

# County Connection

2477 Arnold Industrial Way

Concord, CA 94520-5326

(925) 676-7500

countyconnection.com

## ADMINISTRATION & FINANCE COMMITTEE MEETING AGENDA

Wednesday, July 10, 2024

2:00 p.m.

County Connection Administration Office  
2477 Arnold Industrial Way  
3<sup>rd</sup> Floor Conference Room  
Concord, CA 94520

The committee may take action on each item on the agenda, even items that are listed as “information only”. The action may consist of the recommended action, a related action or no action. Staff recommendations are subject to action and/or change by the committee.

1. Approval of Agenda
2. Public Communication
3. Approval of Minutes of June 5, 2024\*
4. OPEB Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2024\*  
(Staff recommends that the A&F Committee accept the OPEB Actuarial Valuation and forward to the Board of Directors.)
5. Public Agency Retirement Services (PARS) Combination 115 Trust\*  
(Representatives from PARS will discuss County Connection’s 115 Trust Performance and any other related issues.) (Information Only)
6. Regional Fare Transfer Policy\*  
(Staff requests the Administration and Finance Committee forward to the Board for approval for the General Manager to execute an MOU with MTC for the No-Cost and Reduced Cost Interagency Transfer Pilot Program.)
7. Bus Accelerated Infrastructure Delivery (BusAID) Update\*  
(Staff requests Committee approval to recommend Board authorization of a Master Funding Agreement with MTC for BusAID project funding.)

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\*Enclosure

\*\*Enclosure for Committee Members

\*\*\*To be mailed under separate cover

\*\*\*\*To be available at the meeting.

FY2023/2024 A&F Committee

Laura Hoffmeister-Concord, Renata Sos-Moraga, Sue Noack-Pleasant Hill

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**

8. Income Statements for the Nine Months Ended March 31, 2024\*  
(Staff requests that the A&F Committee accept the report and provide the update to the Board.)
9. Compensation structure for Executive-level staff\*  
(Staff requests that the A&F Committee discuss the subject and bring a recommendation to the Board.)
10. Review of Vendor Bills, June 2024\*\*
11. Approval of Legal Services Statement, April and May 2024 General and April 2024 Labor\*\*
12. Next Scheduled Meeting – TBD
13. Adjournment

## General Information

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

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

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

Accessible Public Meetings: Upon request, County Connection will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings 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](mailto: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:	July 18, 9:00 a.m., County Connection Board Room 2477 Arnold Industrial Way, Concord, CA 94520
Administration & Finance:	TBD County Connection Administrative Offices, 2477 Arnold Industrial Way, Concord, CA
Advisory Committee:	TBA. Location TBD
Marketing, Planning & Legislative:	Thursday, July 11, 8:30 a.m., Supervisor Andersen Office 3338 Mt. Diablo Blvd, Lafayette, CA
Operations & Scheduling:	Wednesday, September 4 8:00 a.m., Supervisor Andersen Office 3338 Mt. Diablo Blvd, Lafayette, CA

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

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

**Summary Minutes  
Administration & Finance Committee**

**County Connection Administration Office  
2477 Arnold Industrial Way  
3<sup>rd</sup> Floor Conference Room  
Concord, CA 94520**

**Wednesday, June 5, 2024, 2:00 p.m.**

**Directors:** Sue Noack, Laura Hoffmeister  
**Staff:** Bill Churchill, Amber Johnson, Kristina Martinez, Pranjali Dixit  
**Public:** None

**Call to Order:** Meeting called to order at 2:00 p.m. by Director Noack.

**1. Approval of Agenda**

The Committee approved the agenda.

**2. Public Communication**

None.

**3. Approval of Amended Minutes of April 3, 2024**

The Committee approved the minutes.

**4. Approval of Minutes of May 1, 2024**

The Committee approved the minutes.

**5. Approval of Special A&F Minutes of May 1, 2024**

The Committee approved the minutes.

**6. Investment Report as of March 31, 2024**

Ms. Johnson presented the quarterly investment report which includes the type of investment, issuer, date of maturity, par, and dollar amount of investments. The detailed quarterly report, which includes balances by bank account and with recent historical data, was also presented. Ms. Johnson

affirmed that the Authority has the ability to meet projected cash flow of expenditures for the next six months.

