference locations to be included on published agendas or accessible to the public, and without requiring a quorum of the members of the legislative body of the agency to participate from locations within the boundaries of the agency's jurisdiction, during proclaimed states of emergencies.

Local agency determinations to meet using the modified teleconferencing rules under AB 361 must be reviewed every 30 days following the first teleconferenced meeting held pursuant to this law, which as an urgency statute, came into effect on October 1. The legislative body must reconsider the circumstances of the state of emergency and find that they directly impact the ability to meet safely in person. The Governor's State of Emergency related to the COVID-19 pandemic remains active and the Contra Costa County Health Officer, the California Department of Public Health, and the Department of Industrial Relations have imposed or recommended measures to promote social distancing. Compliance with these measures directly impacts the ability of the public to meet safely in person, and CCCTA cannot ensure social distancing recommendations are met in circumstances of in-person public meetings. Furthermore, there is a continuing threat of COVID-19 to the community, and Board and committee meetings have characteristics that give rise to risks to health and safety of meeting participants. Consequently, it is recommended that CCCTA continue to use remote teleconferencing for public meetings as permitted under AB 361 and to reconsider its determination (and make the necessary findings) every 30 days.

On October 21, 2021, the Board adopted its first resolution under AB 361 documenting the findings described above. The Board also was advised to consider similar actions monthly thereafter until conditions change and remote meetings are no longer necessary and appropriate. The proposed action would enable CCCTA's Board and committees to continue to meet remotely for the next 30 days.

FINANCIAL IMPLICATIONS: There is no impact on the budget.

ACTION REQUESTED: Adopt resolution declaring that the proclaimed state of emergency for the COVID-19 pandemic continues to impact the ability of the Board of Directors and its committees to meet safely in person, and directing that virtual Board and committee meetings continue.

RESOLUTION NO. 2023-008

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

* * *

**FINDING THAT THE PROCLAIMED STATE OF EMERGENCY FOR THE COVID-19
PANDEMIC CONTINUES TO IMPACT THE ABILITY FOR THE BOARD OF DIRECTORS AND ITS
COMMITTEES TO MEET SAFELY IN PERSON, AND DIRECTING THAT VIRTUAL BOARD AND
COMMITTEE MEETINGS CONTINUE**

WHEREAS, the County of Contra Costa, the Cities of Clayton, Concord, Lafayette, Martinez, Orinda, Pleasant Hill, San Ramon and Walnut Creek, and the Towns of Danville and Moraga (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 ("Service Area");

WHEREAS, on March 4, 2020, Governor Newsom declared a State of Emergency to exist in California as a result of the threat of the COVID-19 pandemic, which declaration remains in effect;

WHEREAS, the Contra Costa County Board of Supervisors subsequently declared a local emergency related to COVID-19, which declaration also remains in effect;

WHEREAS, on March 17 and June 11, 2020, the Governor issued Executive Orders N-29-20 and N-08-21, respectively, suspending certain provisions of the Ralph M. Brown Act related to teleconferencing through September 30, 2021 to facilitate legislative bodies conducting public meetings remotely to help protect against the spread of COVID-19 and to protect the health and safety of the public;

WHEREAS, on September 16, 2021, the Governor signed Assembly Bill (AB) 361 into law, amending Government Code Section 54953, effective immediately, to allow legislative bodies to continue to meet remotely under less restrictive requirements during a proclaimed State of Emergency provided that (1) state or local officials have imposed or recommended measures to promote social distancing, or (2) the legislative bodies determine that meeting in person would present imminent risks to the health or safety of attendees, and (3) the legislative bodies make such findings at least every thirty days during the term of the declared state of emergency;

WHEREAS, on October 21, 2021, pursuant to Resolution 2022-012, and monthly thereafter pursuant to Board action, the CCCTA Board of Directors ("Board") made the requisite findings to allow teleconferencing under AB 361 for 30 days;

WHEREAS, the Board has reviewed its previous findings and again concludes that there is a continuing threat of COVID-19 to the community, and that Board and committee meetings have characteristics that continue to give rise to risks to health and safety of meeting participants; and

WHEREAS, to help protect against the spread of COVID-19 and its variants, and to protect the health and safety of the public, the Board desires to take the actions necessary to continue to hold its Board and committee meetings remotely as authorized by AB 361.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Central Contra Costa Transit Authority has reconsidered the circumstances of the COVID-19 State of Emergency, and finds and determines that the state of emergency continues to directly impact its ability to meet safely in person;

BE IT FURTHER RESOLVED, that the Board of Directors directs the General Manager and Clerk to the Board to continue to agendize public meetings of the Board, and all CCCTA committees that are subject to the Brown Act, only as online teleconference meetings;

BE IT FURTHER RESOLVED, that CCCTA will comply with the requirements of Government Code Section 54953(e)(2) when holding Board and committee meetings pursuant to this Resolution; and

BE IT FURTHER RESOLVED, that this Resolution will be in effect for the maximum period of time permitted under AB 361 (30 days), and the Board will reconsider the findings in this Resolution each month and may subsequently reaffirm these findings, pursuant to its consent calendar.

Regularly passed and adopted this 15th day of September, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dave Hudson, Chair, Board of Directors

ATTEST: _____
Lathina Hill, Clerk to the Board

INTER OFFICE MEMO

To: Board of Directors

Date: September 1, 2022

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 June 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.

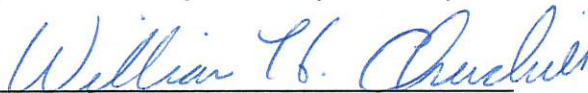
CCCTA
BANK CASH AND INVESTMENT ACCOUNTS
AS OF JUNE 30, 2022
(ROUNDED OFF TO NEAREST \$)

FINANCIAL INST	ACCT #	TYPE	PURPOSE	PER BANK	PER BANK	PER BANK	PER GL*
				DEC 2021	MAR 2022	JUN 2022	JUN 2022
FIXED ROUTE							
UNION BANK	274-00-26650	CHECKING	AP GENERAL	\$ 464,383	\$ 520,365	\$ 427,368	\$ 247,105
UNION BANK	274-00-26693	CHECKING	PAYROLL	\$ 141,992	\$ 95,271	\$ 64,484	\$ 50,337
UNION BANK	274-00-26723	CHECKING	CAPITAL PURCHASES	\$ 123,321	\$ 174,666	\$ 106,774	\$ 100,000
UNION BANK	274-00-26715	CHECKING	WORKERS' COMP - CORVEL	\$ 56,246	\$ 68,349	\$ 64,717	\$ 43,305
UNION BANK	274-00-26685	CHECKING	PASS SALES	\$ 5,145	\$ 8,702	\$ 5,461	\$ 5,461
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	\$ 796,247	\$ 872,513	\$ 673,964	\$ 451,368
PARATRANSIT							
UNION BANK	274-00-26669	CHECKING	AP GENERAL	\$ 838,271	\$ 133,098	\$ 255,509	\$ 157,289
			TOTAL	\$ 838,271	\$ 133,098	\$ 255,509	\$ 157,289
LAIF FUND							
<i>Effective Yield:</i>				<i>0.212%</i>	<i>0.365%</i>	<i>0.861%</i>	
LAIF ACCOUNT	4007001	INT-INVEST	OPERATING FUNDS	\$ 23,173,688	\$ 11,872,178	\$ 10,771,567	\$ 10,771,567
LAIF ACCOUNT		INT-INVEST	Lifeline Bus Stop Access	\$ 53,223	\$ 53,254	\$ 53,295	\$ 53,295
LAIF ACCOUNT		INT-INVEST	Facility Rehab	\$ 2,469,577	\$ 2,444,318	\$ 2,446,250	\$ 2,446,250
LAIF ACCOUNT		INT-INVEST	LCTOP - Electric Trolley II	\$ 253,660	\$ 22,220	\$ 20,958	\$ 20,958
LAIF ACCOUNT		INT-INVEST	LCTOP - Martinez Amtrak IV	\$ 126,161	\$ 73,019	\$ 19,024	\$ 19,024
LAIF ACCOUNT		INT-INVEST	LCTOP - FREE Monument III (Routes 11/14/16)	\$ 595,114	\$ 442,888	\$ 275,110	\$ 275,110
LAIF ACCOUNT		INT-INVEST	Pass-Through CA	\$ 902,720	\$ 903,239	\$ 898,534	\$ 898,534
LAIF ACCOUNT		INT-INVEST	Safe Harbor Lease Reserve	\$ 1,559,968	\$ 1,560,866	\$ 1,562,096	\$ 1,562,096
LAIF ACCOUNT		FMV ADJ.	Fair Market Value Adjustment for Year-End	\$ -	\$ -		\$ (206,596)
			TOTAL	\$ 29,134,111	\$ 17,371,982	\$ 16,046,834	\$ 15,840,238
CCCTA EMPLOYEE							
UNION BANK	274-00-26677	CHECKING	EMPLOYEE FITNESS FUND	\$ 13,917	\$ 14,457	\$ 13,032	\$ 13,032
UNION BANK	274-00-26502	CHECKING	EMPLOYEE FUNCTION	\$ 508	\$ 508	\$ 508	\$ 508
			TOTAL	\$ 14,425	\$ 14,965	\$ 13,540	\$ 13,540
8/30/2022			GRAND TOTAL	\$ 30,783,054	\$ 18,392,558	\$ 16,989,847	\$ 16,462,435

KLM/AJ

* GL balances reduced by outstanding 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 expenditures (cash flow) for the next six months.



Bill Churchill
General Manager

INTER OFFICE MEMO

To: Board of Directors

Date: 09/07/2022

From: Amber Johnson, Chief Financial Officer

Reviewed by: WC.

SUBJECT: OPEB Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2022

Background:

The Government Accounting Standards Board (GASB) issued reporting standards that require County Connection to prepare an actuarial valuation of our Other Post-Employment Benefits (OPEB) under GASB Statement No. 75 (GASB 75). The valuation assesses our OPEB liabilities that are recorded in the financial statements along with additional disclosure information as required by GASB 75. An OPEB actuarial valuation is required by GASB to be updated every two years with the last one completed in FY 2020.

OPEB Valuation Report:

The OPEB Actuarial Valuation report ("Report") attached is for fiscal year ending June 30, 2022 (FY 2022) which will be used as the basis for determining the plan contribution levels and the actuarial value of the assets/liabilities of OPEB for the financial statements. The OPEB Actuarial Valuation was prepared by MacLeod Watts Inc.

County Connection's Net OPEB Liability ("NOL") as of June 30, 2022 is \$2.9 million (see page 3 of Report), a net decrease of \$92 thousand since the last measurement. The main reason for the decrease is investment earnings that were slightly higher than anticipated (see page 7 of Report) over the last two years.

The Actuarially Determined Contribution (ADC) is the amount the Authority should contribute to fund the retiree benefit. For FY 2023, this amount is \$531,647 (see page 23 of Report). However, County Connection gets credit for the implicit subsidy of \$85,779 for current retirees, therefore the benefits paid to retirees and the trust should amount to \$445,868. The FY 2023 Adopted Budget presented in the prior month includes \$477,060 based on preliminary information. The ADC for FY 2024 is \$547,586 and the amount (net of implicit credit) paid to retirees and trust should be \$420,262. This amount will be used in the development of the FY 2024 Budget.

Cathy MacLeod from MacLeod Watts Inc. reviewed the report with the Administration & Finance Committee at their September 2022 meeting. MacLeod Watts Inc. provides actuarial services for various public entities.

Financial Implications:

Based on MacLeod Watts Inc actuarial valuation, the ADC for FY 2023 and FY 2024 amounts to \$531,647 and \$547,586, respectively. This amount is reduced by the implicit subsidy credit, and results in actual cash outlay of \$445,868 for FY 2023 and \$420,262 for FY 2024.

Recommendation:

Staff and the A&F Committee recommend that the Board of Directors accept the OPEB Actuarial Valuation.

Attachments:

Attachment 1: Central Contra Costa Transit Authority Actuarial Valuation of Other Post-Employment Benefit Programs as of June 30, 2021 & GASB 75 Report for the Fiscal Year Ending June 30, 2022

MacLeod Watts

August 17, 2022

Ms. Amber Johnson, CPFO
Chief Financial Officer
Central Contra Costa Transit Authority
2477 Arnold Industrial Way
Concord, CA 94520

Re: Central Contra Costa Transit Authority Other Post-Employment Benefits Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2022

Dear Ms. Johnson,

We are pleased to enclose our actuarial report providing financial information about the other post-employment benefit (OPEB) liabilities of the Central Contra Costa Transit Authority.

The primary purposes of this report are to:

- 1) Remeasure plan liabilities as of June 30, 2021, in accordance with GASB 75's biennial valuation requirement,
- 2) Develop Actuarially Determined Contributions levels for prefunding plan benefits, and
- 3) Provide information required by GASB 75 ("Accounting and Financial Reporting for Postemployment Benefits Other Than Pension") to be reported in the Authority's financial statements for the fiscal year ending June 30, 2022.

The information included in this report reflects our understanding that the Authority will contribute 100% or more of the Actuarially Determined Contributions each year. We assumed that OPEB trust assets remain in PARS Moderately Conservative portfolio. We based the valuation on the employee data, details on plan benefits and retiree benefit payments reported to us by the Authority. Please review our summary of this information to be comfortable that it matches your records.

We appreciate the opportunity to work on this analysis and acknowledge the efforts of Authority staff who provided valuable time and information to enable us to prepare this report. Please let us know if we can be of further assistance.

Sincerely,

Catherine L. MacLeod, FSA, FCA, EA, MAAA
Principal & Consulting Actuary

Enclosure



Central Contra Costa Transit Authority

Actuarial Valuation of Other
Post-Employment Benefit Programs
As of June 30, 2021

Development of OPEB Prefunding Levels
& GASB 75 Report for the FYE June 20, 2022

Submitted August 2022

MacLeod Watts

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A. Executive Summary

This report presents the results of the June 30, 2021, actuarial valuation and accounting information regarding the other post-employment benefit (OPEB) program of the Central Contra Costa Transit Authority (the Authority). The purposes of this report are to: 1) summarize the results of the valuation; 2) develop Actuarially Determined Contribution (ADC) levels for prefunding plan benefits; and 3) provide disclosure information as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the fiscal year ending June 30, 2022.

Important background information regarding the valuation process can be found in Addendum 1. We recommend users of the report read this information to familiarize themselves with the process and context of actuarial valuations, including the requirements of GASB 75. The pages following this executive summary present exhibits and other information relevant for disclosures under GASB 75.

Results of the June 30, 2021, valuation may be applied to prepare the Authority's GASB 75 report for the fiscal year ending June 30, 2023. If there are any significant changes in plan members, plan benefits or eligibility and/or OPEB funding policy, an earlier valuation might be required or appropriate.

OPEB Obligations of the Authority

The Authority offers continuation of medical coverage to retiring employees. This benefit creates one or more of the following types of OPEB liabilities:

- **Explicit subsidy liabilities:** An "explicit subsidy" exists when the employer contributes directly toward the cost of retiree healthcare. In this program, the Authority contributes a portion of medical premiums for qualifying retirees. These benefits are described in Section 2.
- **Implicit subsidy liabilities:** An "implicit subsidy" exists when premiums are developed using blended active and retiree claims experience. In this situation, premiums charged for retirees may not be sufficient to cover expected medical claims¹ and the premiums charged for active employees are said to "implicitly subsidize" retirees. This OPEB program includes implicit subsidy liabilities for retiree coverage prior to coverage under Medicare.
- **Other subsidy liabilities:** Pooled plans that do not blend active and retiree premiums likely generate subsidies between employers and retirees within the pool. In the CalPERS medical program, the premium rates for Medicare-covered retirees are based only on retiree claims experience of the pool. A recent actuarial practice note indicated these subsidies should be included in plan liabilities to the extent they are paid by the employer.² We generally expect these subsidies to be small and included any such liability with the implicit subsidy liability in this report.

We determine explicit subsidy liabilities using the expected direct payments promised by the plan toward retiree coverage. We determine the implicit and other subsidy liabilities as the projected difference between (a) retiree medical claim costs by age and (b) premiums charged for retiree coverage. For more information on this process Addendum 2: MacLeod Watts Age Rating Methodology.

¹ In rare situations, premiums for retiree coverage may be high enough that they subsidize active employees' claims.

² Exceptions exist for: 1) Medicare Advantage Plans: these plans are treated as if their premiums are age-based due to the nature of the Federal subsidies paid to these plans. 2) Plans with low explicit subsidies to Medicare-covered retirees: in these plans no part of any potential pool subsidy is expected to be paid by the employer.



Executive Summary

(Continued)

OPEB Funding Policy

The Authority's OPEB funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. "Prefunding" is the term used when an agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year. GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. Pay-as-you-go, or "PAYGO", is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

The Authority continues to prefund its OPEB liability, consistently contributing 100% or more of the Actuarially Determined Contributions each year. With the Authority's approval, the discount rate used for accounting purposes and to develop Actuarially Determined Contributions for plan funding is 4.75%. This rate reflects the current expectation of the long-term return on trust assets, based on information provided by PARS in April 2022. This rate is lower than the 5.10% return determined from prior PARS return projections. For more information, see Expected Return on Trust Assets on page 12.

Actuarial Assumptions

The actuarial "demographic" assumptions (i.e., rates of retirement, death, disability or other termination of employment) used in this report were chosen, for the most part, to be the same as the actuarial demographic assumptions used for the most recent valuation of the retirement plan(s) covering Authority employees. Other assumptions, such as age-related healthcare claims, healthcare trend, retiree participation rates and spouse coverage, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. All these assumptions, and more, impact expected future benefits. Please note that this valuation has been prepared on a closed group basis. This means that only employees and retirees present as of the valuation date are considered. We do not consider replacement employees for those we project to leave the current population of plan participants until the valuation date following their employment.

We emphasize that this actuarial valuation provides a projection of future results based on many assumptions. Actual results are likely to vary to some extent and we will continue to monitor these assumptions in future valuations. See Section 3 for a description of assumptions used in this valuation.

Important Dates for GASB 75 in this Report

GASB 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Fiscal Year End	June 30, 2022
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020, to June 30, 2021
Valuation Date	June 30, 2021



Executive Summary

(Concluded)

Significant Results and Differences from the Prior Valuation

No benefit changes were reported to MacLeod Watts relative to those in place at the time the June 2019 valuation was prepared. We reviewed and updated certain assumptions used to project the OPEB liability. We also collected updated census and premium data and recognized “plan experience”, the differences between projected and actual results. Investment experience was also recognized, with higher than expected return on trust assets.

The Net OPEB Liability on the current measurement date is higher than that reported one year ago. Section C. presents the new valuation results and provides additional information on the impact of the new assumptions and plan experience. See *Recognition Period for Deferred Resources* on page 13 for details on how these changes are recognized.

Impact on Statement of Net Position and OPEB Expense for Fiscal Year Ending 2022

The plan’s impact to Net Position will be the sum of difference between assets and liabilities as of the measurement date plus the unrecognized net outflows and inflows of resources. Different recognition periods apply to deferred resources depending on their origin. The plan’s impact on Net Position on the measurement date can be summarized as follows:

Items	For Reporting At Fiscal Year Ending June 30, 2022
Total OPEB Liability	\$ 8,108,179
Fiduciary Net Position	5,174,920
Net OPEB Liability (Asset)	2,933,259
Deferred (Outflows) of Resources	(1,087,689)
Deferred Inflows of Resources	1,873,577
Impact on Statement of Net Position	<u>\$ 3,719,147</u>
 OPEB Expense, FYE 6/30/2022	 <u>\$ (17,554)</u>

Important Notices

This report is intended to be used only to present the actuarial information relating to other postemployment benefits for the Authority’s financial statements. The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. We note that various issues in this report may involve legal analysis of applicable law or regulations. The Authority should consult counsel on these matters; MacLeod Watts does not practice law and does not intend anything in this report to constitute legal advice. In addition, we recommend the Authority consult with their internal accounting staff or external auditor or accounting firm about the accounting treatment of OPEB liabilities.

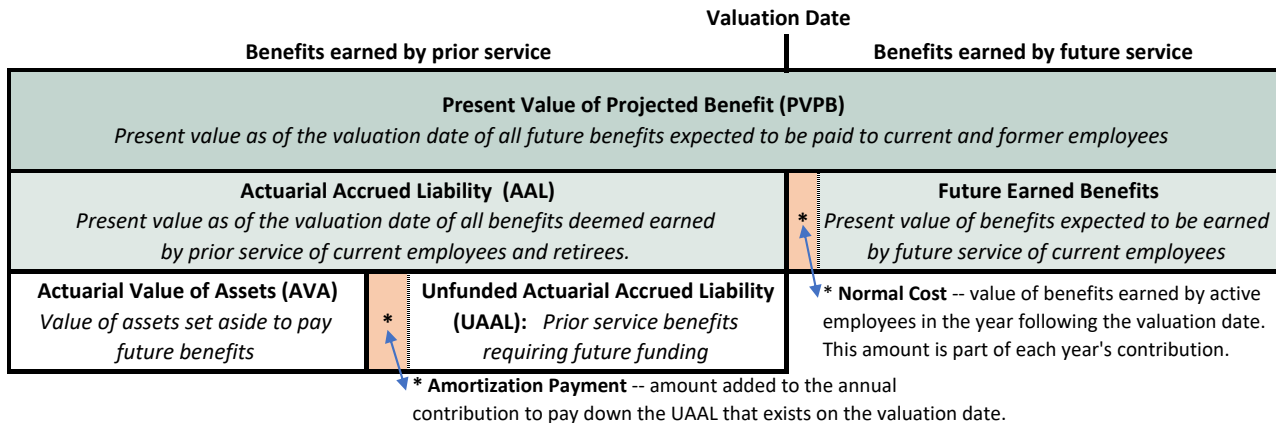


B. Valuation Process

This valuation is based on employee census data and benefits initially submitted by the Authority and clarified in various related communications. A summary of the employee data is provided in Section 1 and a summary of the plan benefits is provided in Section 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the Authority as to its accuracy. The valuation has been performed in accordance with the process described below using the actuarial methods and assumptions described in Section 3 and is consistent with our understanding of Actuarial Standards of Practice.

In projecting benefit values and liabilities, we first determine an expected premium or benefit stream over each current retiree’s or active employee’s future retirement. Benefits may include both direct employer payments (explicit subsidies) and any implicit subsidies arising when retiree premiums are expected to be partially subsidized by premiums paid for active employees. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected dates when benefits will end. Assumptions regarding the probability that each employee will remain in service to receive benefits and the likelihood the employee will elect coverage for themselves and their dependents are also applied.

We then calculate a present value of these future benefit streams by discounting the value of each future expected employer payment back to the valuation date using the valuation discount rate. This present value is called the **Present Value of Projected Benefits (PVPB)** and represents the current value of all expected future plan payments to current retirees and current active employees. Note that this long-term projection does not anticipate entry of future employees.



The next step in the valuation process splits the Present Value of Projected Benefits into 1) the value of benefits already earned by prior service of current employees and retirees and 2) the value of benefits expected to be earned by future service of current employees. Actuaries employ an “attribution method” to divide the PVPB into prior service liabilities and future service liabilities. For this valuation we used the **Entry Age Normal** attribution method. This method is the most common used for government funding purposes and the only attribution method allowed for financial reporting under GASB 75.

We call the value of benefits deemed earned by prior service the **Actuarial Accrued Liability (AAL)**. Benefits deemed earned by service of active employees in a single year is called the **Normal Cost** of



Valuation Process

(Concluded)

benefits. The present value of all future normal costs (PVFNC) plus the Actuarial Accrued Liability will equal the Present Value of Projected Benefits (i.e., $PVPB = AAL + PVFNC$).

The difference between the value of trust assets (i.e., the Market Value of Assets), or a smoothed asset value (i.e., the Actuarial Value of Assets), and the Actuarial Accrued Liability yields the **Unfunded Actuarial Accrued Liability (UAAL)**. The UAAL represents, as of the valuation date, the present value of benefits already earned by past service that remain unfunded. A plan is generally considered “fully funded” when the UAAL is zero. The plan sponsor of a fully funded plan will still need to make future contributions for benefits earned by future service of active employees. But in a fully funded plan, the plan sponsor has set aside sufficient assets to pay for benefits that have been earned by past service of current retirees and active employees if all valuation assumptions are realized.

Future contributions by the Authority will fund 1) the remaining part of OPEB benefits earned by past service (the Unfunded Actuarial Accrued Liability) and 2) the value of benefits earned each year by service of active employees. Various strategies might be employed to pay down the UAAL such as longer or shorter amortization payments, and flat or escalating payments depending on the plan sponsors goals and funding philosophy.

Variation in Future Results

Please note that projections of future benefits over such long periods (frequently 70 or more years) which are dependent on numerous assumptions regarding future economic and demographic variables are subject to substantial revision as future events unfold. While we believe that the assumptions and methods used in this valuation are reasonable for the purposes of this report, the costs to the Authority reflected in this report are subject to future revision, perhaps materially. Demonstrating the range of potential future plan costs was beyond the scope of our assignment except to the limited extent of providing liability information at various discount rates.

Certain actuarial terms and GASB 75 terms may be used interchangeably, as shown below. Specific results from this valuation are provided in the following Section C.

Actuarial Terminology	GASB 75 Terminology
Present Value of Projected Benefits (PVPB)	<i>No equivalent term</i>
Actuarial Accrued Liability (AAL)	Total OPEB Liability (TOL)
Market Value of Assets (MVA)	Fiduciary Net Position
Actuarial Value of Assets (AVA)	<i>No equivalent term</i>
Unfunded Actuarial Accrued Liability (UAAL)	Net OPEB Liability
Normal Cost	Service Cost

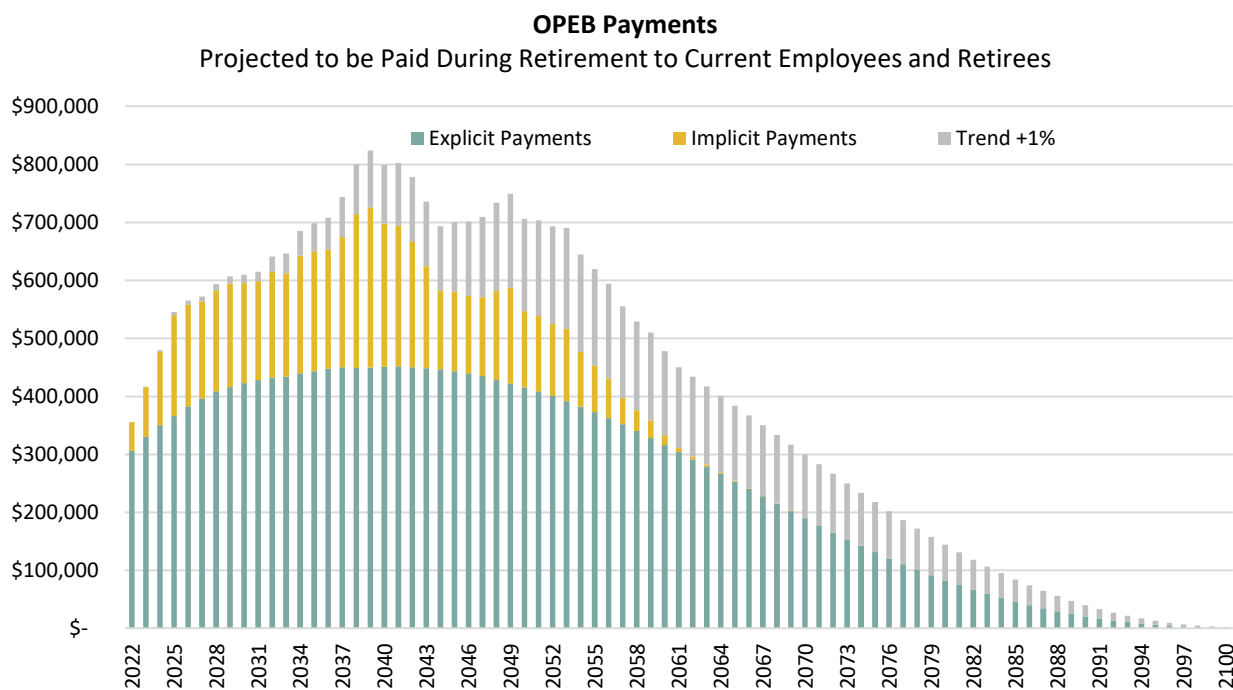


C. Valuation Results as of June 30, 2021

This section presents the basic results of our recalculation of the OPEB liability using the updated employee data, plan provisions and asset information provided to us for the June 2021 valuation. We described the general process for projecting all future benefits to be paid to retirees and current employees in the preceding Section. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Supporting Information, Section 3.

Lifetime healthcare benefits are paid for qualifying Authority retirees. Please see Supporting Information, Section 2 for details.

The following graph illustrates the annual other post-employment benefits projected to be paid on behalf of current retirees and current employees expected to retire from the Authority.



The amounts shown in green reflect the expected payment by the Authority toward retiree medical premiums while those in yellow reflect the implicit subsidy benefits (i.e., the excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees' coverage). The projections in gray reflect increases in benefit levels if healthcare trend were 1% higher.

The first 15 years of benefit payments from the graph above are shown in tabular form on page 20.

Liabilities relating to these projected benefits are shown beginning on the following page.



Valuation Results as of June 30, 2021

(Continued)

This chart compares the results measured as of June 30, 2020, with the results measured as of June 30, 2021, based on the current valuation.

Valuation Date	6/30/2019			6/30/2021		
Fiscal Year Ending	6/30/2021			6/30/2022		
Measurement Date	6/30/2020			6/30/2021		
Discount rate	5.10%			4.75%		
Number of Covered Employees						
Actives	212			199		
Retirees	54			64		
Total Participants	266			263		
OPEB Subsidy Type	Explicit	Implicit	Total	Explicit	Implicit	Total
Actuarial Present Value of Projected Benefits						
Actives	\$ 5,103,249	\$ 2,428,115	\$ 7,531,364	\$ 4,722,032	\$ 2,812,810	\$ 7,534,842
Retirees	2,286,817	(31,965)	2,254,852	3,024,764	31,010	3,055,774
Total APVPB	7,390,066	2,396,150	9,786,216	7,746,796	2,843,820	10,590,616
Total OPEB Liability (TOL)						
Actives	3,575,907	1,653,361	5,229,268	3,083,512	1,968,893	5,052,405
Retirees	2,286,817	(31,965)	2,254,852	3,024,764	31,010	3,055,774
TOL	5,862,724	1,621,396	7,484,120	6,108,276	1,999,903	8,108,179
Fiduciary Net Position	4,458,932			5,174,920		
Net OPEB Liability	3,025,188			2,933,259		
Service Cost						
For the period following the measurement date	225,790	103,009	328,799	209,966	104,205	314,171

The Net OPEB Liability has decreased by \$91,929 from that reported one year ago. The NOL was expected to decrease by \$60,496, reflecting additional service and interest costs accruing for the period offset by trust contributions and expected earnings. Unexpected changes are discussed on the following page.



Valuation Results as of June 30, 2021

(Concluded)

Unexpected changes decreased the Net OPEB Liability by \$31,433 and fall into one of these categories:

- *Investment experience*: Trust asset return exceeded the expected earnings by \$263,622.
- *Plan experience* recognizes results which are different than expected based on the prior valuation data and assumptions. Plan experience decreased the TOL by \$184,833.
- *Assumption changes* collectively increased the TOL by \$417,022. These changes are listed below, with additional information provided on the last page in Supporting Information, Section 3.

This chart reconciles results measured as of June 30, 2020, to results measured as of June 30, 2021.

Reconciliation of Changes During Measurement Period	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at Fiscal Year Ending 6/30/2021 <i>Measurement Date 6/30/2020</i>	\$ 7,484,120	\$ 4,458,932	\$ 3,025,188
Expected Changes During the Period:			
Service Cost	328,799		328,799
Interest Cost	390,119		390,119
Expected Investment Income		232,999	(232,999)
Employer Contributions		546,415	(546,415)
Benefit Payments	(327,048)	(327,048)	-
Total Expected Changes During the Period	391,870	452,366	(60,496)
Expected at Fiscal Year Ending 6/30/2022 <i>Measurement Date 6/30/2021</i>	\$ 7,875,990	\$ 4,911,298	\$ 2,964,692
Unexpected Changes During the Period:			
Change Due to Investment Experience		263,622	(263,622)
<i>Plan Experience:</i>			
Premiums and estimated claims other than expected	218,803		
Turnover other than expected	(276,702)		
More retiree deaths than expected	(94,806)		
Other plan experience	(32,128)		
Change Due to Plan Experience			(184,833)
<i>Assumption Changes:</i>			
Change in assumed trust return/discount rate	190,206		
Change in healthcare trend	(26,903)		
Updated assumed retiree participation rates	(50,891)		
Decreased assumed spouse coverage of future retirees	(268,682)		
Updated mortality improvement scale	113,115		
Added post-65 implicit liability for 2 members not paying Medicare tax	483,989		
Valued post-65 pool subsidy for applicable Medicare plans	(23,812)		
Change Due to Assumption Changes			417,022
Total Unexpected Changes During the Period	232,189	263,622	(31,433)
Balance at Fiscal Year Ending 6/30/2022 <i>Measurement Date 6/30/2021</i>	\$ 8,108,179	\$ 5,174,920	\$ 2,933,259



D. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year end June 30, 2022.

Components of Net Position and Expense

The exhibit below shows the development of Net Position and Expense as of the Measurement Date.

Plan Summary Information for FYE June 30, 2022 <i>Measurement Date is June 30, 2021</i>	CCCTA
 Items Impacting Net Position:	
Total OPEB Liability	\$ 8,108,179
Fiduciary Net Position	5,174,920
Net OPEB Liability (Asset)	2,933,259
 <i>Deferred (Outflows) Inflows of Resources Due to:</i>	
Assumption Changes	(167,919)
Plan Experience	1,357,477
Investment Experience	213,782
Deferred Contributions	(617,452)
Net Deferred (Outflows) Inflows of Resources	785,888
Impact on Statement of Net Position, FYE 6/30/2022	\$ 3,719,147
 Items Impacting OPEB Expense:	
Service Cost	\$ 328,799
Cost of Plan Changes	-
Interest Cost	390,119
Expected Earnings on Assets	(232,999)
 <i>Recognized Deferred Resource items:</i>	
Assumption Changes	(44,912)
Plan Experience	(419,217)
Investment Experience	(39,344)
OPEB Expense, FYE 6/30/2022	\$ (17,554)



Accounting Information

(Continued)

Change in Net Position During the Fiscal Year

The exhibit below shows the year-to-year changes in the components of Net Position.

For Reporting at Fiscal Year End <i>Measurement Date</i>	6/30/2021 <i>6/30/2020</i>	6/30/2022 <i>6/30/2021</i>	Change During Period
Total OPEB Liability	\$ 7,484,120	\$ 8,108,179	\$ 624,059
Fiduciary Net Position	4,458,932	5,174,920	715,988
Net OPEB Liability (Asset)	3,025,188	2,933,259	(91,929)
<i>Deferred Resource (Outflows) Inflows Due to:</i>			
Assumption Changes	294,015	(167,919)	(461,934)
Plan Experience	1,591,861	1,357,477	(234,384)
Investment Experience	(10,496)	213,782	224,278
Deferred Contributions	(546,415)	(617,452)	(71,037)
Net Deferred (Outflows) Inflows	1,328,965	785,888	(543,077)
Impact on Statement of Net Position	\$ 4,354,153	\$ 3,719,147	\$ (635,006)

Change in Net Position During the Fiscal Year

Impact on Statement of Net Position, FYE 6/30/2021	\$ 4,354,153
OPEB Expense (Income)	(17,554)
Employer Contributions During Fiscal Year	(617,452)
Impact on Statement of Net Position, FYE 6/30/2022	<u>\$ 3,719,147</u>

OPEB Expense

Employer Contributions During Fiscal Year	\$ 617,452
Deterioration (Improvement) in Net Position	(635,006)
OPEB Expense (Income), FYE 6/30/2022	<u>\$ (17,554)</u>



Accounting Information

(Continued)

Change in Fiduciary Net Position During the Measurement Period

	CCCTA
Fiduciary Net Position at Fiscal Year Ending 6/30/2021	\$ 4,458,932
<i>Measurement Date 6/30/2020</i>	
Changes During the Period:	
Investment Income	496,621
Employer Contributions	546,415
Benefit Payments	(327,048)
Net Changes During the Period	715,988
Fiduciary Net Position at Fiscal Year Ending 6/30/2022	\$ 5,174,920
<i>Measurement Date 6/30/2021</i>	

Expected Long-term Return on Trust Assets

In April 2022, PARS published an expected return of 5.30% for the Moderately Conservative, prior to offset for non-imbedded investment related fees. This expected return was determined using a building-block method and best-estimate ranges of expected future real rates of return for each major asset class (expected returns, net of OPEB plan investment expense and inflation). These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major class are summarized in this table.

Portfolio (Investment Strategy)		Moderately Conservative
Asset Class	Expected Return	Weight
Equity		30.00%
Large Cap Core	6.80%	15.50%
Mid Cap Core	7.10%	3.00%
Small Cap Core	7.90%	4.50%
Real Estate	6.60%	1.00%
International	7.30%	4.00%
Emerging Markets	7.30%	2.00%
Fixed Income		65.00%
Short Term Bond	3.30%	14.00%
Intermediate Term Bond	3.90%	49.25%
High Yield	6.10%	1.75%
Alternatives		
Cash	2.40%	5.00%
Expected Return		5.30%
Expected Standard Deviation		5.28%

Non-imbedded fees were estimated to reduce the expected yield above by 55 basis points (0.55%), reducing the net expected return on trust assets to 4.75% per year. Because the Authority is contributing at or above the ADC level each year, we used 4.75% as the discount rate to determine the OPEB liability in the plan.



Accounting Information

(Continued)

Recognition Period for Deferred Resources

Liability changes due to plan experience which differs from what was assumed in the prior measurement period and/or from assumption changes during the period are recognized over the plan's Expected Average Remaining Service Life ("EARSL"). The EARSL of 6.51 years is the period used to recognize such changes in the OPEB Liability arising during the current measurement period.

When applicable, changes in the Fiduciary Net Position due to investment performance different from the assumed earnings rate are always recognized over 5 years.

Liability changes attributable to benefit changes occurring during the period, if any, are recognized immediately.

Deferred Resources as of Fiscal Year End and Expected Future Recognition

The exhibit below shows deferred resources as of the fiscal year end June 30, 2022.

Central Contra Costa Transit Authority	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 470,237	\$ 302,318
Differences Between Expected and Actual Experience	-	1,357,477
Net Difference Between Projected and Actual Earnings on Investments	-	213,782
Deferred Contributions	617,452	-
Total	\$ 1,087,689	\$ 1,873,577

In addition, future recognition of these deferred resources is shown below.

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources
2023	\$ (509,259)
2024	(526,147)
2025	(244,515)
2026	(177,273)
2027	35,667
Thereafter	18,187



Accounting Information

(Continued)

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for accounting purposes for the fiscal year end 2022 is 4.75%. Healthcare Cost Trend Rate was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity to:			
Change in Discount Rate	Current - 1% 3.75%	Current 4.75%	Current + 1% 5.75%
Total OPEB Liability	9,105,436	8,108,179	7,275,314
Increase (Decrease)	997,257		(832,865)
% Increase (Decrease)	12.3%		-10.3%
Net OPEB Liability (Asset)	3,930,516	2,933,259	2,100,394
Increase (Decrease)	997,257		(832,865)
% Increase (Decrease)	34.0%		-28.4%
Change in Healthcare Cost Trend Rate	Current Trend - 1%	Current Trend	Current Trend + 1%
Total OPEB Liability	7,478,060	8,108,179	8,967,037
Increase (Decrease)	(630,119)		858,858
% Increase (Decrease)	-7.8%		10.6%
Net OPEB Liability (Asset)	2,303,140	2,933,259	3,792,117
Increase (Decrease)	(630,119)		858,858
% Increase (Decrease)	-21.5%		29.3%



Accounting Information

(Continued)

Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Results for years since GASB 75 was implemented (fiscal years 2018 through 2022) are shown in the table.

Fiscal Year Ending	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018
<i>Measurement Date</i>	<i>6/30/2021</i>	<i>6/30/2020</i>	<i>6/30/2019</i>	<i>6/30/2018</i>	<i>6/30/2017</i>
<i>Discount Rate on Measurement Date</i>	<i>4.75%</i>	<i>5.10%</i>	<i>5.10%</i>	<i>5.10%</i>	<i>5.10%</i>
Total OPEB liability					
Service Cost	\$ 328,799	\$ 318,449	\$ 331,211	\$ 320,785	\$ 350,850
Interest	390,119	369,885	406,509	385,114	482,126
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(184,833)	-	(1,357,116)	-	(1,408,629)
Changes of assumptions	417,022	-	205,894	-	(994,873)
Benefit payments	(327,048)	(276,823)	(306,893)	(286,733)	(316,489)
Net change in total OPEB liability	624,059	411,511	(720,395)	419,166	(1,887,015)
Total OPEB liability - beginning	7,484,120	7,072,609	7,793,004	7,373,838	9,260,853
Total OPEB liability - ending (a)	\$ 8,108,179	\$ 7,484,120	\$ 7,072,609	\$ 7,793,004	\$ 7,373,838
Plan fiduciary net position					
Contributions - employer	\$ 546,415	\$ 529,577	\$ 606,839	\$ 588,345	\$ 748,139
Net investment income	496,621	215,875	224,930	80,538	111,685
Benefit payments	(327,048)	(276,823)	(306,893)	(286,733)	(316,489)
Administrative expenses	-	-	-	(1,550)	-
Net change in plan fiduciary net position	715,988	468,629	524,876	380,600	543,335
Plan fiduciary net position - beginning	4,458,932	3,990,303	3,465,427	3,084,827	2,541,492
Plan fiduciary net position - ending (b)	\$ 5,174,920	\$ 4,458,932	\$ 3,990,303	\$ 3,465,427	\$ 3,084,827
Net OPEB liability - ending (a) - (b)	\$ 2,933,259	\$ 3,025,188	\$ 3,082,306	\$ 4,327,577	\$ 4,289,011
Covered-employee payroll	\$ 14,326,765	\$ 15,543,046	\$ 15,503,972	\$ 14,836,604	\$ 12,531,658
Net OPEB liability as a % of covered-employee payroll	20.47%	19.46%	19.88%	29.17%	34.23%



Accounting Information
(Continued)

Schedule of Contributions

The chart below shows the Actuarially Determined Contribution (ADC), the Authority's contribution, and the excess or shortfall.

Fiscal Year Ending	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018
Actuarially Determined Contribution	\$ 561,678	\$ 545,410	\$ 529,577	\$ 606,839	\$ 588,345
Contributions in relation to the actuarially determined contribution	617,452	546,415	529,577	606,839	588,345
Contribution deficiency (excess)	\$ (55,774)	\$ (1,005)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 16,518,765	\$ 14,326,765	\$ 15,543,046	\$ 15,503,972	\$ 14,836,604
Contributions as a percentage of covered employee payroll	3.74%	3.81%	3.41%	3.91%	3.97%

Notes to Schedule

Valuation Date	6/30/2019			7/1/2017	
Actuarial cost method	Entry Age Normal Level % of Pay			Entry Age Normal Level % of Pay	
Amortization method	Level % of Payroll 30 year closed			Level % of Payroll 30 year closed	
Amortization period	18 years remain	19 years remain	20 years remain	21 years remain	22 years remain
Asset valuation method	Market Value			Market Value	
Investment rate of return	5.10%			5.10%	
Inflation	2.75%			2.75%	
Salary increases	3.25%			3.25%	
Healthcare cost trend rates	6.5% in 2021, step down 0.5% per year to 5% in 2024			7.5% in 2019, step down 0.5% per year to 5% in 2024	
Retirement age	50 to 75			50 to 75	
Mortality	2017 CalPERS Experience Study			2014 CalPERS Experience Study	
Mortality Improvement	MacLeod Watts Scale 2018			MacLeod Watts Scale 2017	



Accounting Information
(Continued)

Detail of Changes to Net Position

The chart below details changes to all components of Net Position.

Central Contra Costa Transit Authority	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)	(d) Deferred Outflows (Inflows) Due to:				Impact on Statement of Net Position (e) = (c) - (d)
				Assumption Changes	Plan Experience	Investment Experience	Deferred Contributions	
Balance at Fiscal Year Ending 6/30/2021 <i>Measurement Date 6/30/2020</i>	\$ 7,484,120	\$ 4,458,932	\$ 3,025,188	\$ (294,015)	\$ (1,591,861)	\$ 10,496	\$ 546,415	\$ 4,354,153
Changes During the Period:								
Service Cost	328,799		328,799					328,799
Interest Cost	390,119		390,119					390,119
Expected Investment Income		232,999	(232,999)					(232,999)
Employer Contributions		546,415	(546,415)					(546,415)
Changes of Benefit Terms	-		-					-
Benefit Payments	(327,048)	(327,048)	-					-
Assumption Changes	417,022		417,022	417,022				-
Plan Experience	(184,833)		(184,833)		(184,833)			-
Investment Experience		263,622	(263,622)			(263,622)		-
Recognized Deferred Resources				44,912	419,217	39,344	(546,415)	42,942
Employer Contributions in Fiscal Year							617,452	(617,452)
Net Changes in Fiscal Year 2021-2022	624,059	715,988	(91,929)	461,934	234,384	(224,278)	71,037	(635,006)
Balance at Fiscal Year Ending 6/30/2022 <i>Measurement Date 6/30/2021</i>	\$ 8,108,179	\$ 5,174,920	\$ 2,933,259	\$ 167,919	\$ (1,357,477)	\$ (213,782)	\$ 617,452	\$ 3,719,147



Accounting Information
(Continued)

Schedule of Deferred Outflows and Inflows of Resources

A listing of all deferred resource bases used to develop the Net Position and OPEB Expense is shown below. Deferred Contributions are not shown.

Measurement Date: June 30, 2021

Deferred Resource					Balance as of Jun 30, 2021	Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:						
Date Created	Created Due To	Initial Amount	Period (Yrs)	Annual Recognition		2020-21 (FYE 2022)	2021-22 (FYE 2023)	2022-23 (FYE 2024)	2023-24 (FYE 2025)	2024-25 (FYE 2026)	2025-26 (FYE 2027)	Thereafter
6/30/2017	Assumption Changes	Decreased Liability	7.18	\$ (138,511)	\$ (302,318)	\$ (138,511)	\$ (138,511)	\$ (138,511)	\$ (25,296)	\$ -	\$ -	\$ -
6/30/2017	Investment Earnings	Less than Expected	5.00	5,788	-	5,786	-	-	-	-	-	-
6/30/2017	Plan Experience	Decreased Liability	7.18	(196,117)	(428,044)	(196,117)	(196,117)	(196,117)	(35,810)	-	-	-
6/30/2018	Investment Earnings	Less than Expected	5.00	16,888	16,888	16,888	16,888	-	-	-	-	-
6/30/2019	Plan Experience	Decreased Liability	6.97	(194,708)	(772,992)	(194,708)	(194,708)	(194,708)	(194,708)	(188,868)	-	-
6/30/2019	Assumption Changes	Increased Liability	6.97	29,540	117,274	29,540	29,540	29,540	29,540	28,654	-	-
6/30/2019	Investment Earnings	Greater than Expected	5.00	(8,109)	(16,218)	(8,109)	(8,109)	(8,109)	-	-	-	-
6/30/2020	Investment Earnings	Greater than Expected	5.00	(1,185)	(3,554)	(1,185)	(1,185)	(1,185)	(1,184)	-	-	-
6/30/2021	Plan Experience	Decreased Liability	6.51	(28,392)	(156,441)	(28,392)	(28,392)	(28,392)	(28,392)	(28,392)	(28,392)	(14,481)
6/30/2021	Assumption Changes	Increased Liability	6.51	64,059	352,963	64,059	64,059	64,059	64,059	64,059	64,059	32,668
6/30/2021	Investment Earnings	Greater than Expected	5.00	(52,724)	(210,898)	(52,724)	(52,724)	(52,724)	(52,724)	(52,726)	-	-



Accounting Information

(Continued)

Detail of Authority Contributions to the Plan

Authority contributions to the Plan occur as benefits are paid to or on behalf of retirees. Benefit payments may occur in the form of direct payments for premiums (“explicit subsidies”) and/or indirect payments to retirees in the form of higher premiums for active employees (“implicit subsidies”). Note that the implicit subsidy contribution does not represent cash payments to retirees, but rather the reclassification of a portion of active healthcare expense to be recognized as a retiree healthcare cost. For details, see Addendum 1 – Important Background Information.

Benefits and other contributions paid by the Authority during the measurement period are shown below.

Benefit Payments During the Measurement Period, Jul 1, 2020 thru Jun 30, 2021	CCCTA
Benefits Paid by Trust	\$ -
Benefits Paid by Employer (not reimbursed by trust)	239,144
Implicit benefit payments	87,904
Total Benefit Payments During the Measurement Period	\$ 327,048

Employer Contributions During the Measurement Period, Jul 1, 2020 thru Jun 30, 2021	CCCTA
Employer Contributions to the Trust	\$ 219,367
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	239,144
Implicit contributions	87,904
Total Employer Contributions During the Measurement Period	\$ 546,415

Authority OPEB contributions made after the measurement date but prior to the current fiscal year end (a.k.a., deferred contributions) are shown below.

Employer Contributions During the Fiscal Year, Jul 1, 2021 thru Jun 30, 2022	CCCTA
Employer Contributions to the Trust	\$ 219,237
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	290,880
Implicit contributions	107,335
Total Employer Contributions During the Fiscal Year	\$ 617,452



Accounting Information

(Continued)

Projected Benefit Payments (15-year projection)

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from the Authority. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Section 3.

Projected Annual Benefit Payments							
Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2022	\$ 290,880	\$ -	\$ 290,880	\$ 107,335	\$ -	\$ 107,335	\$ 398,215
2023	267,349	62,825	330,174	6,960	78,819	85,779	415,953
2024	260,683	89,617	350,300	7,927	119,397	127,324	477,624
2025	253,645	112,444	366,089	9,016	165,233	174,249	540,338
2026	246,230	136,617	382,847	10,220	165,194	175,414	558,261
2027	238,436	158,092	396,528	11,543	155,486	167,029	563,557
2028	230,267	178,269	408,536	-	174,428	174,428	582,964
2029	221,724	194,376	416,100	-	178,099	178,099	594,199
2030	212,812	210,093	422,905	-	172,301	172,301	595,206
2031	203,545	224,890	428,435	-	169,879	169,879	598,314
2032	193,934	238,655	432,589	-	182,217	182,217	614,806
2033	184,318	249,714	434,032	-	178,028	178,028	612,060
2034	176,090	263,656	439,746	-	202,899	202,899	642,645
2035	167,682	275,782	443,464	-	206,563	206,563	650,027
2036	159,148	288,306	447,454	-	205,095	205,095	652,549

The amounts shown in the Explicit Subsidy section of the table reflect the expected payment by the Authority toward retiree medical premiums in each of the years shown. The amounts are shown separately, and in total, for those retired on the valuation date (“current retirees”) and those expected to retire after the valuation date (“future retirees”).

The amounts shown in the Implicit Subsidy table reflect the expected excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees’ coverage. These amounts are also shown separately and in total for those currently retired on the valuation date and for those expected to retire in the future.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement, nor do they include any benefits for potential *future employees* (i.e., those who might be hired in future years).



Accounting Information

(Concluded)

Sample Journal Entries

Beginning Account Balances

As of the fiscal year beginning 7/1/2021

	Debit	Credit
Net OPEB Liability		3,025,188
Deferred Resource -- Assumption Changes		294,015
Deferred Resource -- Plan experience		1,591,861
Deferred Resource -- Investment Experience	10,496	
Deferred Resource -- Contributions	546,415	
Net Position	4,354,153	

* The entries above assume nothing is on the books at the beginning of the year. So to the extent that values already exist in, for example, the Net OPEB Liability account, then only the difference should be adjusted. The entries above represent the values assumed to exist at the start of the fiscal year.

Journal entry to recharacterize retiree benefit payments not reimbursed by a trust, and record cash contributions to the trust during the fiscal year

	Debit	Credit
OPEB Expense	290,880	
Premium Expense		290,880
OPEB Expense	219,237	
Cash		219,237

* This entry assumes a prior journal entry was made to record the payment for retiree premiums. This entry assumes the prior entry debited an account called "Premium Expense" and credited Cash. This entry reverses the prior debit to "Premium Expense" and recharacterizes that entry as an "OPEB Expense". Also, the entry for cash contributions to the trust is shown.

Journal entries to record implicit subsidies during the fiscal year

	Debit	Credit
OPEB Expense	107,335	
Premium Expense		107,335

* This entry assumes that premiums for active employees were recorded to an account called "Premium Expense". This entry reverses the portion of premium payments that represent implicit subsidies and assigns that value to OPEB Expense.

Journal entries to record account activity during the fiscal year

	Debit	Credit
Net OPEB Liability	91,929	
Deferred Resource -- Assumption Changes	461,934	
Deferred Resource -- Plan experience	234,384	
Deferred Resource -- Investment Experience		224,278
Deferred Resource -- Contributions	71,037	
OPEB Expense		635,006



E. Funding Information

The employer's OPEB funding policy and level of contributions to an irrevocable OPEB trust directly affects the discount rate which is used to calculate the OPEB liability to be reported in the employer's financial statements. Prefunding (setting aside funds to accumulate in an irrevocable OPEB trust) has certain advantages, one of which is the ability to (potentially) use a higher discount rate in the determination of liabilities for GASB 75 reporting purposes. Prefunding also improves the security of benefits for current and potential future recipients and contributes to intergenerational taxpayer equity by better matching the cost of the benefits to the service years in which they are "earned" and which correspond to years in which taxpayers benefit from those services.

Paying Down the UAAL

Once an employer decides to prefund, a decision must be made about how to pay for benefits related to accumulated prior service that have not yet been funded (the UAAL³). This is most often, though not always, handled through structured amortization payments. The period and method chosen for amortizing this unfunded liability can significantly affect the Actuarially Determined Contribution (ADC) or other basis selected for funding the OPEB program.

Much like paying off a mortgage, when the AAL exceeds plan assets, choosing a longer amortization period to pay off the UAAL means smaller payments, but the payments will be required for more years; plan investments will have less time to work toward helping reduce required contribution levels. When the plan is in a surplus position, the reverse is true, and a longer amortization period is usually preferable.

There are several ways the amortization payment can be determined. The most common methods are calculating the amortization payment as a level dollar amount or as a level percentage of payroll. The employer might also choose to apply a shorter period when the UAAL only when it is positive, i.e., when trust assets are lower than the AAL, but opt for a longer period or to exclude amortization of a negative UAAL, when assets exceed the AAL. The entire UAAL may be amortized as one single component or may be broken into multiple components reflecting the timing and source of each change, such as those arising from assumption changes, benefit changes and/or liability or investment experience.

The amortization period(s) should not exceed the number of years which would allow current trust assets plus future contributions and earnings to be sufficient to pay all future benefits and trust expenses each year. Prefunding of OPEB is optional and contributions at any level are permitted. However, if trust sufficiency is not expected, a discount rate other than the assumed trust return will likely be required for accounting purposes.

Funding and Prefunding of the Implicit Subsidy

An implicit subsidy liability is created when retiree medical claims are expected to exceed the premiums charged for retiree coverage. Recognition of the estimated implicit subsidy each year is handled by an accounting entry, reducing the amount paid for active employees and shifting that amount to be treated as a retiree healthcare expense/contribution (see Sample Journal Entries). The implicit subsidy is a true benefit to the retiree but can be difficult to see when medical premiums are set as a flat rate for both actives and pre-Medicare retirees.

³ We use actuarial, rather than accounting, terminology to describe the components used to develop the ADCs.



Funding Information

(Continued)

This might lead some employers to believe the benefit is not real or is merely an accounting construct, and thus to forgo prefunding of retiree implicit benefits.

Consider what would happen if the retiree premiums were based only on expected retiree claims experience. Almost certainly, retiree premiums would increase while premiums for active employees would go down if the active premiums no longer had to help support the higher retiree claims. *Who would pay the increases in retiree premiums?* Current plan documents and bargaining agreements would have to be consulted. Depending on circumstances, the increase in retiree premiums might remain the responsibility of the employer, pass entirely to the retirees, or some blending of the two. The answer would determine whether separate retiree-only premium rates would result in a higher or lower employer OPEB liability. In the current premium structure, with blended active and pre-Medicare retiree premiums, the employer is clearly, though indirectly, paying the implicit retiree cost.

The prefunding decision is complex. OPEB materiality, budgetary concerns, desire to use the full trust rate in developing the liability for GASB 75, and other factors must be weighed by each employer. Since prefunding OPEB benefits is not required, each employer's OPEB prefunding strategy will depend on how they balance these competing perspectives.

Development of the Actuarially Determined Contributions

The Authority has approved development of ADCs based on the following two components, which are then adjusted with interest to each fiscal year end:

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the unfunded actuarial accrued liability (UAAL) over a closed 30-year period. Amortization payments are determined on a level % of pay basis; 17 years remain for FYE 2023.

Actuarially Determined Contributions, developed as described above for the Authority's fiscal years ending June 30, 2023, and 2024 are shown the exhibit on the next page. These ADCs incorporate both explicit (cash benefit) and implicit subsidy benefit liabilities. Contributions credited toward meeting the ADC will be comprised of:

- 1) direct payments to insurers toward retiree premiums, to the extent not reimbursed to the Authority by the trust; plus
- 2) each year's implicit subsidy payment; and
- 3) contributions to the OPEB trust.

ADCs determined on this basis should provide for trust sufficiency, based on the current plan provisions and census data, provided all assumptions are exactly realized and if the Authority contributes 100% or more of the ADC each year. When an agency commits to funding the trust at or above the ADC, the expected long-term trust return may be used as the discount rate in determining the plan liability for accounting purposes. Trust sufficiency cannot be guaranteed to a certainty, however, because of the non-trivial risk that the assumptions used to project future benefit liabilities may not be realized.



Funding Information

(Continued)

We develop the Actuarially Determined Contributions (ADCs) for fiscal years ending June 30, 2023, and June 30, 2024, from the results of this valuation. The ADC for fiscal year end June 30, 2022, was developed from the prior (2019) valuation and we have included this for reference as well.

Valuation date	6/30/2019	6/30/2021	
Discount rate	5.10%	4.75%	
Number of Covered Employees			
Actives	212	199	
Retirees	54	64	
Total Participants	266	263	
For fiscal year ending	6/30/2022	6/30/2023	6/30/2024
Actuarial Present Value of Projected Benefits	\$ 9,841,828	\$ 10,729,440	\$ 10,813,257
Actuarial Accrued Liability (AAL)			
Actives	5,571,883	5,547,129	6,004,577
Retirees	2,209,833	2,911,053	2,768,504
Total AAL	7,781,716	8,458,182	8,773,081
Actuarial Value of Assets	4,809,768	5,538,522	5,920,043
Unfunded AAL (UAAL)	2,971,948	2,919,660	2,853,038
UAAL Amortization method	Level % of Pay	Level % of Pay	Level % of Pay
Remaining amortization period (years)	18	17	16
Amortization Factor	15.2456	14.9071	14.1434
Actuarially Determined Contribution (ADC)			
Normal Cost	339,484	\$ 323,596	\$ 333,304
Amortization of UAAL	194,938	195,857	201,723
Interest to fiscal year end	27,256	12,194	12,559
Total ADC	561,678	531,647	547,586

As described on the prior page, OPEB funding consists of 3 different sources. Actual contributions made for fiscal year end 2022 as reported to us are shown below. The chart estimates how these 3 contribution sources would apply toward satisfying the ADC for fiscal year ends 2023 and 2024.

1 Implicit subsidy contribution	107,335	\$ 85,779	\$ 127,324
Additional payments needed to meet ADC	454,343	445,868	420,262
2 <i>Estimated agency paid premiums for retirees</i>	290,880	330,174	350,300
3 <i>Estimated agency contribution to OPEB trust</i>	219,237	115,694	69,962
Total Expected Employer Contributions (1+2+3)	617,452	\$ 531,647	\$ 547,586

If retiree benefit payments for those years are lower than our projection, the contribution to the trust should be increased to balance so that total contributions equal or exceed the ADC each year.

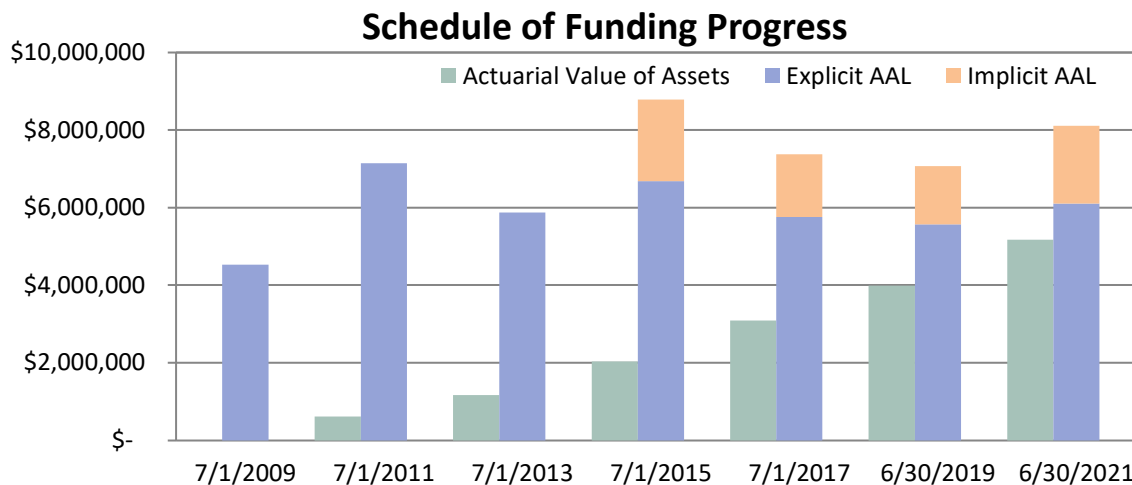


Funding Information

(Concluded)

In this section, we provide a review of key components of valuation results from 2009 through 2021.

Schedule of Funding Progress							
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Discount Rate
7/1/2009	\$ -	\$ 4,534,658	\$ 4,534,658	0.0%	\$ 15,219,990	29.8%	5.50%
7/1/2011	\$ 613,708	\$ 7,145,685	\$ 6,531,977	8.6%	\$ 13,510,453	48.3%	5.50%
7/1/2013	\$ 1,165,830	\$ 5,875,942	\$ 4,710,112	19.8%	\$ 12,017,071	39.2%	5.50%
7/1/2015	\$ 2,032,180	\$ 8,785,647	\$ 6,753,467	23.1%	\$ 11,784,880	57.3%	5.10%
7/1/2017	\$ 3,084,827	\$ 7,373,838	\$ 4,289,011	41.8%	\$ 12,531,658	34.2%	5.10%
6/30/2019	\$ 3,990,303	\$ 7,072,609	\$ 3,082,306	56.4%	\$ 14,836,604	20.8%	5.10%
6/30/2021	\$ 5,174,920	\$ 8,108,180	\$ 2,933,260	63.8%	\$ 14,326,765	20.5%	4.75%



Significant changes during this period include:

- **July 1, 2015:** Discount rate decreased slightly; first time recognition of implicit subsidy liability and potential excise tax liability under the Affordable Care Act; introduced mortality rate improvement.
- **July 1, 2017:** Some decreases in assumed rates of participation for future retirees and their spouses; increase in future healthcare trend; experience gain, largely from lower-than-expected new retiree/spouse participation and medical premium increases.
- **June 30, 2019:** Updated demographic assumptions; elimination of liability for repealed excise tax 2019 repeal; significantly lower medical premiums than projected due to consolidated rate regions.
- **June 30, 2021:** Reflected lower future expected trust returns, though prior year returns exceeded expected; reflected post-65 liability for non-Medicare Advantage plans and for 2 members not expected to be covered by Medicare; adjusted assumed future rates of retiree and spouse coverage elections.



F. Certification

The primary purposes of this report are: (1) to provide actuarial information of the other postemployment benefits (OPEB) provided by the Central Contra Costa Transit Authority (the Authority) in compliance with Statement 75 of the Governmental Accounting Standards Board (GASB 75); and (2) to provide Actuarially Determined Contributions for prefunding of this program in conformity with the District's OPEB funding policy. The Authority is not required to contribute the ADC shown in this report and we make no representation that it will, in fact, fund the OPEB trust at any particular level).

In preparing this report we relied without audit on information provided by the Authority. This information includes, but is not limited to, plan provisions, census data, and financial information. We performed a limited review of this data and found the information to be reasonably consistent. The accuracy of this report is dependent on this information and if any of the information we relied on is incomplete or inaccurate, then the results reported herein will be different from any report relying on more accurate information.

We consider the actuarial assumptions and methods used in this report to be individually reasonable under the requirements imposed by GASB 75 and taking into consideration reasonable expectations of plan experience. The results provide an estimate of the plan's financial condition at one point in time. Future actuarial results may be significantly different due to a variety of reasons including, but not limited to, demographic and economic assumptions differing from future plan experience, changes in plan provisions, changes in applicable law, or changes in the value of plan benefits relative to other alternatives available to plan members.

Alternative assumptions may also be reasonable; however, demonstrating the range of potential plan results based on alternative assumptions was beyond the scope of our assignment except to the limited extent required by GASB 75 and in accordance with the Authority's stated OPEB funding policy. Results for accounting purposes may be materially different than results obtained for other purposes such as plan termination, liability settlement, or underlying economic value of the promises made by the plan.

This report is prepared solely for the use and benefit of the Authority and may not be provided to third parties without prior written consent of MacLeod Watts. Exceptions are: the Authority may provide copies of this report to their professional accounting and legal advisors who are subject to a duty of confidentiality, and the Authority may provide this work to any party if required by law or court order. No part of this report should be used as the basis for any representations or warranties in any contract or agreement without the written consent of MacLeod Watts.

The undersigned are unaware of any relationship that might impair the objectivity of this work. Nothing within this report is intended to be a substitute for qualified legal or accounting counsel. The signing actuary is a member of the American Academy of Actuaries and meets the qualification standards for rendering this opinion.

Signed: August 17, 2022

Catherine L. MacLeod, FSA, FCA, EA, MAAA

J. Kevin Watts, FSA, FCA, MAAA



G. Supporting Information

Section 1 - Summary of Employee Data

Active employees: The Authority reported 199 active members in the data provided to us for the June 2021 valuation. Of these, 169 were currently enrolled in the medical program, with 30 waiving coverage.

Distribution of Benefits-Eligible Active Employees								
Current Age	Years of Service						Total	Percent
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25							0	0%
25 to 29	1	3					4	2%
30 to 34	1	7	5				13	7%
35 to 39		1	6	3			10	5%
40 to 44		3	9	4	6	1	23	12%
45 to 49		6	2	4	4	5	21	11%
50 to 54		10	4	6	6	9	35	18%
55 to 59		3	4	2	5	17	31	16%
60 to 64		11	9	5	5	13	43	22%
65 to 69		2	2		3	6	13	7%
70 & Up						6	6	3%
Total	2	46	41	24	29	57	199	100%
Percent	1%	23%	21%	12%	15%	29%	100%	

	Valuation	June 2019	June 2021
Average Attained Age for Actives		52.4	52.9
Average Years of Service		12.9	14.0

Retirees: There are also 64 retirees receiving benefits under this program on the valuation date. Their current ages are summarized in the chart at right, as well as the average age at retirement.

Retirees by Age		
Current Age	Number	Percent
Below 50	0	0%
50 to 54	0	0%
55 to 59	0	0%
60 to 64	1	2%
65 to 69	20	31%
70 to 74	21	33%
75 to 79	13	20%
80 & up	9	14%
Total	64	100%
Average Age:		
On 6/30/2021	73.7	
At retirement	63.9	

Summary of Plan Member Counts: The numbers of those members currently or potentially eligible to receive benefits under the OPEB plan are required to be reported in the notes to the financial statements.

Summary of Plan Member Counts	
Number of active plan members	199
Number of inactive plan members currently receiving benefits	64
Number of inactive plan members entitled to but not receiving benefits	110*

* Retirees eligible to return to the Authority for PEMHCA coverage



Supporting Information

(Continued)

Section 1 - Summary of Employee Data

(continued)

The counts of plan members for each of the three primary bargaining groups are shown below:

Participants By Group				
Group	Active	Retired		Total
		Under 65	Over 65	
Administrative	46	-	28	74
ATU	145	1	33	179
Teamsters	8	-	2	10
Total	199	1	63	263

The chart below reconciles the number of actives and retirees included in the July 1, 2019, valuation of the Authority plan with those included in the June 30, 2021, valuation:

Reconciliation of Authority Plan Members Between Valuation Dates					
Status	Covered Actives	Waiving Actives	Covered Retirees	Covered Surviving Spouses	Total
Number reported as of June 30, 2019	172	40	51	3	266
New employees	18	3			21
Separated employees	(11)	(6)			(17)
New retiree, elected coverage	(10)	(1)	11		0
New retiree, waiving coverage	(4)	(4)			(8)
Previously covered, now waiving	(2)	2	(1)		(1)
Previously waiving, now covered	4	(4)	1	1	2
Previously ineligible, now covered	2				2
Deceased			(5)	3	(2)
Number reported as of June 30, 2021	169	30	57	7	263

The total plan population was fairly stable in the two-year period between valuations. The number of active plan members, both covered and waiving, declined by 13, from 212 to 199, representing a 6% decrease in active employees included in the valuation. The number of covered retirees and spouses increased by 10 (about 19%), from 54 to 64 covered members.

Of 19 new retirements reported as occurring between July 1, 2019, and June 30, 2021, 11 elected to continue medical coverage through the Authority; the other 8 declined coverage, though they retain the right to re-enroll in the future. We reviewed the percentages of retirees at various age and group affiliation and, as expected, there were some differences in the percentages retirees electing coverage in the different bargaining groups. There were also differences in the percentages of new retirees electing coverage over and under 65.

Recent Retiree Election by Group				
Group	Pre-65		Post-65	
	Elected	Waived	Elected	Waived
Administrative	1	1	3	-
ATU	-	3	6	4
Teamsters	-	-	1	-
Total	1	4	10	4



Supporting Information

(Continued)

Section 2 - Summary of Retiree Benefit Provisions

OPEB provided: The Authority has indicated that the only OPEB provided is medical coverage.

Access to coverage: Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (if Classic) or 52 (if PEPR) with 5 years of State or public agency service or (b) an approved disability retirement.

The employee must begin his or her retirement (pension) benefit within 120 days of terminating employment with the Authority to be eligible to continue medical coverage through the Authority and be entitled to the benefits described below. In other words, it is the timing of initiating CalPERS pension benefits and not timing of enrollment in the medical program which determines whether or not the retiree qualifies for lifetime medical coverage and any benefits defined in the PEMHCA resolution.

Once eligible, if an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement, during any future open enrollment period or with a qualifying life event. Coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage

Benefits provided: As a condition of participation in the CalPERS medical program, the Authority is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. The Authority executed three resolutions, at differing dates, for the Administrative, Amalgamated Transit Union (ATU) and Teamster employee groups, respectively. Each of these resolutions was executed on an "unequal" contribution basis for retirees relative to the level of the Authority's contribution toward the cost of medical plan premiums.

- Under the unequal resolution, the employer's contribution toward *retiree* medical benefits is determined as follows: (1) 5% *multiplied by* (2) the number of prior years the agency group has been contracted with PEMHCA *multiplied by* (3) the contribution the employer makes toward active employee health benefits for that group.
- Note, however, that the monthly benefit may not be less than the required PEMHCA minimum employer contribution (MEC). The MEC was \$143 per month in 2021 and increased to \$149 per month in 2022. If the current benefits are not increased in the future, eventually the MEC will overtake the fixed subsidies and become the operative benefit. In Appendix 1, we have provided a projection of the years in which this is expected to occur.

The Administrative and Teamster groups have each participated in the CalPERS medical program under the unequal contribution resolutions for more than 20 years. Accordingly, contribution levels for these retirees are now equal to the applicable subsidy amounts stated in the PEMHCA resolutions for active employees. The first two charts at the top of the following page describe the subsidies provided to Administrative and Teamster actives and retirees, varying by group and CalPERS medical plan.

Continued on the following page



Summary of Retiree Benefit Provisions

(Continued)

Administrative Group			
Active and Retiree Monthly Subsidies by Plan			
Plan	Self	Self + 1	Self + Family
Anthem HMO Traditional	\$ 494.86	\$ 989.71	\$ 1,286.63
Anthem HMO Select	270.71	541.42	703.85
Blue Shield Access	329.08	658.10	855.60
Blue Shield Access Advantage	329.08	658.10	855.60
Kaiser	303.56	607.12	789.26
PERS Platinum	392.42	784.84	1,020.29
PERS Gold	270.71	541.42	703.85
United Healthcare	303.56	607.12	789.26
Western Health Advantage HMO	303.56	607.12	789.26

Teamsters			
Active and Retiree Monthly Subsidies by Plan			
Plan	Self	Self + 1	Self + Family
Anthem HMO Traditional	\$ 374.92	\$ 749.83	\$ 974.78
Anthem HMO Select	226.58	453.16	589.11
Blue Shield Access	280.29	560.57	728.74
Blue Shield Access Advantage	280.29	560.57	728.74
Kaiser	254.15	508.30	660.79
PERS Platinum	308.08	616.55	801.01
PERS Gold	226.58	453.16	589.11
United Healthcare	254.15	508.30	660.79
Western Health Advantage HMO	254.15	508.30	660.79

ATU's unequal resolution was executed in 2002; therefore, as of 2021 ATU has completed the last of the 20 year unequal phase-in period as of the valuation date. Thus, the Authority contributes the same amounts for ATU retirees as is contributed for active ATU employees. The subsidies for ATU members, varying by plan are shown below:

Amalgamated Transit Union (ATU)			
Active and Retiree Monthly Subsidies by Plan			
Plan	Self	Self + 1	Self + Family
Anthem HMO Traditional	\$ 374.92	\$ 749.83	\$ 974.78
Anthem HMO Select	233.59	467.18	607.34
Blue Shield Access	266.47	532.93	692.81
Health Net	139.00	139.00	139.00
Kaiser	235.34	470.67	611.87
PERS Care	308.08	616.16	801.01
PERS Choice	233.59	467.18	607.34
United Healthcare	235.34	470.67	611.87



Summary of Retiree Benefit Provisions

(Concluded)

Current premium rates: The 2022 CalPERS monthly medical plan rates in the Region 1 rate group are shown in the table below. If different rates apply where the member resides outside of this area, those rates are reflected in the valuation, but not listed here. The CalPERS administration fee is assumed to be expensed each year and has not been projected as an OPEB liability in this valuation.

Region 1 2022 Health Plan Rates						
Plan	Actives and Pre-Med Retirees			Medicare Eligible Retirees		
	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Anthem EPO Del Norte	\$ 1,057.01	\$ 2,114.02	\$ 2,748.23	\$ 381.94	\$ 763.88	\$1,398.09
Anthem Select HMO	1,015.81	2,031.62	2,641.11	360.19	720.38	1,329.87
Anthem Traditional HMO	1,304.00	2,608.00	3,390.40	360.19	720.38	1,502.78
Health Net SmartCare	1,153.00	2,306.00	2,997.80	<i>Not Available</i>		
Kaiser HMO	857.06	1,714.12	2,228.36	302.53	605.06	1,119.30
PERS Platinum PPO	1,057.01	2,114.02	2,748.23	381.94	763.88	1,398.09
PERS Gold PPO	701.23	1,402.46	1,823.20	377.41	754.82	1,175.56
UHC Alliance HMO*	1,020.28	2,040.56	2,652.73	347.21	694.42	1,306.59

*Medicare rates shown are for UHC Medicare Advantage Edge



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

The ultimate real cost of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These payments depend only on the terms of the plan and the administrative arrangements adopted. Actuarial assumptions are used to estimate the cost of these benefits; the funding method spreads the expected costs on a level basis over the life of the plan.

Important Dates

Valuation Date	June 30, 2021
Fiscal Year End	June 30, 2022
GASB 75 Measurement Date	June 30, 2021 (last day of the prior fiscal year)

Valuation Methods

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.

Development of Age-related Medical Premiums

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology (Addendum 2 to this report).

Pre-Medicare retiree premiums are blended with premiums for active members. Medicare-eligible retirees are covered by plans which are rated solely on the experience of Medicare retirees with no subsidy by active employee premiums.

Monthly baseline premium costs were set equal to the active single premiums shown in the chart in Section 2. Representative claims costs derived from the dataset provided by CalPERS are shown in the chart on the following page. Age-based claims were applied (a) for all retirees not yet eligible for Medicare and (b) for Medicare retirees receiving benefits in excess of the PEMHCA minimum *and* covered by Medicare Supplement plans.



Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Development of Age-related
Medical Premiums (continued)

Expected Monthly Claims by Medical Plan for Selected Ages													
Region	Medical Plan	Non-Medicare Male Retirees					Medicare Male Retirees						
		50	53	56	59	62	65	70	75	80	85	90	95
Region 1	Anthem EPO Del Norte	\$ 1,028	\$ 1,212	\$ 1,408	\$ 1,613	\$ 1,834	<i>Claims not developed for Medicare Advantage plans</i>						
	Anthem Select HMO	1,026	1,210	1,406	1,611	1,831	<i>Claims not developed for Medicare Advantage plans</i>						
	Anthem Traditional HMO	1,146	1,352	1,570	1,800	2,046	<i>Claims not developed for Medicare Advantage plans</i>						
	Health Net SmartCare	1,015	1,197	1,390	1,593	1,811	<i>Plan not available to Medicare retirees</i>						
	Kaiser HMO	873	1,030	1,196	1,371	1,558	<i>Claims not developed for Medicare Advantage plans</i>						
	PERS Gold PPO	686	808	939	1,076	1,223	300	336	365	382	377	360	357
	PERS Platinum PPO	705	832	966	1,107	1,259	303	340	369	387	382	365	362
	UHC Alliance HMO	1,016	1,198	1,392	1,595	1,814	<i>Claims not developed for Medicare Advantage plans</i>						
Out of State	Kaiser HMO	\$ 757	\$ 892	\$ 1,037	\$ 1,188	\$ 1,351	<i>Claims not developed for Medicare Advantage plans</i>						
	PERS Platinum	634	748	869	996	1,132	307	344	374	392	386	369	366
	PORAC	629	742	862	988	1,123	392	440	478	500	494	472	468
Region	Medical Plan	Non-Medicare Female Retirees					Medicare Female Retirees						
		50	53	56	59	62	65	70	75	80	85	90	95
Region 1	Anthem EPO Del Norte	\$ 1,274	\$ 1,399	\$ 1,505	\$ 1,626	\$ 1,793	<i>Claims not developed for Medicare Advantage plans</i>						
	Anthem Select HMO	1,272	1,397	1,503	1,624	1,790	<i>Claims not developed for Medicare Advantage plans</i>						
	Anthem Traditional HMO	1,421	1,560	1,679	1,814	2,000	<i>Claims not developed for Medicare Advantage plans</i>						
	Health Net SmartCare	1,258	1,381	1,486	1,606	1,770	<i>Plan not available to Medicare retirees</i>						
	Kaiser HMO	1,082	1,189	1,279	1,382	1,523	<i>Claims not developed for Medicare Advantage plans</i>						
	PERS Gold PPO	850	933	1,004	1,085	1,196	287	324	351	367	370	363	357
	PERS Platinum PPO	874	960	1,033	1,116	1,230	291	329	356	372	375	367	361
	UHC Alliance HMO	1,259	1,383	1,488	1,608	1,773	<i>Claims not developed for Medicare Advantage plans</i>						
Out of State	Kaiser HMO	\$ 938	\$ 1,030	\$ 1,108	\$ 1,198	\$ 1,320	<i>Claims not developed for Medicare Advantage plans</i>						
	PERS Platinum	786	863	929	1,004	1,106	294	333	360	376	380	372	366
	PORAC	780	856	922	996	1,098	376	425	460	481	485	475	467



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

Economic Assumptions

Long Term Return on Assets	4.75% as of June 30, 2021, and 5.10% as of June 30, 2020
Discount Rate for Funding	4.75% as of June 30, 2021, and 5.10% as of June 30, 2020
General Inflation Rate	2.5% per year
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
Healthcare Trend	Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year’s levels were derived using the Getzen model and are assumed to be effective on the dates shown in the chart below.

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2022	Actual	2044-2049	4.7%
2023	5.8%	2050-2059	4.6%
2024	5.6%	2060-2066	4.5%
2025	5.4%	2067-2068	4.4%
2026-2027	5.2%	2069-2070	4.3%
2028-2029	5.1%	2071	4.2%
2030-2038	5.0%	2072-2073	4.1%
2039	4.9%	2074-2075	4.0%
2040-2043	4.8%	2076 & later	3.9%

The healthcare trend shown above was developed using the Getzen Model 2022_b published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.4%; Excess Medical Growth 1.0%; Expected Health Share of GDP in 2028 20.3%; Resistance Point 20%; Year after which medical growth is limited to growth in GDP 2075.

The PEMHCA minimum employer contribution is assumed to increase by 4.5%

Employer Cost Sharing	We have assumed no increase in the fixed dollar amounts contributed by the Authority for active employees.
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Medicare Eligibility	All individuals known to have paid into Medicare while actively employee with the Authority are assumed to be eligible for Medicare Parts A and B at age 65. Employees confirmed not to be paying into Medicare are assumed to have a 50% of becoming eligible for Medicare Parts A and B at age 65.
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Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Participant Election Assumptions

Retiree Participation Rates

Active employees: The following chart shows the percent of current active employees are assumed to elect medical coverage in retirement:

Percent of Current Active Employees Assumed to Elect Medical Coverage in Retirement				
Group	Age at Retirement	With Medical Coverage and Retiring in FY 21/22	Decrease in Percent Electing Coverage	Minimum Percent Electing
Admin	Under 65	90%	1.5%	50%
Admin	65 or older	100%	1.5%	75%
ATU	Under 65	50%	1.5%	45%
ATU	65 or older	60%	n/a	60%
Teamster	Under 65	60%	1.5%	45%
Teamster	65 or older	80%	1.5%	60%

The applicable percentages above are multiplied by 50% for those employees not currently enrolled in medical coverage through the Authority.

Retired participants: Existing medical plan elections are assumed to be continued until the retiree’s death.

Spouse Coverage

Active employees: 20% are assumed to be married and elect spouse coverage in retirement prior to age 65 while 45% are assumed to elect spouse coverage after the age 65. Surviving spouses are assumed to retain coverage until their death. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to be continued until the spouse’s death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

Spouse gender is assumed to be the opposite of the employee.

Dependent Coverage

Active employees: 30% are assumed to cover eligible dependents other than a spouse at retirement; eligibility for coverage for the youngest dependent is assumed to end at the retiree’s age 62.

Retired participants covering dependent children are assumed to end such coverage when the youngest currently covered dependent reaches age 26.



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

Demographic Assumptions

Demographic actuarial assumptions used in this valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015, except for a different basis used to project future mortality improvements. Rates for selected age and service are shown below and on the following pages. The representative mortality rates were those published by CalPERS adjusted to back out 15 years of Scale MP 2016 to central year 2015.

Mortality Before Retirement

CalPERS Public Agency Miscellaneous Non- Industrial Deaths		
Age	Male	Female
15	0.00019	0.00004
20	0.00027	0.00008
30	0.00044	0.00018
40	0.00070	0.00040
50	0.00135	0.00090
60	0.00288	0.00182
70	0.00693	0.00438
80	0.01909	0.01080

**Mortality After Retirement
(before improvement applied)**

Healthy Lives

CalPERS Public Agency Miscellaneous, Police & Fire Post Retirement Mortality		
Age	Male	Female
40	0.00070	0.00040
50	0.00431	0.00390
60	0.00758	0.00524
70	0.01490	0.01044
80	0.04577	0.03459
90	0.14801	0.11315
100	0.35053	0.30412
110	1.00000	1.00000

Disabled Miscellaneous

CalPERS Public Agency Disabled Miscellaneous Post-Retirement Mortality		
Age	Male	Female
20	0.00027	0.00008
30	0.00044	0.00018
40	0.00070	0.00040
50	0.01371	0.01221
60	0.02447	0.01545
70	0.03737	0.02462
80	0.07218	0.05338
90	0.16585	0.14826

Mortality Improvement

MacLeod Watts Scale 2022 applied generationally from 2015
(see Addendum 3)



Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Termination Rates

Each rate in this table reflects the probability that an employee with that age and service will end its employment with the agency in the next 12 months for reasons other than retirement or death.

Miscellaneous Employees: Sum of Vested Terminated & Refund Rates From CalPERS Experience Study Report Issued December 2017						
Attained Age	Years of Service					
	0	3	5	10	15	20
15	0.1812	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1742	0.1193	0.0654	0.0000	0.0000	0.0000
25	0.1674	0.1125	0.0634	0.0433	0.0000	0.0000
30	0.1606	0.1055	0.0615	0.0416	0.0262	0.0000
35	0.1537	0.0987	0.0567	0.0399	0.0252	0.0184
40	0.1468	0.0919	0.0519	0.0375	0.0243	0.0176
45	0.1400	0.0849	0.0480	0.0351	0.0216	0.0168

Service Retirement Rates

The following miscellaneous retirement formulas apply:

- If hired prior to 1/1/2013 or with prior PERS service: 2% @ 60
- If hired on or after 1/1/2013, PEPR: 2% @ 62

Sample rates of assumed future retirements applicable to each of these retirement benefit formulas are shown in tables below. Each rate reflects the probability that an employee with that age and service will take a service retirement in the next 12 months.

Sample rates of assumed future retirements applicable to each of these retirement benefit formulas are shown in tables on the following page. Each rate reflects the probability that an employee with that age and service will take a service retirement in the next 12 months.

Miscellaneous Employees: 2% at 60 formula						
From CalPERS Experience Study Report Issued December 2017						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0200	0.0200	0.0200	0.0200	0.0200	0.1500
55	0.0190	0.0260	0.0330	0.0920	0.1360	0.1460
60	0.0700	0.0740	0.0890	0.1130	0.1370	0.1610
65	0.1400	0.1780	0.2150	0.2640	0.3210	0.3770
70	0.1400	0.1780	0.2150	0.2640	0.3210	0.3770
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Miscellaneous "PEPR" Employees: 2% at 62 formula						
From CalPERS Experience Study Report Issued December 2017						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
55	0.0100	0.0190	0.0280	0.0360	0.0610	0.0960
60	0.0310	0.0510	0.0710	0.0910	0.1110	0.1380
65	0.1080	0.1410	0.1730	0.2060	0.2390	0.3000
70	0.1200	0.1560	0.1930	0.2290	0.2650	0.3330
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

Disability Retirement Rates

CalPERS Public Agency Miscellaneous Disability From Dec 2017 Experience Study Report		
Age	Male	Female
20	0.00017	0.00010
25	0.00017	0.00010
30	0.00019	0.00024
35	0.00039	0.00071
40	0.00102	0.00135
45	0.00151	0.00188
50	0.00158	0.00199
55	0.00158	0.00149
60	0.00153	0.00105

Software and Models Used in the Valuation

ProVal - MacLeod Watts utilizes ProVal, a licensed actuarial valuation software product from Winklevoss Technologies (WinTech) to project future retiree benefit payments and develop the OPEB liabilities presented in this report. ProVal is widely used by the actuarial community. We review results at the plan level and for individual sample lives and find them to be reasonable and consistent with the results we expect. We are not aware of any material inconsistencies or limitations in the software that would affect this actuarial valuation.

Age-based premiums model – developed internally and reviewed by an external consultant at the time it was developed. See discussion on Development of Age-Related Medical Premiums and Addendum 3.

Getzen model – published by the Society of Actuaries; used to derive medical trend assumptions described earlier in this section.

Changes in assumptions or methods since the prior Measurement Date

Trust rate of return and discount rate	Decreased from 5.10% to 4.75%, reflecting updated long-term rates of return provided by PARS in April 2022
Mortality Improvement	The mortality improvement scale was updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022, reflecting continued updates in available information (see Addendum 3).
General Inflation Rate	Decreased from 2.75% to 2.5%
Salary Scale	Decreased from 3.25% to 3.0%
Healthcare Trend	Updated to Getzen Model 2022_b, as published by the Society of Actuaries



Supporting Information

(Concluded)

Section 3 - Actuarial Methods and Assumptions

Changes in assumptions or methods since the prior Measurement Date

(concluded)

Pool Subsidy for

Medicare retirees

We applied age-based premiums and developed a liability for the projected pool subsidy for retirees enrolled in Medicare plans, under guidance provided by a new actuarial practice note

Retiree Participation Rates

We reviewed recent retiree participation elections by age and bargaining group and updated our assumptions about future retiree participation as described on page 34.

Prior participation rate assumptions are shown below for employees currently enrolled in coverage. Prior assumed rates for those waiving coverage while employed were the rates shown below multiplied by 75%.

Assumed to Elect Medical Coverage in Retirement					
Group	Age at Retirement	With Medical Coverage and Retiring in 2017	With Medical Coverage and Retiring in 2019	Annual Decrease in Percent Electing Coverage	Minimum Percent Electing
Admin	Under 62	70%	67%	1.5%	50%
Admin	62 or older	90%	87%	1.5%	70%
ATU	Under 62	55%	55%	1.5%*	45%
ATU	62 or older	60%	60%	n/a	60%
Teamster	Under 62	60%	57%	1.5%	45%
Teamster	62 or older	80%	77%	1.5%	60%

** Decreased election percentages for future ATU retirees are assumed to begin in 2020, since the retiree benefit level gradually increases until then.*

Spouse Coverage

Following a review of recent retiree elections, the percentage of future retirees assumed to elect spouse retirees were reduced from 30% to 20% for ages under 65 and decreased from 50% to 45% for ages 65 and older.

Medicare Eligibility

We added an assumption that unmarried employees identified as not paying into Medicare would have a 50% probability that such employees will remain ineligible for Medicare Part A and Part B coverage.



Appendix 1

Summary of Caps and Expected PEMHCA MEC Increases

The chart below summarizes each of the current single party coverage caps and provides the year in which the PEMHCA Minimum Employer Contribution (MEC) is expected to exceed the cap, based on the assumed annual increase in the MEC of 4.5%.

Single Party Coverage Caps & Years When MEC is Expected to Exceed the Cap						
Group	Administrative		ATU		Teamsters	
Plan	Single Party Subsidies	Year when MEC is projected to exceed subsidy	Single Party Subsidies	Year when MEC is projected to exceed subsidy	Single Party Subsidies	Year when MEC is projected to exceed subsidy
Anthem HMO Traditional	\$ 494.86	2049	\$ 374.92	2042	\$ 374.92	2042
Anthem HMO Select	270.71	2035	233.59	2032	226.58	2031
Blue Shield HMO	329.08	2040	266.47	2035	280.29	2036
Kaiser	303.56	2038	235.34	2032	254.15	2034
PERS Platinum	392.42	2044	308.08	2038	308.08	2038
PERS Gold	270.71	2035	233.59	2032	226.58	2031
United Healthcare	303.56	2038	235.34	2032	254.15	2034



Addendum 1: Important Background Information

General Types of Other Post-Employment Benefits (OPEB)

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are medical, prescription drug, dental, vision, and/or life insurance coverage. Other OPEB may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include COBRA, vacation, sick leave (unless converted to defined benefit OPEB), or other direct retiree payments.

A direct employer payment toward the cost of OPEB benefits is referred to as an “explicit subsidy”. In addition, if claims experience of employees and retirees are pooled when determining premiums, retiree premiums are based on a pool of members which, on average, are younger and healthier. For certain types of coverage such as medical insurance, this results in an “implicit subsidy” of retiree premiums by active employee premiums since the retiree premiums are lower than they would have been if retirees were insured separately. GASB 75 and Actuarial Standards of Practice generally require that an implicit subsidy of retiree premium rates be valued as an OPEB liability.

Expected retiree claims		
Premium charged for retiree coverage		<i>Covered by higher active premiums</i>
Retiree portion of premium	Agency portion of premium Explicit subsidy	Implicit subsidy

This chart shows the sources of funds needed to cover expected medical claims for pre-Medicare retirees. The portion of the premium paid by the Agency does not impact the amount of the implicit subsidy.

Valuation Process

The valuation was based on employee census data and benefits provided by the Authority. A summary of the employee data is provided in Section 1 and a summary of the benefits provided under the Plan is provided in Section 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the Authority as to its accuracy. The valuation was also based on the actuarial methods and assumptions described in Section 3.

In developing the projected benefit values and liabilities, we first determine an expected premium or benefit stream over the employee’s future retirement. Benefits may include both direct employer payments (explicit subsidies) and/or an implicit subsidy, arising when retiree premiums are expected to be subsidized by active employee premiums. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected date(s) when benefits will end. We then apply assumptions regarding:

- The probability that each individual employee will or will not continue in service to receive benefits.
- The probability of when such retirement will occur for each retiree, based on current age, service and employee type; and



Important Background Information

(Continued)

- The likelihood that future retirees will or will not elect retiree coverage (and benefits) for themselves and/or their dependents.

We then calculate a present value of these benefits by discounting the value of each future expected benefit payment, multiplied by the assumed expectation that it will be paid, back to the valuation date using the discount rate. These benefit projections and liabilities have a very long time horizon. The final payments for currently active employees may not be made for many decades.

The resulting present value for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method and the amounts for each individual are then summed to get the results for the entire plan. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the "Total OPEB Liability". The OPEB cost allocated for active employees in the current year is referred to as "Service Cost".

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets ("Fiduciary Net Position") is applied to offset the "Total OPEB Liability", resulting in the "Net OPEB Liability". If a plan is not being funded, then the Net OPEB Liability is equal to the Total OPEB Liability.

It is important to remember that an actuarial valuation is, by its nature, a projection of one possible future outcome based on many assumptions. To the extent that actual experience is not what we assumed, future results will differ. Some possible sources of future differences may include:

- A significant change in the number of covered or eligible plan members
- A significant increase or decrease in the future premium rates
- A change in the subsidy provided by the Agency toward retiree premiums
- Longer life expectancies of retirees
- Significant changes in expected retiree healthcare claims by age, relative to healthcare claims for active employees and their dependents
- Higher or lower returns on plan assets or contribution levels other than were assumed, and/or
- Changes in the discount rate used to value the OPEB liability



Important Background Information

(Continued)

Requirements of GASB 75

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and disclosure of OPEB expense and related liabilities (assets), note disclosures, and, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Important Dates

GASB 75 requires that the information used for financial reporting falls within prescribed timeframes. Actuarial valuations of the total OPEB liability are generally required at least every two years. If a valuation is not performed as of the Measurement Date, then liabilities are required to be based on roll forward procedures from a prior valuation performed no more than 30 months and 1 day prior to the most recent year-end. In addition, the net OPEB liability is required to be measured as of a date no earlier than the end of the prior fiscal year (the "Measurement Date").

Recognition of Plan Changes and Gains and Losses

Under GASB 75, gains and losses related to changes in Total OPEB Liability and Fiduciary Net Position are recognized in OPEB expense systematically over time.

- *Timing of recognition:* Changes in the Total OPEB Liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.
- *Deferred recognition periods:* These periods differ depending on the source of the gain or loss.

Difference between projected
and actual trust earnings:

5 year straight-line recognition

All other amounts:

Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.



Important Background Information

(Continued)

Implicit Subsidy Plan Contributions

An implicit subsidy occurs when expected retiree claims exceed the premiums charged for retiree coverage. When this occurs, we expect part of the premiums paid for active employees to cover a portion of retiree claims. This transfer represents the current year’s “implicit subsidy”. Because GASB 75 treats payments to an irrevocable trust *or directly to the insurer* as employer contributions, each year’s implicit subsidy is treated as a contribution toward the payment of retiree benefits.

The following hypothetical example illustrates this treatment:

Hypothetical Illustration of Implicit Subsidy Recognition	For Active Employees	For Retired Employees
<i>Prior to Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Accounting Treatment	Compensation Cost for Active Employees	Contribution to Plan & Benefits Paid from Plan
<i>After Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Implicit Subsidy Adjustment	(23,000)	23,000
Accounting Cost of Premiums Paid	\$ 388,000	\$ 71,000
Accounting Treatment Impact	Reduces Compensation Cost for Active Employees	Increases Contributions to Plan & Benefits Paid from Plan

The example above shows that total payments toward active and retired employee healthcare premiums is the same, but for accounting purposes part of the total is shifted from actives to retirees. This shifted amount is recognized as an OPEB contribution and reduces the current year’s premium expense for active employees.



Important Background Information

(Continued)

Discount Rate

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.

Actuarial Funding Method and Assumptions

The “ultimate real cost” of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method.

The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the “incidence of cost”. GASB 75 specifically requires that the actuarial present value of projected benefit payments be attributed to periods of employee service using the Entry Age Actuarial Cost Method, with each period’s service cost determined as a level percentage of pay.

The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable.



Addendum 2: MacLeod Watts Age Rating Methodology

Both accounting standards (e.g., GASB 75) and actuarial standards (e.g. ASOP 6) require that expected retiree claims, not just premiums paid, be reflected in most situations where an actuary is calculating retiree healthcare liabilities. Unfortunately, the actuary is often required to perform these calculations without any underlying claims information. In most situations, the information is not available, but even when available, the information may not be credible due to the size of the group being considered.

Actuaries have developed methodologies to approximate healthcare claims from the premiums being paid by the plan sponsor. Any methodology requires adopting certain assumptions and using general studies of healthcare costs as substitutes when there is a lack of credible claims information for the specific plan being reviewed.

Premiums paid by sponsors are often uniform for all employee and retiree ages and genders, with a drop in premiums for those participants who are Medicare-eligible. While the total premiums are expected to pay for the total claims for the insured group, on average, the premiums charged would not be sufficient to pay for the claims of older insureds and would be expected to exceed the expected claims of younger insureds. An age-rating methodology takes the typically uniform premiums paid by plan sponsors and spreads the total premium dollars to each age and gender intended to better approximate what the insurer might be expecting in actual claims costs at each age and gender.

The process of translating premiums into expected claims by age and gender generally follows the steps below.

1. *Obtain or Develop Relative Medical Claims Costs by Age, Gender, or other categories that are deemed significant.* For example, a claims cost curve might show that, if a 50 year old male has \$1 in claims, then on average a 50 year old female has claims of \$1.25, a 30 year male has claims of \$0.40, and an 8 year old female has claims of \$0.20. The claims cost curve provides such relative costs for each age, gender, or any other significant factor the curve might have been developed to reflect. Section 3 provides the source of information used to develop such a curve and shows sample relative claims costs developed for the plan under consideration.
2. *Obtain a census of participants, their chosen medical coverage, and the premium charged for their coverage.* An attempt is made to find the group of participants that the insurer considered in setting the premiums they charge for coverage. That group includes the participant and any covered spouses and children. When information about dependents is unavailable, assumptions must be made about spouse age and the number and age of children represented in the population. These assumptions are provided in Section 3.
3. *Spread the total premium paid by the group to each covered participant or dependent based on expected claims.* The medical claims cost curve is used to spread the total premium dollars paid by the group to each participant reflecting their age, gender, or other relevant category. After this step, the actuary has a schedule of expected claims costs for each age and gender for the current premium year. It is these claims costs that are projected into the future by medical cost inflation assumptions when valuing expected future retiree claims.

The methodology described above is dependent on the data and methodologies used in whatever study might be used to develop claims cost curves for any given plan sponsor. These methodologies and assumptions can be found in the referenced paper cited as a source in the valuation report.



Addendum 3: MacLeod Watts Mortality Projection Methodology

Actuarial standards of practice (e.g., ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP 6, Measuring Retiree Group Benefits Obligations) indicate that the actuary should reflect the effect of mortality improvement (i.e., longer life expectancies in the future), both before and after the measurement date. The development of credible mortality improvement rates requires the analysis of large quantities of data over long periods of time. Because it would be extremely difficult for an individual actuary or firm to acquire and process such extensive amounts of data, actuaries typically rely on large studies published periodically by organizations such as the Society of Actuaries or Social Security Administration.

As noted in a recent actuarial study on mortality improvement, key principles in developing a credible mortality improvement model would include the following:

- (1) Short-term mortality improvement rates should be based on recent experience.
- (2) Long-term mortality improvement rates should be based on expert opinion.
- (3) Short-term mortality improvement rates should blend smoothly into the assumed long-term rates over an appropriate transition period.

The **MacLeod Watts Scale 2022** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2021 Report, published in October 2021 and (2) the demographic assumptions used in the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published August 2021.

MacLeod Watts Scale 2022 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2021 which has two segments – (1) historical improvement rates for the period 1951-2017 and (2) an estimate of future mortality improvement for years 2018-2020 using the Scale MP-2021 methodology but utilizing the assumptions used in generating Scale MP-2015. The MacLeod Watts scale then transitions from the 2020 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10-year period 2021-2030. After this transition period, the MacLeod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2030-2044. The SSA's Intermediate Scale has a final step in 2045 which is reflected in the MacLeod Watts scale for years 2045 and thereafter. Over the ages 95 to 117, the age 95 improvement rate is graded to zero.

Scale MP-2021 can be found at the SOA website and the projection scales used in the 2021 Social Security Administrations Trustees Report at the Social Security Administration website.



Glossary

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability

Actuarial Present Value of Projected Benefits (APVPB) – The amount presently required to fund all projected plan benefits in the future. This value is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

CalPERS – Many state governments maintain a public employee retirement system; CalPERS is the California program, covering all eligible state government employees as well as other employees of other governments within California who have elected to join the system

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment

Deferred Contributions – When an employer makes contributions after the measurement date and prior to the fiscal year end, recognition of these contributions is deferred to a subsequent accounting period by creating a deferred resource. We refer to these contributions as Deferred Contributions.

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member's account are determined and the terms of distribution of the account after separation from employment

Discount Rate - Interest rate used to discount future potential benefit payments to the valuation date. Under GASB 75, if a plan is prefunded, then the discount rate is equal to the expected trust return. If a plan is not prefunded (pay-as-you-go), then the rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Expected Average Remaining Service Lifetime (EARSL) – Average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period

Entry Age Actuarial Cost Method – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to the last age at which benefits can be paid

Explicit Subsidy – The projected dollar value of future retiree healthcare costs expected to be paid directly by the Employer, e.g., the Employer's payment of all or a portion of the monthly retiree premium billed by the insurer for the retiree's coverage

Fiduciary Net Position – The value of trust assets used to offset the Total OPEB Liability to determine the Net OPEB Liability.

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments; like FASB, it is part of the Financial Accounting Foundation (FAF), which funds each organization and selects the members of each board

Health Care Trend – The assumed rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to increases in the cost of healthcare; contributing factors include medical inflation, frequency or extent of utilization of services and technological developments.



Glossary
(Continued)

Implicit Subsidy – The projected difference between future retiree claims and the premiums to be charged for retiree coverage; this difference results when the claims experience of active and retired employees are pooled together and a ‘blended’ group premium rate is charged for both actives and retirees; a portion of the active employee premiums subsidizes the retiree premiums.

Net OPEB Liability (NOL) – The liability to employees for benefits provided through a defined benefit OPEB. Only assets administered through a trust that meet certain criteria may be used to reduce the Total OPEB Liability.

Net Position – The Impact on Statement of Net Position is the Net OPEB Liability adjusted for deferred resource items

OPEB Expense – The OPEB expense reported in the Agency’s financial statement. OPEB expense is the annual cost of the plan recognized in the financial statements.

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due

PEMHCA – The Public Employees’ Medical and Hospital Care Act, established by the California legislature in 1961, provides community-rated medical benefits to participating public employers. Among its extensive regulations are the requirements that a contracting Agency contribute toward medical insurance premiums for retired annuitants and that a contracting Agency file a resolution, adopted by its governing body, with the CalPERS Board establishing any new contribution.

Plan Assets – The value of cash and investments considered as ‘belonging’ to the plan and permitted to be used to offset the AAL for valuation purposes. To be considered a plan asset, GASB 75 requires (a) contributions to the OPEB plan be irrevocable, (b) OPEB assets to dedicated to providing OPEB benefit to plan members in accordance with the benefit terms of the plan, and (c) plan assets be legally protected from creditors, the OPEB plan administrator and the plan members.

Public Agency Miscellaneous (PAM) – Non-safety public employees.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate)

Service Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the actuarial funding method; also called normal cost

Total OPEB Liability (TOL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; a subset of “Actuarial Present Value”

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility



INTER OFFICE MEMO

To: Board of Directors

Date: 09/07/2022

From: Lisa Rettig, Director of Human Resources

Reviewed by:



SUBJECT: Drug and Alcohol-Free Workplace Policy Update

Background:

County Connection is required to assure employee fitness for duty and to protect our employees, passengers, and the public from the safety and health risks posed by the misuse of alcohol and use of prohibited drugs. This policy is governed by Department of Transportation (DOT) 49 CFR Part 40 as amended and FTA 49 CFR Part 655; DOT 40 CFR Part 29 and CA Govt. Code Section 8350 et seq.

Marijuana remains a prohibited substance under the Federal Regulations for Safety Sensitive employees. However, marijuana is legal in California both medically and recreationally.

Summary of Issues:

In June 2022, during the FTA Triennial Review the reviewer requested a minor change to our existing policy. The bold face type represents the change: "Employees are required to notify **in writing** the Authority in 5 days if they are convicted of any criminal drug statute which occurs as the result of an incident at work or while on duty. **All employees must abide by the terms of the above policy statement as a condition of employment.**"

Staff would also recommend the removal of marijuana (THC) from the list of prohibited substances for non-Safety Sensitive classified employees.

Financial Implications:

None.

Recommendation:

The A&F Committee and Staff recommends approval of Resolution 2023-006.

Action Requested:

Adoption of Resolution 2023-006

Attachments:

Attachment 1: Section 209 Central Contra Costa Transit Authority Drug and Alcohol-Free Workplace Policy

Attachment 2: Resolution 2023-006

RESOLUTION NO. 2023-006

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

* * *

ADOPTING AN UPDATED DRUG- AND ALCOHOL-FREE WORKPLACE POLICY

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, CCCTA, as a recipient of federal grants administered by the U.S. Department of Transportation, is required to adhere to the terms and conditions of such grants, together with implementing regulations issued by the Federal Transit Administration (FTA) as may be revised from time to time;

WHEREAS, in response to the passage of the Omnibus Transportation Employee Testing Act of 1991, the FTA published two regulations prohibiting drug use and alcohol misuse by transit employees and requiring transit agencies to test for prohibited drug use and alcohol misuse at 49 CFR Parts 653 and 654, which has been replaced by 49 CFR Part 655, and the Department of Transportation has issued procedures for the testing methods to be followed at 49 CFR Part 40 Revised (collectively, the Regulations);

WHEREAS, staff has updated CCCTA's Drug and Alcohol Free Workplace Policy to conform with the Regulations;

WHEREAS, at their September 7, 2022 meeting, the Administration and Finance Committee found that the proposed *Drug- and Alcohol-Free Workplace Policy* to be appropriate and reasonable.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby adopts the *Drug- and Alcohol-Free Workplace Policy*, as presented by staff and attached hereto; and

BE IT FURTHER RESOLVED that the Board of Directors directs the General Manager, or his designee, to submit the *Drug- and Alcohol-Free Workplace Policy* to the U.S. DOT through the Federal Transit Administration as soon as it is adopted so as to assure continued eligibility for the receipt of federal financial assistance.

Regularly passed and adopted this 15th day of September 2022 by the following vote.

AYES:

NOES:

ABSTAIN:

ABSENT:

Dave Hudson, Chair, Board of Directors

ATTEST:

Lathina Hill, Clerk to the Board

INTER OFFICE MEMO

To: Board of Directors

Date: 09/07/2022

From: Lisa Rettig, Director of Human Resources

Reviewed by:



SUBJECT: 2023 Administrative Employees Cafeteria Adjustment

Background:

County Connection contracts with California Public Employees Retirement System (CalPERS) under the Public Employees' Medical and Hospital Care Act (PEMHCA) for Administrative employee health benefits.

The current Memorandum of Understanding with the Amalgamated Transit Union (ATU) and Teamsters increases the Cafeteria Plan annually using a formula that averages the increases in the two (2) most popular health plans by coverage level, splitting that amount and adding it to the Cafeteria Plan.

Summary of Issues:

In recent history the Board has provided the same increase to the Administrative Employees Cafeteria Plan in the interest of equity. For 2022 the two most popular health plans for the Administrative employees are Kaiser and Healthnet. Overall CalPERS health plans increased an average of 6% for 2023. The increased rate is included in the budget. The formula results in the following increases:

Administrative Employees	Increase Amount	2023 Monthly Cafeteria
Employee Only	\$19.55	\$614.43
Employee Plus 1 dependent	\$39.09	\$960.01
Family	\$50.82	\$1,372.74

Financial Implications:

The amount budgeted for the 2023 Administrative Employees Cafeteria Plan is \$694,788. This proposed increase is included in this amount.

Recommendation:

The A&F Committee and Staff recommends approval of the monthly Administrative Employee Cafeteria Plan as follows:

Employee only:	\$ 614.43
Employee +1:	\$ 960.01
Family:	\$1,372.74

Action Requested:

Adoption of Resolution 2023-012

Attachments:

Attachment 1: 2023 Administrative Employees Cafeteria Plan Adjustment

Attachment 2: Resolution 2023-012

RESOLUTION NO. 2023-012

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

* * *

**AUTHORIZES FY2023 ANNUAL ADJUSTMENT
TO ADMINISTRATIVE EMPLOYEES CAFETERIA PLAN AMOUNTS**

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;

WHEREAS, on December 21, 2006, CCCTA adopted a cafeteria plan for its non-represented administrative staff and management ("Administrative Employees Cafeteria Plan");

WHEREAS, Staff has recommended an adjustment to the non-represented administrative staff and management cafeteria amounts based on 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 Administrative Employees Cafeteria Plan; and

WHEREAS, the Administration & Finance Committee recommends that the Board of Directors adopt the recommendations of the Staff to adjust the Administrative Employees Cafeteria Plan in accordance with the formula set forth above.

NOW, THEREFORE, BE IT RESOLVED that the CCCTA Board of Directors approves the increases in the Administrative Employees Cafeteria Plan such that the total including the increases, shall be as follows, effective January 1, 2023:

Employee only:	\$614.43
Employee +1:	\$960.01
Employee +2 or more:	\$1372.74

Regularly passed and adopted this 15th day of September, 2022 by the following vote.

Ayes:

Noes:

Abstain:

Absent:

Dave Hudson, Chair, Board of Directors

ATTEST:

Lathina Hill, Clerk to the Board

To: Board of Directors

Date: 09/07/2022

From: Melody Reeb, Director of Planning, Marketing, & Innovation

Reviewed by: *Ref*

SUBJECT: 2022-23 BART Bus Bridges

Background:

County Connection has provided bus bridges to the Bay Area Rapid Transit (BART) agency for over 20 years under an existing mutual aid agreement. More recently, BART has been conducting infrastructure work that requires service to be suspended between various stations and has requested that partner agencies, including County Connection, approve a separate agreement that identifies specific weekend closures.

Scheduled Bus Bridges:

BART is currently planning seven weekend closures between October 15, 2022 and December 31, 2023. County Connection staff has reviewed the proposed schedule and is confident in its ability to support the requested bus bridges. In addition, staff will be coordinating closely with BART in the event that schedule adjustments or additional days of service are needed.

Weekend	Days	Bus Service Hours	Bus Bridge
1	October 15-16, 2022	All day Saturday and Sunday	Concord-Pleasant Hill
2	October 29-30, 2022	All day Saturday and Sunday	Concord-Pleasant Hill
3	November 12-13, 2022	All day Saturday and Sunday	Concord-Pleasant Hill
4	April 8-9, 2023	All day Saturday and Sunday	Rockridge-Orinda
5	April 22-23, 2023	All day Saturday and Sunday	Rockridge-Orinda
6	May 13-14, 2023	All day Saturday and Sunday	Rockridge-Orinda
7	May 27-29, 2023	All day Saturday, Sunday and Monday	Rockridge-Orinda

Financial Implications:

Per the agreement, BART will cover all costs associated with any bus bridge.

Recommendation:

The A&F Committee and staff recommend that County Connection enter into an agreement with BART to provide bus bridge service on select days between October 15, 2022 and December 31, 2023.

Action Requested:

The A&F Committee and staff request that the Board approve Resolution No. 2023-010 authorizing the General Manager to execute an agreement with BART.

Attachments:

Attachment 1: Resolution No. 2023-010

RESOLUTION NO. 2023-010

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

* * *

AUTHORIZING 2022-2023 BART BUS BRIDGES AGREEMENT

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;

WHEREAS, CCCTA has been providing bus bridges to the San Francisco Bay Area Rapid Transit District ("BART") for over 20 years under an existing mutual aid agreement;

WHEREAS, given the planned BART service interruptions for 2022-2023, BART has requested that partner agencies, including CCCTA, approve a separate agreement that identifies specific closures ("2022-2023 BART Bus Bridges Agreement");

WHEREAS, CCCTA staff has reviewed BART's proposed 2022-2023 bus bridges schedule and is confident in CCCTA's ability to support the requested service;

WHEREAS, pursuant to the 2022-2023 BART Bus Bridges Agreement, BART will cover all CCCTA costs associated with providing bus bridges; and

WHEREAS, the Administration & Finance Committee recommends the Board authorize the General Manager to execute the 2022-2023 BART Bus Bridges Agreement.

NOW, THEREFORE, BE IT RESOLVED that the Central Contra Costa Transit Authority Board of Directors hereby authorizes the General Manager to execute the 2022-2023 BART Bus Bridges Agreement and to take all other actions necessary to give effect to this Resolution.

Regularly passed and adopted this 15th day of September, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dave Hudson, Chair, Board of Directors

ATTEST: _____
Lathina Hill, Clerk to the Board

INTER OFFICE MEMO

To: Board of Directors

Date: 09/07/2022

From: Melody Reeb, Director of Planning, Marketing, & Innovation

Reviewed by: *Ref*

SUBJECT: 2022 Amended and Restated Clipper MOU

Background:

The Amended and Restated Clipper Memorandum of Understanding (MOU) was entered into on February 19, 2016 by and among the Metropolitan Transportation Commission (MTC) and the transit operators participating in the Clipper program, including County Connection. In addition to defining roles and responsibilities related to the Clipper program, the MOU, which was originally approved by County Connection's Board of Directors in October 2015, defines the operating cost and revenue allocation formulas among the operators and MTC.

Next Generation Clipper:

In 2018, MTC began work on the Next Generation Clipper (C2) system, which will implement an account-based payment system. A new MOU was developed to incorporate implementation of the C2 system, including a revised cost-sharing formula. Operations and Maintenance (O&M) costs for the account-based system will be split 50/50 between MTC and the transit operators. Subsequent allocation amongst the operators will mainly be based on Clipper ridership, whereas the formula for the current system is based on a combination of cards used, transactions, and revenue processed. Some costs, such as those for payment services (i.e., credit card fees), will continue to be allocated based on revenue.

The MOU and cost sharing agreements were approved by the Clipper Executive Board at its August meeting and are now being circulated to the transit operators for approval. The MOU has also been reviewed by County Connection's legal counsel. All transit operators are required to approve this MOU in order to continue participation in the Clipper program. Per Resolution No. 3866, "MTC is required to evaluate an operator's compliance with coordination improvements prior to an operator receiving allocations for State Transit Assistance (STA) funds." Failure to approve the MOU would risk County Connection's eligibility for STA funds.

Financial Implications:

While O&M costs for the C2 system are expected to be higher due to the additional functionality, MTC will be covering a larger portion of those costs compared to the current system. County Connection's share of Clipper ridership is around 1%, which is similar to our current share of fees. Thus, staff does not anticipate any significant impact as a result of the change to the allocation formula.

Recommendation:

The A&F Committee and staff recommend that County Connection continue participation in the Clipper program and execute the 2022 Amended and Restated Clipper Memorandum of Understanding.

Action Requested:

The A&F Committee and staff request that the Board approve Resolution No. 2023-009 authorizing the General Manager to sign the Clipper MOU.

Attachments:

Attachment 1: 2022 Amended and Restated Clipper Memorandum of Understanding

Attachment 2: Resolution No. 2023-009

2022 AMENDED AND RESTATED CLIPPER® MEMORANDUM OF UNDERSTANDING

This 2022 Amended and Restated Clipper® Memorandum of Understanding (the "MOU") is entered into as of the ____ day of ____, 2022 (the "Effective Date"), by and among the Metropolitan Transportation Commission ("MTC") and the following transit operators participating in the Clipper® Program (referred to herein individually as an "Operator" or collectively as the "Operators")¹:

Alameda-Contra Costa Transit District ("AC Transit"); Golden Gate Bridge Highway and Transportation District ("GGBHTD"); the San Francisco Bay Area Rapid Transit District ("BART"); the City and County of San Francisco, acting by and through its Municipal Transportation Agency ("SFMTA"); the San Mateo County Transit District ("SamTrans"); the Santa Clara Valley Transportation Authority ("VTA"); the Peninsula Corridor Joint Powers Board ("Caltrain"); Central Contra Costa Transit Authority; City of Fairfield, as the operator of Fairfield and Suisun Transit; City of Petaluma; Eastern Contra Costa Transit Authority; Livermore/Amador Valley Transit Authority; Marin County Transit District; Napa Valley Transportation Authority; Solano County Transit; Sonoma County Transit; Sonoma-Marin Area Rail Transit; Vacaville City Coach; Western Contra Costa Transit Authority; San Francisco Bay Area Water Emergency Transportation Authority; City of Santa Rosa; and City of Union City; *and any other New Operator Participants in accordance with Article VI.A of the MOU.*

MTC and the Operators are referred to herein collectively as the "Parties" or individually as a "Party".

Recitals

1. On July 2, 2009, MTC entered into a contract (the "Clipper Contract") with Cubic Transportation Systems, Inc., to implement, operate and maintain the Clipper fare payment system on behalf of the Operators ("Clipper Program") through November 2, 2019, which contract was extended on June 30, 2017, for a period of up to five years (November 2, 2024).
2. On February 19, 2016, MTC and the Operators entered into an Amended and Restated Clipper Memorandum of Understanding, replacing a previous MOU that delineated the MTC and Operator responsibilities for the Clipper Program, which was subsequently amended on April 17, 2017; October 1, 2020; and September 1, 2021 ("2016 MOU").
3. On September 26, 2018, MTC, as Contracting Agency under the 2016 MOU, entered into a contract (the "Next Generation Clipper Contract") with Cubic Transportation Systems, Inc. (the "Clipper Contractor") to act as system integrator for the Next Generation Clipper system, including system design, development and testing, installation and transition, operations and maintenance, and end-of-¹term transition. The Next Generation Clipper system will implement an account-based payment system.
4. Effective September 1, 2021, the 2016 MOU transferred responsibility for management and oversight of the Regional Transit Connection Discount Card Program ("RTC Program"), which provides people with disabilities with discounted access to fixed-route transit, to the Clipper

¹ Clipper® is a registered trademark of MTC. Henceforth, all references to Clipper, with or without the registered trademark designation, will be to the MTC registered trademark.

Executive Board and responsibility for the administration of the RTC Program to MTC, pending development and implementation of a new RTC Program database.

5. The Parties now wish to amend and restate the 2016 MOU to reflect changes to the Clipper program brought about by the implementation of the Next Generation Clipper system and the expanded use of Clipper since 2016, including a revised cost-sharing formula applicable to the RTC Program and tailored to the Next Generation Clipper account-based fare payment system.
6. For purposes of this MOU, references to the Clipper Program, Clipper fare payment system, or Clipper refer collectively to the systems implemented under the Clipper Contract, the Next Generation Clipper Contract, and other contracts to be entered into to implement and operate the Next Generation Clipper system. The term Clipper Contract refers to both the Clipper Contract and the Next Generation Clipper Contract, as appropriate.

ARTICLE I Operator Responsibilities

Each Operator agrees to:

- A. Implement and operate the Clipper fare payment system in accordance with the Clipper Operating Rules, as adopted and amended from time to time, consistent with the consultation and approval process set forth in Appendix A, Process for Amending Clipper Operating Rules, attached hereto and incorporated herein by this reference. The Clipper Operating Rules establish operating parameters and procedures for the consistent and efficient operation of Clipper throughout the region. The current version of the Clipper Operating Rules is available on MTC's website at <http://clipper.mtc.ca.gov>.
- B. Pay its share of Clipper costs, including costs of the salary of additional Clipper staff necessary to support the Executive Board, according to Appendix B, Clipper® Cost and Revenue Allocation, as amended, attached hereto and incorporated herein by this reference. Changes to Appendix B require an amendment to the MOU in accordance with Article XI.A.
- C. Make its facilities and staff available for implementation and operation of Clipper. Any Operator and the Contracting Agency may agree to an Operator-specific implementation plan, setting forth specific requirements regarding implementation and operation of Clipper for such Operator.
- D. Make determinations regarding the placement of Clipper Equipment, as defined in the Next Generation Clipper Contract, on the Operator's facilities and equipment; perform necessary site preparation; attend Clipper Contractor training on the use of the Clipper Equipment; and provide training to employees using the Clipper Equipment.
- E. Participate in as-needed reviews of the cost and revenue allocation formula in Appendix B, to support fairness among Operators and to accommodate changes in shared operation costs.
- F. *Implement, operate and promote Clipper as its primary fare payment system, including the primary mobile payment system, and refrain from establishing other fare payment systems or fare policies that could deter or discourage frequent transit riders' preference to use Clipper. Each Operator agrees to set fares so that fares paid with Clipper are equivalent or lower than fares paid either with cash or other forms of payment. No new*

non-Clipper prepaid fare product, other than for promotional, special event or limited-audience—e.g., tourist—fares, shall be created by any Operator without consulting with and receiving prior written approval from the Clipper Executive Board.

- G. *Provide appropriate training to employees who have Clipper-related operations responsibilities, so that those personnel are able to carry out the requirements placed on Operators in this MOU, including, but not limited to, vehicle operators, station agents, conductors, customer service personnel, proof-of-payment officers, ticket sales staff and any other personnel responsible for interacting with customers concerning fare payment.*
- H. *Perform first-line maintenance on Clipper Equipment located at their facilities or on their vehicles; promptly notify the Clipper Contractor when second-line maintenance of Clipper Equipment is needed; promptly notify the Contracting Agency and the Clipper Contractor of any issues affecting daily financial reconciliation or accuracy of system reports; issue all types (including, but not limited to, cards configured as senior or youth) of Clipper cards; add value to existing Clipper cards from all customer service terminals located at their business facilities; and provide at least the same level of front-line customer service to their patrons using Clipper as to patrons using other forms of fare payment.*
- I. *Take financial responsibility for the cost of replacement of Clipper Equipment damaged in-service due to vandalism or any other cause for which the risk of loss is not with the Clipper Contractor pursuant to the Clipper Contract or Next Generation Clipper Contract or covered by warranty under the applicable Clipper contract.*
- J. *Provide General Transit Feed Specifications (GTFS) for the development, implementation, operation, and maintenance of the Clipper mobile application.*
- K. Support the Contracting Agency in its administration and operation of the RTC Program, as set forth in Article III.M, and pay its share of RTC Program costs, according to Appendix B, attached hereto and incorporated herein by this reference, as it may be amended, *from time to time.*

ARTICLE II

MTC Responsibilities

MTC agrees to:

- A. Fund a portion of the Clipper operating and maintenance costs, including costs of the salary of additional Clipper staff necessary to support the Executive Board, as set forth in Appendix B. Subject to availability of necessary funds, inclusion of projects in the Regional Transportation Plan and Transportation Improvement Program where necessary, and receipt of all necessary Commission approvals, budget appropriations and allocations, MTC will continue to fund capital and Contracting Agency operating costs in the manner that it has funded capital and Contracting Agency operating costs to date through a dedicated allocation of federal, state and local funds, both discretionary and project-designated. Recommended annual capital allocations will be identified in the work plan approved by the Executive Board. (See Article IV.C.4.)
- B. Retain all books, papers, records, documents, and other materials pertaining to its responsibilities under Appendix B (the "Materials") in accordance with federal grant and

audit requirements and generally accepted accounting principles and make the Materials available to Parties upon request through reasonable means and at reasonable times. Parties may request that Materials be made available for the most recently closed fiscal year during the term of this MOU and for up to one year thereafter; provided, however, that nothing in this Article II.B is intended to limit a Party's rights to obtain records under the California Public Records Act (Government Code Section 6250 *et seq.*) or *San Francisco's Sunshine Ordinance* (see Appendix E).

- C. Continue to serve as the Contracting Agency (described in Article III), and continue to provide adequate staffing to support the Clipper program under the direction of the Clipper Executive Director (described in Article V), until such time as the Executive Board designates, and MTC's Commission approves, the assignment of MTC's duties as Contracting Agency to another Party pursuant to Article IV.D.
- D. Employ the Clipper Executive Director (described in Article V). MTC reserves the right to make decisions regarding hiring, promotion, termination, compensation, and removal of the initial Clipper Executive Director. Selection of a successor Executive Director shall be in accordance with Article III.I.
- E. Continue to create, maintain, *and protect* all copyrights and other intellectual property necessary or convenient for the operation of the Clipper fare payment system, *including the Clipper brand, trademark and design*, and provide any necessary licenses to use such intellectual property to the Contracting Agency, if other than MTC.
- F. Enter into supplemental agreements with new Operator Participants in accordance with Article VI.A.
- G. Enter into Affiliate Participant agreements in accordance with Article VI.B.

ARTICLE III Contracting Agency Responsibilities

The Contracting Agency agrees to:

- A. On behalf of the Parties, procure, award, manage and carry out the duties and responsibilities of the Clipper Program under all contracts necessary for the expansion, modification, modernization, operation, maintenance, marketing and customer service of the Clipper fare payment system, including the Clipper Contract, *Next Generation Clipper Contract, contracts for the Next Generation customer service center, the payment gateway, fare media contracts* ("Other Next Generation Clipper Contracts"; see Appendix B-3), and any contracts for associated professional or technical services for the Clipper program as a whole.
- B. Establish, manage, and implement Clipper Operating Rules in accordance with Appendix A.
- C. Provide regular updates (at least quarterly) on the Clipper Program to the Parties.
- D. Support the Parties with respect to Articles I.E and II.A by providing system data affecting the cost allocation formula.

- E. Own specified Clipper Equipment, as may be required by grant or funding agency rules and regulations, and transfer ownership, to the greatest extent permitted under such rules and regulations, to any successor Contracting Agency.
- F. Hold and manage the Clipper bank accounts and act as an agency in trust for the benefit of the cardholders for funds deposited by the cardholders for the ultimate use on the services provided by the Operators, and for the benefit of the Operators for funds due to Operators until dispersed to such Operators.
- G. Conduct *an as-needed* contract compliance audit covering Clipper Program revenue collection and allocation and cost allocation responsibilities under the MOU and provide a copy of the complete audit report to all Parties upon conclusion of each such audit.
- H. Retain all books, papers, records, documents, and other materials pertaining to its responsibilities under Appendix B (the "Materials") in accordance with federal grant and audit requirements and generally accepted accounting principles and make the Materials available to Parties upon request through reasonable means and at reasonable times. Parties may request that Materials be made available for the most recently closed fiscal year during the term of this MOU and for up to one year thereafter; provided, however, that nothing in this Article III.H is intended to limit a Party's rights to obtain records under the California Public Records Act (Government Code §§ 6250 *et seq.*), subject to the restrictions on the handling and confidentiality of personally identifiable information ("PII") set forth in California Streets and Highways Code Section 31490.
- I. Engage the Clipper Executive Director in accordance with Article V. The Contracting Agency reserves the right to make decisions regarding hiring, promotion, termination, compensation, and removal of the Clipper Executive Director provided that *the Contracting Agency* shall not engage the successor to the initial and successor Executive Directors without the concurrence of the Executive Board. The Contracting Agency shall collaborate with the Executive Board in considering potential candidates for Executive Director.
- J. Provide adequate staffing (including program and legal staff) to support the Clipper program. The Contracting Agency reserves the right to make decisions regarding hiring, promotion, termination, compensation and removal of program staff.
- K. Provide necessary logistical and technological support to the Executive Board and any committees thereof, except as provided in Article IV.H.
- L. On behalf of the Parties and under the direction of the Clipper Executive Board, procure, award, and manage contracts and carry out the administrative and management duties and responsibilities necessary for the operation, maintenance, marketing and customer service of the RTC Program; provided, however, that the Contracting Agency shall not assume administrative, operational (including customer service), or maintenance duties prior to its issuance of a notice to Operators that a new RTC database has been tested and deployed.
- M. *On behalf of the Parties and under the direction of the Clipper Executive Board, procure, award, and manage contracts and carry out the administrative and management duties and responsibilities necessary for the operation, maintenance, marketing and customer service of the RTC program; provided that MTC shall not assume administrative,*

operational (including customer service), or maintenance duties prior to MTC's issuance of a notice to Operators that a new RTC database has been tested and deployed by MTC.

ARTICLE IV Clipper Executive Board

- A. Role; Composition. The Parties agree that responsibility for the policy oversight and management of the Clipper Program and the RTC Program shall reside with a Clipper® Executive Board ("Executive Board"). The Executive Board's responsibilities shall be executed in a manner consistent with the Operator, MTC and Contracting Agency responsibilities set forth in Articles I, II and III, respectively. The Executive Board shall be comprised of nine members: one representative each from the SFMTA, BART, Caltrain/SamTrans, AC Transit, VTA, GGBHTD and MTC, and two representatives who are selected to represent all other Operators (the "Small Operators") in the sole discretion of the Small Operators. Each representative shall be at the General Manager or senior management level.
- B. Principles. The Executive Board shall adhere to the following principles:
1. The Clipper Program shall continue as the primary electronic fare collection system for the Operators.
 2. Each member of the Executive Board commits to actively advance the continued successful operation, maintenance and growth of the Clipper Program on a cost-effective, operationally efficient, and coordinated basis.
 3. Promote efforts to reduce the overall cost of the Clipper system, including operating costs, capital costs and consultant expenses.
 4. Promote regional efforts to simplify fare structures while protecting revenue levels.
- C. Duties. The Executive Board shall undertake the following duties:
1. Meet in accordance with a regular meeting schedule established by the Executive Board, not less than quarterly.
 2. Establish goals for the Clipper Program, including targets to increase market penetration and cost containment initiatives. The Program Goals and Performance Measures are attached as Appendix C, and may be amended by unanimous vote of the Executive Board from time to time.
 3. Propose for review by MTC, Operators and other funding sources (collectively, the "Funding Agencies") a biennial capital and operating budget for the Clipper Program. Revise and adopt the proposed budget in accordance with the Clipper budgets adopted and/or allocations made by each of the Funding Agencies. The biennial budget shall outline staffing requirements and resources needed to accomplish the work plan. The budget shall define required funding, identify funding sources, and specify the amount of individual agency contributions.

4. Adopt a detailed biennial work plan to implement the established goals and budget.
 5. Designate the Contracting Agency, as further described in and subject to Article IV.D, and provide policy oversight, advice, and direction to the Contracting Agency.
 6. Evaluate the performance of the Clipper Executive Director on at least an annual basis. The Board will develop goals and objectives jointly with the Clipper Executive Director, which will form the basis for the annual evaluation.
 7. Review and authorize Significant Business Matters as described in Article IV.E.
 8. Establish such procedures as shall be necessary or desirable to facilitate compliance by the Executive Board with the Ralph M. Brown Act (Government Code Section 54950 *et seq.*) (the "Brown Act") and other applicable laws.
- D. Designation of a Contracting Agency. The Executive Board shall designate one of the Parties to serve as the "Contracting Agency" with the responsibilities defined in Article III. MTC shall serve as the initial Contracting Agency. The Executive Board shall review the designation of the Contracting Agency not more often than once every three (3) years and may designate any of the Parties as a new Contracting Agency no later than one year prior to the proposed assignment date, which designation may be subject to the approval of the governing board of the proposed new Contracting Agency. In the event of a new designation, the then-current Contracting Agency shall seek approval from its governing board to assign all outstanding contracts, funding agreements, licenses, and accounts to the newly designated Contracting Agency and, if it receives approval from its governing board for such assignment, take such other actions as may be necessary or convenient to effect the transition of the Contracting Agency role. In the event of a change from the role of MTC as the Contracting Agency, the Executive Board will work with MTC and the successor Contracting Agency to protect or minimize loss or degradation of jobs for Clipper support staff at MTC.
- E. Significant Business Matters. The Executive Board shall decide all Significant Business Matters by a majority vote. "Significant Business Matter" shall mean any matter that can reasonably be expected to have a substantial financial impact (defined as an impact of \$250,000 or more) or a substantial operating impact (defined as causing operations to fall below then-current annual operational goals) on Clipper or any of the Parties. Significant Business Matters, include, but are not limited to, the following:
1. Approval of Clipper Program Contracts and Change Orders that exceed the maximum authority levels established by the Contracting Agency's procurement rules for its chief executive officer, or \$250,000, whichever is less, or that are not funded in the biennial budget. Contracting Agency governing board approval may also be required.
 2. Amendments to the Clipper Operating Rules, pursuant to Appendix A.
 3. Acceptance of new Parties to the Clipper Program. The Executive Board delegates to MTC the authority to sign supplemental agreements with new Parties accepted into the Program, as provided in Article VI.

4. Acceptance of Clipper Affiliate Participants, as described in Article VI.B, and implementation of new business ventures or opportunities for the Clipper Program.
5. Assignment of the Next Generation Clipper Contracts. Contracting Agency approval shall also be required.
6. Approval of expenses (administrative, operating and legal) incurred by the Contracting Agency if in excess of or not contemplated by the current approved budget.
7. Decision whether any other matter, not expressly included or excluded as a Significant Business Matter in this list, is a Significant Business Matter in accordance with the definition above.

The foregoing definition of Significant Business Matters may be amended by unanimous vote of the Executive Board from time to time.

- F. Quorum. Five members of the Executive Board constitute a quorum. In the absence of a quorum, a smaller number of Executive Board members may secure the attendance of absent members by video conference, teleconference, or other means compliant with the Brown Act to establish a quorum. Only eligible voting members shall be counted to establish a quorum.
- G. Voting. Each member of the Executive Board shall have one vote. A vote of a majority of the Executive Board is required for approval. Executive Board members may not abstain from voting on any matter before the Executive Board, except in cases of conflicts of interest.
- H. Board Chair; Committees. The Executive Board shall bi-annually elect a Chair and Vice Chair from its members. The Chair shall provide administrative staff support to the Executive Board, as needed as determined by the Chair and the Clipper Executive Director. The Chair may appoint advisory committees or working groups for specified projects of limited duration. The Executive Board may establish standing committees from time to time.
- I. Delegates. Executive Board members may appoint, in writing, delegates to vote on their behalf in the event of a member's absence from any Executive Board meeting, for up to four (4) meetings per calendar year. No voting rights are accorded to delegates, nor do delegates count toward a quorum of the Executive Board, when they are representing an Executive Board member for meetings after four (4) missed meetings in a calendar year.

ARTICLE V

Clipper Executive Director

The Clipper Executive Director shall be responsible for regional coordination of the Clipper program among the Parties, oversight of consultants and contractors retained for the design, operation and maintenance of the Clipper program, and effectuation of the goals and work plan adopted by the Executive Board in accordance with the budget. Clipper program support staff engaged by the Contracting Agency shall report to the Clipper Executive Director.

The Clipper Executive Director shall be selected and appointed by the Contracting Agency following consultation with the Executive Board to factor in any Executive Board concerns. The Contracting Agency will directly engage the Clipper Executive Director as its employee or independent contractor in accordance with any civil service or procurement rules applicable to the Contracting Agency. The Clipper Executive Director shall be Carol Kuester, *or her successor as MTC's Section Director of Electronic Payments (or comparable position)*, subject to Article III.I.

ARTICLE VI

New Operator and Affiliate Participants

- A. New Operator Participants. Any Bay Area transit operator not a Party to this Agreement must be approved by the Executive Board and agree to the terms of the MOU then in effect as a condition of implementing Clipper, by entering into a supplemental agreement to this MOU accepting the then-current terms of this MOU. Signature by the other Parties to the MOU is not required. MTC shall not enter into a supplemental agreement with a New Operator Participant prior to the issuance of a Change Request (*as defined in the Next Generation Clipper Contract*) to the Clipper Contractor covering all or a portion of the work required to accept such operator into the system. MTC shall provide the other Parties to the MOU with written notice of each supplemental agreement. "Bay Area transit operator," for purposes of this Article VI means a transit operator with headquarters located within the nine counties within MTC's jurisdiction.
- B. Affiliate Participants. The Executive Board must approve implementation of Clipper or use of the Clipper card, brand, or application on any transit operator with headquarters located outside the Bay Area or by a business that is not a transit operator (collectively, "Affiliate Participants"). Affiliate participants shall be required to enter into an agreement with the Contracting Agency accepting the then-current terms of the MOU and agreeing to additional terms and conditions for implementation of Clipper or use of the Clipper card, brand, or application. Any additional costs incurred by the Clipper Program shall be paid for in accordance with such agreements. In addition, the Contracting Agency shall include indemnification provisions in such agreements at least as stringent as those set forth in Article VII.

ARTICLE VII

Indemnification

- A. Mutual Indemnification. No Party to this MOU (including any of its directors, commissioners, officers, agents or employees) shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by any other Party under or in connection with this Agreement. Pursuant to Government Code Section 895.4, each Party agrees to fully indemnify and hold other Parties harmless from any liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of anything done or omitted to be done by such indemnifying Party under or in connection with this Agreement and for which such indemnifying Party would otherwise be liable.
- B. Contracting Agency Indemnification of Other Parties. Notwithstanding the provisions of Subsection A above, the Contracting Agency shall indemnify, hold

harmless, and defend the other Parties from any and all claims or liability resulting from any action or inaction on the part of Contracting Agency relating to the Clipper Contract and the RTC Program (except as provided in Subsection F below) or from its failure to carry out its responsibilities under Article III of this MOU. With respect only to MTC as Contracting Agency, this indemnification covers action or inaction on the part of MTC relating to the Clipper Contract prior to the Effective Date of this MOU. Except as stated in the previous sentence, this indemnification only covers action or inaction on the part of a Contracting Agency while it serves as Contracting Agency under this MOU.

- C. Other Parties' Indemnification of Contracting Agency. Notwithstanding the provisions of Subsection A above, each Party hereto that is not the Contracting Agency shall indemnify, hold harmless, and defend the Contracting Agency from any and all claims or liability resulting from any action or inaction on the part of such Party relating to its responsibilities under Article I or II, as applicable, of this MOU.
- D. Operator Indemnification of MTC. Notwithstanding the provisions of Subsection A above and subject to Subsection F below, each Operator shall indemnify, hold harmless, and defend MTC from any and all claims or liability resulting from any action or inaction on the part of such Operator relating to its responsibilities under Article I of this MOU.
- E. MTC Indemnification of Operators. Notwithstanding the provisions of Subsection A above, MTC shall indemnify, hold harmless, and defend each Operator from any and all claims or liability resulting from any action or inaction on the part of MTC relating to its responsibilities under Article II of this MOU.
- F. Indemnification of MTC as RTC Discount Card Program Administrator. Notwithstanding the provisions of Subsections B and D above, *the Operators shall indemnify, defend, and hold harmless MTC as Contracting Agency* against any and all claims or liability related to the RTC Program resulting after MTC's assumption of the responsibilities set forth in Article III.M as administrator and operator of the RTC Program to the extent that such claims or liability relate to actions or inactions taken by the Operators or their third party medical verifier contractor to administer, manage, and operate the RTC Program **prior to** MTC's assumption of such duties.

ARTICLE VIII

Term

The term of the MOU shall begin upon the Effective Date and *continue for a period of ten (10) years*, unless terminated by written agreement of the Parties.

ARTICLE IX

Dispute Resolution

The Parties agree to abide by the dispute resolution procedures in Appendix D, Dispute Resolution, attached hereto and incorporated herein by this reference to resolve disputes between or among Parties to the MOU. To invoke the dispute resolution process, two Executive Board members must request it.

ARTICLE X

Changed Circumstances

Any Party may initiate informal discussions among the Parties concerning the provisions of this MOU, based on its assessment that changes in technology or other factors external to the MOU or the Clipper Contract indicate that it would be in the best interests of one or more Parties to consider revisions to the MOU. If a majority of Parties agree, the Parties will then jointly evaluate the changed circumstances to determine what, if any, revisions to the MOU are necessary or desirable. Any agreed-upon changes shall require an amendment to the MOU approved and executed by all Parties.

ARTICLE XI

General Provisions

- A. The entire Agreement between and among the Parties is contained herein, and no change in or modification, termination or discharge of this MOU shall be valid or enforceable unless it is approved by the Parties and made in writing and signed by the Parties.
- B. Headings in this MOU are for convenience only and not intended to define, interpret or limit the terms and conditions herein.
- C. This MOU may be executed in one or more counterparts, each of which shall be considered an original and all of which shall constitute a single instrument.
- D. This MOU is intended for the sole benefit of the Parties and is not intended to nor shall be construed to confer any benefit or create any right in any third party.
- E. Appendix E, Special Provisions for the City and County of San Francisco, attached hereto and incorporated herein by this reference, sets forth the terms and conditions required by the City and County of San Francisco in *certain* contracts entered into by the City.
- F. If any provision of this MOU or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this MOU, or the application of such provision to persons, entities or circumstances, other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this MOU shall be valid and be enforceable to the fullest extent permitted by law.
- G. Notices provided under the MOU shall be provided to the individuals listed in Appendix F, Notices, attached hereto and incorporated herein by this reference. Each Party to the MOU is responsible for notifying other Parties of a change in the individual designated to receive notices in writing. Changes to Appendix F may be made by any Party without an amendment to this MOU. MTC will distribute to every other Party the notice information of new Parties to the MOU added pursuant to Article VI.
- H. This MOU supersedes, amends, and restates the 2016 MOU in its entirety.

ARTICLE XII

Legal Representation and *Common Interest*

The Parties recognize a mutuality of interest, and a need for joint cooperation in legal matters relating to Clipper. In furtherance of this common interest, any communications among Parties and

counsel for any of the Parties shall be confidential and protected from disclosure to any third party by each and every privilege – including, but not limited to, the attorney-client privilege, the attorney work product privilege, and the pooled information privilege – notwithstanding the dissemination of the communications and work product among Parties by the counsel that made the information available in the first instance. If information covered by the privileges is requested by a third party pursuant to a subpoena or other discovery request, then counsel receiving the request shall notify in a timely fashion the counsel who disclosed the information so that the privileges against disclosure may be asserted.

Should any Party withdraw from or otherwise terminate its participation in the Clipper program, such withdrawal or termination shall not impair the privileges that protect any information that has been shared prior to such action. Any Party that withdraws or terminates its participation in the Clipper program shall promptly return all privileged materials that the Party has received.

ARTICLE XIII
Confidential Information

Either MTC or an Operator (the “Receiving Party”) may, in the course of carrying out its responsibilities under this MOU, have access to proprietary or confidential information owned by the other Party (“the Disclosing Party”), the disclosure of which to third parties may damage the Disclosing Party. Such proprietary or confidential information must be held by the Receiving Party in confidence and used only in performing its responsibilities as provided in the MOU. The Receiving Party shall exercise at least the same standard of care it would use to protect its own proprietary or confidential information.

SIGNATURES ON SUBSEQUENT PAGES

IN WITNESS WHEREOF, this Amendment has been duly authorized and executed by the Parties hereto on the dates specified below by their duly authorized representatives.

Metropolitan Transportation Commission

Approved as to form:
Kathleen Kane, General Counsel

Name: Therese W. McMillan
Title: Executive Director

Matthew Lavrinets, Senior Counsel

Date: _____

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Appendix A
Process for Amending Clipper Operating Rules

1. The Contracting Agency shall provide written notice to the other Parties at least ninety (90) days in advance of making any changes to the Operating Rules affecting Operator Roles and Responsibilities (Section 3 of the Clipper Operating Rules). Notice shall be provided by email to the contact named in Appendix F, or as subsequently revised or updated by the Parties, as provided in Article XI.G.
2. The Contracting Agency shall provide additional notice to the other Parties on possible changes to the Operating Rules affecting Operator Roles and Responsibilities in the regular Clipper program reports furnished under Article III.C.
3. The Contracting Agency's notices shall include enough information to enable the other Parties to determine the financial and other impacts of the proposed change.
4. If requested by any Party within 30 days of issuance of such notice, the Contracting Agency will consult with all affected Parties concerning the proposed change prior to its adoption.
5. Any Party that requires additional time in excess of the notice period specified by the Contracting Agency to implement a change may notify the Contracting Agency of the additional period of time required during the initial 30-day notice period. The Contracting Agency will then work with the Party(ies) during the consultation period to modify the effective date and/or content of the Operating Rules change, as necessary.
6. Following such consultation process, if any Party(ies) objects to the proposed change, as modified during the consultation process, such Party(ies) may initiate one or more of the dispute resolution processes described in Appendix D.
7. The Contracting Agency shall delay the implementation of the disputed change until the conclusion of the dispute resolution process.
8. All proposed changes to the Operating Rules shall be presented for approval to the Executive Board. The Contracting Agency agrees that it shall not implement changes to the Operating Rules that have not been approved by the Executive Board.

Appendix B

Clipper Cost and Revenue Allocation
[see applicable sub appendices on following pages]

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**Appendix B-1
Clipper Cost and Revenue Allocation for Clipper Contract**

This Appendix B-1 applies to cost and revenue allocation during the extended Operations & Maintenance (O/M) term of the Clipper Contract, which will extend through November 2, 2024, unless earlier terminated. The cost allocation formulas and principles in this Appendix B-1 were included in the 2016 MOU and apply only to the Clipper Contract.

1. Cost Allocation Among Operators

The allocation of Clipper operating costs to each Operator shall be tied to the cost driver of each category of operating expense outlined in Section 2.B. The percent allocation in each category will be based on actuals by Operator. "Percentage of Cards Used" by Operator will be used to assess operating fees for account-based, fixed or other costs not directly attributable to either transit transactions or revenue and will be based on the number of individual cards used at least once on an Operator's system. "Fee Generating Transit Transactions" shall mean any activity in which a Clipper card is used to receive service on or from an Operator's system that results in a charge pursuant to Attachment 2 to Part I of the contract between MTC and Cubic for the operation of Clipper. "Revenue Processed" shall mean the fee collected on behalf of each Operator by the Clipper clearinghouse (e.g., the price charged to ride on the Operator's transit system, the value of pass sales, the amount of parking fees paid).

The allocation of Clipper operating costs to each Operator while the current Clipper Contract line item pricing structure is applicable shall be based on the following formula:

MOU Section 2.B.i	Fee Category	Allocation Formula
a,b,c	9.0 Cardholder Support Services	Percentage of Cards Used
d,e,f	10.0 Third Party Load Service Fees	Percentage of Cards Used
g	11.0 Autoload Services	Percentage of Cards Used
h	13.22,45 Supplemental Operations	Percentage of Cards Used
i	13.31 Clipper Transaction Fee	Percentage of Fee Generating Transit Transactions
j,k,l,m	13.60-90 Incremental Credit/Debit Card Interchange Fees	Percentage of Revenue Processed
n	Reimbursement of Bank Fees/Direct Charges	Percentage of Revenue Processed
o	Network Communication Reimbursement	Direct Charge to Operator
p	Specialized Card Printing	Direct Charge to Operator
q,r	Operator Share of Staffing	Percentage of Cards Used
s	Add Value/TVM Debit Card Interchange Fees for Non-Clipper Gateways	Percentage of Revenue Processed

In addition to the Clipper operating costs allocated in accordance with Section 2.B(i) herein, each Operator shall be responsible for payment of:

- a. Clipper Data Server (CDS) Store operating costs specified below for any CDS Store

implemented on such Operator's site; and

- b. Incremental Clipper operating costs established by and/or resulting from Clipper Contract change orders requested and funded by an Operator for Operator's use and benefit shall be the responsibility of such Operator. This applies to costs or portions of costs that would otherwise be MTC's responsibility as described below.

2. Clipper Costs

A. MTC Operating and Maintenance Costs. MTC shall pay the following Clipper operating costs under the Clipper Contract's line item pricing structure:

- i. All fixed operating costs of the Clipper clearinghouse and equipment maintenance services costs as specified in the Clipper Contract's Price Schedule (Attachment 2 to the Clipper Contract) (the "Price Schedule"), including:
 - a. Item 3.20 Program Management - Operations and Maintenance
 - b. Item 3.30 Clipper Testbed Operations & Maintenance
 - c. Item 5.31 Operator Help Desk
 - d. Item 5.32 Reporting
 - e. Item 5.33 Asset Management
 - f. Item 6.0 Equipment Maintenance Services
 - g. Item 10.21(a) Location Acquisition
 - h. Item 10.22 Location Servicing and Support
 - i. Item 10.23 (a) Acquisition Payment for Third Party Location
 - j. Item 12.0 Network Management
 - k. Item 13.22 Basic Monthly Operations and Admin
- ii. Variable Clipper operating costs as specified in the Price Schedule (Attachment 2 to the Clipper Contract), specifically:
 - a. Item 7.10-2 Senior and Youth Card Mail-In Applications
 - b. Item 8.10(a-g) Card Distribution Services
 - c. Item 8.11 Card Distribution Services
 - d. Item 8.12 Card Distribution Services
 - e. Item 8.20 Cardholder Education
 - f. Item 8.31 Location Acquisition for Completion of Distribution Network
 - g. Item 8.32 Location Acquisition for Completion of Distribution Network
 - h. Item 8.41 Pass Through of Amounts Paid for Installation of Phone Lines
 - i. Item 9.41 Fixed and Incremental Fees Per Active Card Account (50% of the invoiced amount)
 - j. Item 9.5 Service Level Standard Incentives and Abatements
 - k. Item 13.100 Mobile Website Operations and Maintenance
- iii. All other lump sum and capital expense items specified in the Price Schedule not enumerated above or covered by Section 2.B.

B. Operator Operating Costs under the Clipper Contract's Line Item Pricing Structure.

- i. Operators shall pay the following listed Clipper operating costs in accordance with the cost sharing formula in Section I, reduced by any amounts payable by MTC

pursuant to Section 2.A. References to Item numbers refer to the corresponding prices payable to the Clipper Contractor under the Price Schedule, which are subject to annual price adjustment as specified in Article 13.6 of the Clipper Contract:

- a. Item 9.24 Balance Protection Services Registration
 - b. Item 9.25 Lock/unlock Clipper Application
 - c. Item 9.41 Fixed and Incremental Fees Per Active Card Account (50% of the invoiced amount)
 - d. Item 10.11 Clipper E-purse Load
 - e. Item 10.12 Pass/Stored Ride Load
 - f. Item 10.24 Employer Program Commission
 - g. Item 11.0 Autoload Services
 - h. Item 13.22.45 Supplemental Monthly Operations and Admin
 - i. Item 13.31 Clipper Transaction Fee
 - j. Item 13.60 Incremental Gateway Fees
 - k. Item 13.70 Incremental Debit Card Interchange Fees
 - l. Item 13.80 Incremental Credit Card Interchange Fees
 - m. Item 13.90 Pass Through Website Credit Card Processing Fees
 - n. Reimbursement of Contracting Agency bank fees and direct bank charges in connection with the Clipper bank account(s) in excess of the amounts reimbursed under Section 3.A below
 - o. Direct payment or reimbursement of Contracting Agency costs for network communication.
 - p. Direct payment or reimbursement of Contracting Agency costs for materials necessary for additional printing, e.g. secondary printing or personalization, on Clipper cards
 - q. Reimbursement of Contracting Agency costs for a portion of salary and benefits of any additional staffing as approved by the Executive Board to support the Clipper program.
 - r. Reimbursement of Contracting Agency costs for a portion (at least fifty percent) of the salary and benefits of the Clipper Executive Director as approved by the Executive Board.
 - s. Reimbursement of Operator costs for credit/debit interchange fees generated through an Operator-specific gateway associated with Clipper sales through ticket officed terminal devices and add value and ticket vending machines, as long as the total average fees do not substantially exceed the average Clipper fees.
- ii. Changes or Additions to Operator Operating Costs Items. Except as reserved for Executive Board approval in 2.B(i)(q, r, s), substantive changes or additions to the Operator-paid operating cost items set forth in Section 2.B(i) require an amendment to this Appendix B and approval of all Parties to the MOU as of the date of the change or addition.
 - iii. Contracting Agency shall invoice each Operator on a monthly basis for its share of the operating costs. The Operators shall pay Contracting Agency within fifteen (15) calendar days of receipt of such invoice.
3. Cost Allocation of Time and Materials Payments to Clipper Contractor during Clipper Contract O&M Extension Period

Any payments to the Clipper Contractor on a time and materials basis during the Clipper Contract O&M Extension Period, exclusive of pass-through fees, will be split equally (50%/50%) between MTC and the Operators. The Operators' share shall then be further allocated to each Operator based 50% on its Percentage of Cards Used and 50% on its percentage of Fee-Generating Transit Transactions.

Pass-through fees shall be allocated to Operators as set forth Sections 1 and 2 above.

4. Revenue Allocation

Revenues generated by Clipper during any period of time, including interest earnings on funds held by the clearinghouse and excluding fare revenues or parking fees collected on behalf of and distributed to Operators, shall be utilized as follows:

- A. To offset Contracting Agency's bank fees and direct bank charges related to the managing of the Clipper accounts;
- B. After deduction of Contracting Agency's bank fees and charges under Section 4.A above, To reduce the Operators' Clipper operating costs listed in Section 2.B(i) above or in Section 3 above; and
- C. After payment of Operators' Clipper operating costs listed in Section 2.B(i) or in Section 3 above, to be allocated to Operators by applying the percentage of cards used by Operator specified in Section I herein, unless otherwise authorized by the Executive Board.

Notwithstanding the above, fees charged cardholders for card acquisition, card replacement, balance restoration, failed Autoload funding recovery, card refund processing, and other card-related activities shall be reserved to pay for future card procurements; provided, however, that surcharges on limited use cards or other fare media imposed by an Operator to pay for the acquisition, implementation, administration and replacement of such fare media shall be distributed to and retained by such Operator. (For clarity, any surcharge imposed by an Operator as part of its fare structure shall be considered "fare revenue" and shall be distributed to and retained by such Operator.)

Appendix B-2

RTC Program Cost Allocation

1. RTC Program Cost Allocation Among Operators

"Percentage of RTC Cards Used" by Operator will be used to assess operating fees for account-based, fixed or other costs not directly attributable to either transit transactions or revenue and will be based on the number of individual RTC cards used at least once on an Operator's system during the specified billing period. The allocation of RTC Program operating costs (as defined in Section 2 below) to Operators shall be based on both an equivalent 1% share of RTC Program Operating Costs for each Operator with the remaining costs allocated based on a Percentage of RTC Cards Used by Operator during the specified billing period, initially a calendar month.

2. RTC Program Operating Costs

Operators shall pay the following listed RTC Program Operating Costs to the Contracting Agency, in accordance with the cost sharing formula in Section 1 above:

- A. Reimbursement of the RTC Program medical verifier contract costs;
- B. Card Fees for RTC Clipper Card Customization, currently Clipper Contract Price Schedule Item 7.10-1, Per-Card Fee for RTC Clipper Card Customization (subject to annual price adjustment as specified in Article 13.6 of the Clipper Contract);
- C. Reimbursement of the Salesforce Operations & Maintenance costs and license fees;
- D. \$75,000 annually for staff time for administration of the RTC Program; and
- E. Reimbursement of claims against MTC, in accordance with the indemnification provision in Article VII, Indemnification, Subsection F, resulting from actions or inactions taken by the Operators or their third party medical verifier contractor to administer, manage, and operate the RTC program **prior to** MTC's assumption of such duties.

Appendix B-3

Next Generation Clipper Cost and Revenue Allocation

1. Allocation of Fixed Monthly Accelerated Deployment O/M Payments

Payments to the Clipper Contractor for Accelerated Deployment Operations and Maintenance (O/M) and *Post-Revenue Ready Accelerated Deployment O/M* under the Next Generation Clipper Contract, Articles 3.8.4, Scaling of O/M Payments, and 3.8.5, O/M Payments for Accelerated C2 System Deployment and Attachment C-5, Payment Form for C2 System Operations & Maintenance will be allocated in accordance with this Appendix B-3.1.

- a. Accelerated Deployment fixed monthly O/M payments triggered by issuance of the Accelerated C2 System Deployment Mobile O/M NTP shall be split 50%/50% between MTC and the Operators. Each Operator's share shall then be determined based 50% on its Percentage of Cards Used and 50% on its Percentage of Fee-Generating Transit Transactions. *"Percentage of Cards Used" by Operator will be based on the number of individual cards used at least once on an Operator's system during the specified billing period. "Fee Generating Transit Transactions" shall mean any activity in which a Clipper card is used to receive service on or from an Operator's system that results in a charge pursuant to Attachment 2 to Part I of the Clipper Contract between MTC and Cubic.*
- b. Accelerated Deployment fixed monthly O/M payments triggered by issuance of Accelerated C2 System Deployment Equipment O/M NTP shall be split 50%/50% between MTC and the Operators. Each Operator's share would then be determined based 50% on its Percentage of Cards Used and 50% on its Percentage of Fee-Generating Transit Transactions (excluding BART's Fee-Generating Transit Transactions from the total count).
- c. *Post-Revenue Ready Accelerated Deployment fixed monthly O/M payments triggered by issuance of a notice by MTC that Revenue Ready has been achieved shall be split 50%/50% between MTC and the Operators. Each Operator's share shall then be determined based on its Percentage of Clipper Ridership. "Percentage of Clipper Ridership" by Operator will be based on the number of transit trips taken on an Operator's system and reported through the Clipper fare system during the specified billing period.*
- d. MTC shall pay for 100% of the pass-through fees associated with the conversion of physical Clipper cards to virtual mobile cards and on-going pass-through fees associated with the use of virtual mobile cards and the Clipper mobile app.

2. Allocation of Capital Costs

- a. MTC shall pay for the following Clipper capital costs:
 - i. *Capital costs associated with the initial design, development and testing, installation and transition, and end of term transition under the Next Generation Clipper Contract*
 - ii. *Clipper Equipment included in Attachment C-8, Payment Form for Equipment, not purchased by an Operator pursuant to Article 8.7 of the*

Next Generation Clipper Contract, Purchase and Ownership of Equipment by Transit Operators

- iii. *Capital costs associated with the initial implementation and ongoing costs of the Other Next Generation Clipper Contracts, not including capital costs associated with the purchase of limited use fare cards (tickets)*
- iv. *Clipper Capital costs established by and/or resulting from Clipper Contract or Other Next Generation Clipper Contract change orders requested and funded by the region for the region's use and benefit*
- v. *All other lump sum and capital expense items in Attachment C, Payment Forms of the C2 SI Contract not enumerated above or covered under Appendix B-3.2(b) below*

b. The Operators shall pay for the following Clipper capital costs:

- i. *Capital costs associated with the purchase of limited use fare cards (tickets)*
- ii. *Clipper Equipment purchased by an Operator pursuant to Article 8.7 of the Next Generation Clipper Contract, Purchase and Ownership of Equipment by Transit Operators*
- iii. *Clipper Capital costs established by and/or resulting from Clipper Contract or Other Next Generation Clipper Contract change orders requested and funded by an Operator for Operator's use and benefit*

3. Allocation of Monthly Account-Based O/M Payments

Payments to the Clipper Contractor for Account-Based Operations and Maintenance of the Next Generation Clipper system under the Next Generation Clipper Contract, Article 3.8 and Attachment C-5, Payment Form for Operations & Maintenance, will be triggered by issuance of a C2 System Transition Notice to Proceed (NTP) from MTC to the Clipper Contractor setting the agreed-upon O/M Commencement Date as set forth in Article 8.2, Commencement, and indicating that Customer Transition to the Next Generation Clipper system can occur.

- a. *Account-Based fixed monthly O/M payments shall be split 50%/50% between MTC and the Operators. Each Operator's share shall then be determined based on its Percentage of Clipper Ridership.*
- b. *Account-Based variable monthly KPI/SLA and retail incentive payments shall be split 50%/50% between MTC and the Operators. Each Operator's share shall then be determined based on its Percentage of Clipper Ridership.*
- c. *Operators shall pay for 100% of on-going pass-through fees associated with retailer commissions. Each Operator's share would then be determined based on its Percentage of Revenue Processed. "Percentage of Revenue Processed" shall mean the fee collected on behalf of each Operator by the Clipper clearinghouse (e.g., the price charged to ride on the Operator's transit system, the value of pass sales, the amount of parking fees paid) during the specified billing period.*
- d. *MTC shall pay for 100% of ongoing pass-through fees associated with the conversion of physical Clipper cards to virtual mobile cards and on-going pass-through fees associated with the use of virtual mobile cards and the Clipper mobile app.*

4. Allocation of O/M Payments for Other Next Generation Clipper Contracts

- a. Customer Service Center.
 - i. Fixed monthly O/M payments shall be split 50%/50% between MTC and the Operators. Each Operator's share shall then be determined based on its Percentage of Clipper Ridership.
 - ii. Variable monthly KPI/SLA incentive payments shall be split 50%/50% between MTC and the Operators. Each Operator's share shall then be determined based on its Percentage of Clipper Ridership.
- b. Payment Services. Operators shall pay for 100% of on-going pass-through fees associated with payment services. Each Operator's share would then be determined based on its Percentage of Revenue Processed.
- c. Fare Media. MTC shall pay for 100% of monthly O/M payments associated with the fare media fulfillment contract.

5. Additional Operating Costs to be Paid by Operators

- a. Reimbursement of Contracting Agency bank fees and direct bank charges in connection with the Clipper bank account(s) in excess of the amounts reimbursed under Section 6.A below
- b. Direct payment or reimbursement of Contracting Agency costs for network communication.
- c. Direct payment or reimbursement of Contracting Agency costs for materials necessary for additional printing, e.g. secondary printing or personalization, on Clipper cards
- d. Reimbursement of Contracting Agency costs for a portion of salary and benefits of any additional staffing as approved by the Executive Board to support the Clipper program.
- e. Reimbursement of Contracting Agency costs for a portion (at least fifty percent) of the salary and benefits of the Clipper Executive Director as approved by the Executive Board.
- f. Reimbursement of Operator costs for credit/debit interchange fees generated through an Operator-specific gateway associated with Clipper sales through customer service terminal devices and add value and ticket vending machines, as long as the total average fees do not substantially exceed the average Clipper fees.
- g. Reimbursement of incremental Clipper operating costs established by and/or resulting from Clipper Contract or Other Next Generation Clipper Contract change orders requested and funded by an Operator for Operator's use and benefit shall be the responsibility of such Operator. This applies to costs or portions of costs that would otherwise be MTC's responsibility as described in Appendix B-3.3 and Appendix B-3.4 above.

6. Revenue Allocation

Revenues generated by the Clipper Program, exclusive of revenues related to the Clipper Contract addressed in Appendix B-1.4, including interest earnings on funds held by the clearinghouse and excluding fare revenues or parking fees collected on behalf of and distributed to Operators, shall be utilized as follows:

- A. To offset Contracting Agency's bank fees and direct bank charges related to the managing of the

Clipper accounts;

- B. *After deduction of Contracting Agency's bank fees and charges under Section 6.A above, to reduce the Operators' Clipper operating costs listed in Section 3 above or in Section 4 above; and*
- C. *After payment of Operators' Clipper operating costs listed in Section 3 or in Section 4 above, to be allocated to Operators by applying the Percentage of Cards Used by Operator, unless otherwise authorized by the Executive Board.*

Notwithstanding the above, fees charged cardholders for card acquisition, card replacement, balance restoration, card refund processing, and other card- related activities shall be reserved to pay for fare media procurements and pass-through fees associated with virtual mobile cards and the Clipper mobile app; provided, however, that surcharges on limited use cards imposed by an Operator to pay for the acquisition, implementation, administration and replacement of such fare media shall be distributed to and retained by such Operator. (For clarity, any surcharge imposed by an Operator as part of its fare structure shall be considered "fare revenue" and shall be distributed to and retained by such Operator.)

Appendix C Program Goals and Performance Measures

The performance standards below are intended to guide the development and ongoing operations of Clipper, however, specific actions and targets may be constrained by legal, fiscal and system limitations.

Goal: Provide an intuitive, efficient, and familiar experience

- Electronic fare payment is the primary payment method for all transportation fares and fees
 - ✓ Mobile fare payment is integrated into and branded as Clipper
 - ✓ Parking at transit stations can be paid with Clipper
 - ✓ Bikeshare at transit stations can be paid with Clipper
 - ✓ Paratransit trips can be paid with Clipper
- Transit systems to move 100% to Clipper or incentivize use of Clipper, depending on mode
 - ✓ Heavy commuter rail and ferry systems accept only Clipper (extended and limited use)
 - ✓ Bus/light rail operators to adopt fare differentials to incentivize use of Clipper and transition remaining products to Clipper
- *Transit mobile payments are made primarily through the Clipper system once the account-based features are made available through the Clipper mobile app*
- *Acceptance of open payment is available primarily through the Clipper system*

Goal: Provide excellent, proactive customer service

- Customers can easily obtain and use Clipper
 - ✓ Media dispensing and reloading options are widely available
 - ✓ Clipper vending machines offering new cards and add-value are located at all heavy rail and ferry locations
 - ✓ Online transactions are immediately available for use
 - ✓ Third-party vendor locations are easily accessible in all service areas
 - ✓ Streamline process for refunds and replacements
 - ✓ Support payment for families, groups, institutional programs, and events

Goal: Create a transparent, consistent, inclusive and timely decision-making process

- Implement process for operator involvement in work plan development, field equipment procurement and change order process

Goal: Govern the program efficiently and cost-effectively

- Adopt standard fare categories and discount levels
 - ✓ Minimum \$0.50 discount for full-fare adult transfer customers to bus and light rail
 - ✓ Establish uniform youth discount for ages five to 18 and senior discount for ages 65 and older
 - ✓ *Establish uniform eligibility requirements for means-based discount program*
- Evaluate staffing plan to enhance internal program resources and reduce reliance on consultants

Goal: Ensure that accurate and complete data is available to support decision making at every level

- System integrates with vehicle on-board equipment to incorporate route, location and revenue information where necessary
- Clipper data is accessible to operators and the public to the full extent contemplated by the Clipper privacy policy

Goal: Ensure program flexibility and responsiveness

- System design and contract includes a streamlined process for common changes such as fare adjustments and route changes and additions

Goal: Ensure operational efficiency and reliability

- Ensure continued competitive equipment availability, automated status reporting and remote diagnostics
- Utilize open architecture

DRAFT

Appendix D Dispute Resolution

The Parties agree to resolve disputes concerning this MOU between or among one or more Parties based on the following dispute resolution principles.

1. Informal Dispute Resolution

The Parties agree to attempt to resolve informally all disputes. In the event of a dispute among any Parties to the MOU, those Parties shall notify every other Party in writing about the substance of the dispute. The Parties to the dispute shall meet and confer by exchanging written positions on the dispute, and by meeting in person thereafter to discuss and resolve the dispute. If those representatives are unable to resolve the dispute, the chief executives of those Parties shall be informed of the substance of the dispute and provided all writings that have been exchanged regarding the dispute. The chief executives shall meet and confer in person or by telephone concerning the dispute, and may choose to exchange letters in preparation for the meet and confer.

2. Mediation

If the dispute is not resolved, the Parties may avail themselves by mutual consent to mediation, arbitration (binding or non-binding), or any other dispute resolution resource (collectively Alternate Dispute Resolution (ADR) processes"). All procedures and methodologies in ADR processes shall be by mutual consent of the Parties, including but not limited to the choice of the mediator or arbitrator, dates and times and timelines, and whether documents are exchanged in preparation for the ADR session. Fees and expenses of the mediator will be borne equally, unless otherwise agreed. The Parties to the dispute shall be represented by individuals of their choosing, except that the Parties must agree on the question of whether lawyers are present or not. The entire process shall be confidential and treated as a compromise negotiation for purposes of federal and state rules of evidence. If ADR processes are agreed on, the Parties shall agree on the identity of the mediator or arbitrator within 30 days of agreeing on the ADR process. The Parties shall not unreasonably withhold consent as to the choice of the mediator or arbitrator. Unless the schedule of the mediator or arbitrator does not permit, the Parties shall complete their ADR process within 60 days after agreement on the choice of the mediator or arbitrator. Nothing in this MOU affects the rights or abilities of the Parties to avail themselves of all rights and remedies they have under the law of California or federal law, as applicable, and to the state or federal courts to resolve their dispute.

3. Financial Obligations

A Party who disputes amounts claimed by the Contracting Agency to be due under the MOU agrees to pay the amount claimed pending dispute resolution.

Appendix E
Special Provisions for the City and County of San Francisco
(References to "City" in Paragraphs 1, 2 and 3 refer to the City and County of San Francisco)

1. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation. This Agreement is subject to the budget and fiscal provisions of the City's Charter. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization. This Agreement will terminate without penalty, liability or expense of any kind to City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated. City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

2. Guaranteed Maximum Costs. The City's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification. Except as may be provided by laws governing emergency procedures, officers and employees of the City are not authorized to request, and the City is not required to reimburse the Contractor for, Commodities or Services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law. Officers and employees of the City are not authorized to offer or promise, nor is the City required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

3. Sunshine Ordinance. In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

4. *Large Vehicle Driver Safety Training Requirements. The City and County of San Francisco requires that the employees its contractors and their subcontractors driving "large vehicles" within the City and County of San Francisco shall successfully complete either (a) the SFMTA's Large Vehicle Urban Driving Safety training program or (b) a training program that meets the SFMTA's approved standards for large vehicle urban driving safety. The SFMTA's approved standards for large vehicle urban driving safety is available for download at www.SFMTA.com/largevehicletestingstandards. This requirement does not apply to drivers providing delivery services who are not employees or subcontractors of the contractor. For purposes of this section, "large vehicle" means any single vehicle or combination of vehicle and trailer with an unladen weight of 10,000 pounds or more, or a van designed to carry 10 or more people. MTC, as Contracting Agency, has confirmed with its contractors that no equipment purchased from its*

Next Generation Clipper Contract, Cubic Transportation System, Inc. will be delivered on large vehicles, as defined herein.

5. *Protection of Private Information. San Francisco Administrative Code Chapter 12M establishes restrictions for City contractors on the use and disclosure of “private information” as defined in Chapter 12M. MTC, as Contracting Agency, is subject to restrictions on the use, disclosure, and storage of “personally identifiable information” protected under California Streets and Highways Code Section 31490. To that end, MTC has adopted a Clipper Privacy Policy, posted on the Clipper website, and Special Conditions Regarding Personally Identifiable Information, incorporated into the Clipper Operating Rules applicable to MTC and Clipper Operators, which are passed along to all Clipper contractors. Such efforts embody privacy protections at least as strict as Chapter 12M.*

6. *Payment Card Industry (PCI) Requirements. MTC, as Contracting Agency, shall to the extent applicable comply with, and require its contractors and service providers to comply with, current Payment Card Industry (PCI) standards, including the then in effect Payment Application Data Security Standard (PA-DSS), or the Software Security Framework (SSF), which includes the Secure Software Standard and the Secure Software Lifecycle (Secure SLC) Standard. PCI DSS standards apply to all system components, people, and processes that store, process, and transmit cardholder data, including any system components, people, and processes that could impact the security of the Cardholder Data Environment. Current compliant PCI attestations of compliance and PCI audits then in effect shall be provided to SFMTA upon request.*

Bank Accounts. Collections that represent funds belonging to the City and County of San Francisco shall be deposited into a City and County of San Francisco bank account designated by the Office of the Treasurer and Tax Collector.

Appendix F
Notices

DRAFT

INTER OFFICE MEMO

To: Board of Directors

Date: 09/07/2022

From: Melody Reeb, Director of Planning, Marketing, & Innovation

Reviewed by: *RF*

SUBJECT: Bus Advertising Contract Extension

Background:

In January 2020, County Connection entered into an agreement with Vector Media to provide bus advertising services. The agreement established minimum annual guarantees (MAG) as follows: Year 1 - \$525,000, Year 2 - \$575,004, Year 3 - \$625,008, plus two additional one-year option terms (Year 4 - \$675,000, Year 5 - \$700,000). Prior to COVID-19, Vector Media was submitting monthly payments of \$43,750 per the agreement.

Ad sales plummeted in early 2020 due to the Shelter-in-Place orders imposed throughout the region, and later across the nation. In October 2020, the Board approved Resolution No. 2021-012, adjusting the compensation structure to a revenue share of fifty-five percent (55%) of actual monthly billings rather than the previously agreed upon MAG. The Board subsequently approved Resolution Nos. 2021-023 and 2022-026, which extended the reduced revenue share through December 31, 2022—the end of the base term of the contract.

Contract Extension:

Despite the reduced compensation, the revenues remain higher than those that were proposed by the other vendor that responded to the original RFP in 2019. Thus, staff believe that rebidding the contract will not result in higher revenues. Vector Media has proposed a revised compensation structure for the two option years that reinstates the MAG but at a lower amount based on current market conditions. The MAG for the first option year will be \$337,500, which is 50% of the original contract amount. For the second year, it will be set to \$350,000 or 70% of the previous year's gross advertising revenue, whichever is greater. This is in addition to an increase in revenue share from 55% to 60% of actual billings per the original contract.

Financial Implications:

Advertising revenues will be reduced at most by 50% from the original contract amount through December 31, 2024. The reinstated MAG would provide a minimum of \$687,500 in revenue over the two-year extension term and is consistent with the adopted FY 2023 budget.

Recommendation:

The A&F Committee and staff recommend a two-year extension of the current contract with Vector Media for bus advertising services with a revised compensation structure through December 31, 2024.

Action Requested:

The A&F Committee and staff request that the Board approve Resolution No. 2023-011 authorizing the General Manager to exercise the two one-year option terms of the contract with Vector Media with a revised compensation structure.

Attachments:

Attachment 1: Letter from Vector Media dated August 16, 2022

Attachment 2: Resolution No. 2023-011

VECTOR MEDIA

560 Lexington Avenue
New York, NY 10022
www.vectormedia.com



August 16, 2022

County Connection
Attn: Melody Reebbs
2477 Arnold Industrial Way
Concord, CA 94520

Dear Melody:

Thank you again for your continued partnership with Vector Media. We are hopeful that we can continue our partnership for many years and appreciate your consideration of our proposal for the two option years available in our contract.

Our sales revenues are gaining momentum as we continue to climb out from the impact of the COVID-19 pandemic, as we are projected to have our best year under our agreement. As we discussed on our August 8th phone call, we would like to propose the following terms for the two option years, effective January 1, 2023.

January 1, 2023 - December 31, 2023:

Vector will pay the greater amount of the Minimum Annual Guarantee (MAG) or 60% of revenues. MAG will be set to \$337,500 and will be paid monthly.

January 1, 2024 - December 31, 2024:

Vector will pay the greater amount of the Minimum Annual Guarantee (MAG) or 60% of revenues. MAG will be set to the greater amount of \$350,000 or 70% of the previous year's gross advertising revenues, paid monthly.

For illustration purposes, if gross advertising sales in 2023 were to equal \$1,000,000, the MAG for 2024 would be set to \$700,000, paid monthly.

Please let me know if there are any questions or feedback you may have. Thank you again for the opportunity to continue working with County Connection.

Sincerely,

A handwritten signature in black ink that reads "Logan Mayer".

Logan Mayer
VP, Business Development & Strategic Partnerships

RESOLUTION NO. 2023-011

**BOARD OF DIRECTORS, CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATE OF CALIFORNIA**

* * *

**AUTHORIZING FOURTH AMENDMENT OF CONTRACT TO PROVIDE BUS ADVERTISING SERVICES
WITH VECTOR MEDIA HOLDINGS CORP.**

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

WHEREAS, on October 17, 2019, CCCTA awarded a three-year contract to Vector Media Holdings Corp. (Contractor) for the purpose of providing bus advertising services (Agreement), for which CCCTA would be paid based upon a percentage of gross revenues and a minimum annual guarantee;

WHEREAS, as a result of the COVID-19 outbreak and subsequent shelter in place orders issued by the public health officers of seven Bay Area jurisdictions, the Contractor's advertising revenue has been significantly impacted;

WHEREAS, the Agreement provides a mechanism for the Contractor to request changes to the compensation due to CCCTA as a result of unforeseen circumstances;

WHEREAS, the Contractor availed itself of this mechanism and requested CCCTA consider reducing the compensation due to CCCTA as a result of the impacts of the COVID-19 pandemic, which the Board approved pursuant to Resolution No. 2021-12, Resolution No. 2021-23, and Resolution No. 2022-26;

WHEREAS, the Agreement has two one-year options terms that may be exercised by CCCTA;

WHEREAS, the Contractor has proposed a revised compensation methodology for the two one-year options terms, which methodology includes a minimum annual guarantee (MAG) of \$687,500 in revenue over the two-year extension term and is consistent with the adopted FY 2023 budget;

WHEREAS, CCCTA has analyzed the Contractor's request and has determined the request is reasonable in light of current market conditions; and

WHEREAS, staff recommends, and the Administration and Finance Committee concurs, that CCCTA exercise the two one-year option terms, with the understanding that the Contractor's MAG for the first option year will be \$337,500, and the MAG for the second option year will be \$350,000 or 70% of the previous year's gross advertising revenue, whichever is greater.

NOW THEREFORE BE IT RESOLVED that the Central Contra Costa Transit Authority Board of Directors hereby authorizes the General Manager, or his designee, to execute an amendment to the Agreement with Vector Media Holdings Corp. to exercise the two one-year option terms, and adjust the compensation methodology as set forth herein.

Regularly passed and adopted this 15th day of September 2022, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Dave Hudson, Chair, Board of Directors

ATTEST:

Lathina Hill, Clerk to the Board

To: Board of Directors

Date: September 8, 2022

From: Bill Churchill, General Manager

SUBJECT: Amend Contract with Ascendal Group to Continue Hydrogen Fuel Cell Express Bus Support

Background:

The prior General Manager, Rick Ramacier, entered into a consulting agreement under his contract authority with Ascendal Group LLC (Ascendal) to support CCCTA's multitude of efforts along the I680 corridor. One of the primary components of the work Ascendal has performed is the design and development of hydrogen fuel cell Express Bus project linking the Martinez AMTRAK station with the Dublin BART station and eventually the Valley Link train. Ascendal has worked with staff from both CCCTA and LAVTA to help design the Express Bus project ranging from fuel station concepts, route designs and vehicle configurations. Additionally, Ascendal has provided invaluable political support and guidance through innumerable meetings with various state officials helping to pave the way for the project. Finally, Ascendal provided significant support for County Connection, LAVTA and CCTA as the three agencies all worked to submit a multi-faceted Transit and Intercity Rail Capital Program (TIRCP) grant for numerous projects in the I680 corridor, including the Express Bus project. The first phase of the TIRCP grant recently awarded 14 million to the Express Bus project.

Since the grant has been awarded, it is now clear the Express Bus project will become a reality and staff will require the continued support from Ascendal Group as we endeavor to complete the project. The existing contract was initiated in July 2021 with a not to exceed \$99,000. Staff has spent \$82,000 of the contract and will require an amendment increasing the contract spending authority in order to complete the tasks outlined in the initial scope of work.

Ascendal will provide continued support in the design, construction and implementation phases of a hydrogen fuel station and upgrades to existing facilities required to maintain hydrogen fueled vehicles. Ascendal will continue to provide guidance and support helping staff navigate through the various state agencies that are supporting and helping to fund the Express Bus Project. Finally, Ascendal is actively supporting staff in locating ongoing operational funding sources that will allow the Express Bus program function within the I680 corridor for a number of years.

Financial Implications:

The initial contract with Ascendal was capped with a not to exceed \$99,000. If approved the contract amendment would increase the cap to \$279,000 an increase of \$180,000.

Recommendation:

Ascendal has played a key role in supporting staff's development of the fuel cell Express Bus Project and staff recommends a continued partnership in order to complete the project.

Action Requested:

The A&F Committee requests the Board approve resolution 2023-013 to amend the contract with Ascendal Group dated July 1, 2021, increasing the contract amount by \$180,000 for a revised not-to-exceed total contract amount of \$279,000 to the full Board for approval.

Attachment:

Resolution- 2023-013

RESOLUTION NO. 2023-013

**BOARD OF DIRECTORS, CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATE OF CALIFORNIA**

* * *

**AUTHORIZING FIRST AMENDMENT OF CONTRACT TO PROVIDE HYDROGEN FUEL CELL
EXPRESS BUS SUPPORT WITH ASCENDAL GROUP LLC**

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

WHEREAS, the prior CCCTA General Manager entered into a consulting agreement (Agreement) under his contract authority with Ascendal Group LLC (Ascendal) to support CCCTA's multitude of efforts along the I680 corridor;

WHEREAS, under the Agreement, Ascendal has provided support for CCCTA's hydrogen fuel cell Express Bus project, and assistance with CCCTA's efforts, along with other transit agency partners, to obtain a Transit and Intercity Rail Capital Program (TIRCP) grant for numerous projects in the I680 corridor, including the Express Bus project;

WHEREAS, CCCTA has now been awarded the TIRCP grant and desires for Ascendal to continue its scope of services under the Agreement in support of CCCTA's grant activities related to the Express Bus project; and

WHEREAS, staff recommends, and the Administration and Finance Committee concurs, that CCCTA authorize an amendment to the Ascendal Agreement to increase the contract amount by \$180,000 for a revised not-to-exceed total contract amount of \$279,000.

NOW THEREFORE BE IT RESOLVED that the Central Contra Costa Transit Authority Board of Directors hereby authorizes the General Manager, or his designee, to execute an amendment to the Agreement with Ascendal Group LLC, in a form approved by legal counsel, to increase the contract amount by \$180,000 for a revised not-to-exceed total contract amount of \$279,000.

Regularly passed and adopted this 15th day of September 2022, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Dave Hudson, Chair, Board of Directors

ATTEST:

Lathina Hill, Clerk to the Board

INTER OFFICE MEMO

To: Board of Directors

Date: 09/07/2022

From: J. Scott Mitchell, Chief Operating Officer

Reviewed by: *WC.*

SUBJECT: Purchase of WAVE Inductive Chargers for Concord Facility

Background:

In 2016 the Authority purchased and installed two (2) EFACEC battery chargers at the Concord facility to support the operation of the four (4) battery electric trolleys that are used on the Route 4 in Walnut Creek. These chargers are built in Portugal and were the only chargers that could be used with the BAE system used on the trolleys. These chargers are no longer being supported by the manufacturer, are currently inoperative and need to be replaced.

Summary of Issues:

We currently have eight (8) battery electric buses requiring overnight charging at the Concord facility to ensure reliable, efficient operation of these vehicles. The buses are also designed to use the WAVE Inductive chargers in the field located at the Walnut Creek BART station. County Connection has been using the WAVE Inductive chargers for six (6) years at Walnut Creek BART, and they have proven to be very reliable. The existing County Connection buses can only be charged by EFACEC depot chargers or the WAVE system. WAVE Inc. is an American company and meets all Federal Transit Buy America guidelines. Since the EFACEC depot chargers are no longer functioning and support is no longer available, staff believes the best solution would be to install WAVE chargers at the depot as a replacement system.

Staff requests authorization to purchase two (2) 50 kW WAVE Inductive charging units for the Concord facility.

This project will require construction. Staff is currently working on an Invitation for Bid (IFB) for the construction component of this project and will bring back to the Committee a recommendation for a contractor after bids are received.

Financial Implication:

The Authority has a Low/No Grant and Prop IB Funds to cover the cost of project.

Two (2) 50 kW Chargers: \$370,000

Recommendation:

The O&S Committee recommend that the Board of Directors at its September 15, 2022, meeting, adopt Resolution No. 2023-007 authorizing the General Manager to release a purchase order to WAVE Inc. for the purchase of the WAVE system with a price not to exceed \$370,000.

Attachments:

None

RESOLUTION NO. 2023-007

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

**AWARDING CONTRACT FOR TWO INDUCTIVE CHARGERS FOR
THE CONCORD FACILITY TO WAVE, INC.**

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 (“County Connection”), 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, County Connection currently has eight battery electric buses requiring overnight charging at the Concord facility to ensure reliable, efficient operation of these vehicles;

WHEREAS, in 2016, County Connection purchased and installed two EFACEC battery chargers at the Concord facility, however these charges are no longer being supported by the manufacturer, are currently inoperative and need to be replaced;

WHEREAS, the only other 50 kW chargers that can charge the existing battery electric buses are built by WAVE, Inc.;

WHEREAS, County Connection has been using the WAVE Inductive chargers for six years at Walnut Creek BART, and they have proven to be very reliable;

WHEREAS, the purchase price of both WAVE chargers is fully funded by the Federal Transit Administration's Low-No Program grant and state Prop 1B funds, at a cost not to exceed of \$370,000; and

WHEREAS, staff recommends, and the Operations and Scheduling Committee concurs, that the Board of Directors authorize the General Manager to execute a contract with WAVE, Inc. for the purchase of two 50 kW WAVE inductive chargers, in a form approved by Legal Counsel and in conformance with applicable Federal Transit Administration grant requirements.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Central Contra Costa Transit Authority, that the General Manager or his designee is hereby authorized to enter into a contract with WAVE Inc., in a form approved by Legal Counsel and in conformance with applicable

Federal Transit Administration grant requirements, for the purchase of two 50 kW WAVE inductive chargers, in a sum not to exceed \$370,000.

Regularly passed and adopted this 15th day of September, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dave Hudson, Chair, Board of Directors

ATTEST:

Lathina Hill, Clerk to the Board