## **7. Midday Free Policy**

Mr. Dixit reported that County Connection partners with the Bridge program in the Mt. Diablo School District to provide the Midday Free program to individuals aged 18-22 with disabilities who have finished high school. The program has been expanded to provide access to participants at RES Success in Pleasant Hill and Martinez, and to the San Ramon Valley USD Transition Program in San Ramon. Given the popularity of the program, the A&F committee directed staff to analyze the sustainability of the program. The usage of the program has been increasing and currently averages 2,500 rides per month, with the fare revenue loss offset by a Measure J line 20a grant administered by TRANSPAC. Staff recommends implementing a formal Midday Free Policy so that program interest and usage data can adequately be tracked. This data will be instrumental in strengthening the program for the next funding cycle. The Committee recommended approval of the proposed policy to the full Board of Directors.

## **8. Adjustment to Non-Represented Administrative Employees Compensation**

Ms. Martinez stated that County Connection's employees consist of three represented units, plus the administrative employees which are not represented. The General Manager is requesting a 4% increase for all satisfactorily performing administrative employees effective July 1st which is consistent with the percentage increase in the Memorandum of Understandings for the represented employees. Also, the General Manager is requesting a merit pool of \$50,000 to be allocated at his discretion to management employees. The total annual cost of the increases will not exceed \$264,000 and is included in the FY 2025 Budget. Mr. Churchill engaged the Committee in a discussion regarding the establishment of an employer-sponsored 401(a) plan that would expand structures available for compensating staff. Mr. Churchill and Ms. Johnson walked the committee through the concept of a 401(a) plan and potential contribution structures. The Committee directed staff to bring a 401(a) proposal to the next meeting and agreed to recommend approval of the 4% increase and \$50,000 merit pool to the Board.

## **9. Review of Vendor Bills, May 2024**

The Committee reviewed the vendor bills for May 2024.

## **10. Approval of Legal Services Statement, March 2024 General and March 2024 Labor**

The Committee approved the legal services statement, March 2024 General plus March 2024 Labor.

## **11. Next Scheduled Meeting**

The next meeting was scheduled for Wednesday, July 10<sup>th</sup> at 2:00 p.m.

## **12. Adjournment**

The meeting was adjourned at 2:35 p.m.

Minutes prepared and submitted by: Amber Johnson, Chief Financial Officer

## INTER OFFICE MEMO

**To:** Administration & Finance Committee

**Date:** 06/28/2024

**From:** Amber Johnson, Chief Financial Officer

**Reviewed by:** WC.

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**SUBJECT: OPEB Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2024**

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### **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 2022.

### **OPEB Valuation Report:**

The OPEB Actuarial Valuation report (Report) attached is for fiscal year ending June 30, 2024 (FY 2024) 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 Report was prepared by MacLeod Watts Inc.

County Connection's Net OPEB Liability (NOL) as of June 30, 2024, is \$3 million (see page 3 of Report), a net decrease of \$619 thousand since the last measurement. The main reason for the decrease is changes in assumptions due to healthcare trends, participation assumptions for future retirees, and updated demographic assumptions (see pages 8 and 39 of Report) as compared to two years ago.

The Actuarially Determined Contribution (ADC) is the amount the Authority should contribute to fund the retiree benefit. For FY 2025, this amount is \$603,192 (see page 24 of Report). However, County Connection gets credit for the implicit subsidy of \$129,274 for current retirees, therefore the benefits paid to retirees and the trust should amount to \$473,918. This amount was included in the development of the FY 2025 Draft Budget.

A representative from MacLeod Watts Inc. will present the report with the committee members and answer questions. MacLeod Watts Inc. provides actuarial services for various public entities.

### **Financial Implications:**

Based on MacLeod Watts Inc actuarial valuation, the ADC including implicit subsidy credits for FY 2025 and FY 2026 amounts to \$603,192 and \$621,288, respectively.

**Recommendation:**

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

**Attachments:**

Attachment 1: Central Contra Costa Transit Authority Actuarial Valuation of Other Post-Employment Benefit Programs As of June 30, 2023 & GASB 75 Report for the Fiscal Year Ending June 30, 2024



# MacLeod Watts

February 26, 2024

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

**DRAFT**

Re: Central Contra Costa Transit Authority Other Post-Employment Benefits Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2024

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, 2023, 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, 2024.

The exhibits presented in this report reflect that the Authority is contributing 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 confirm that it is consistent with your records. **Note that contributions and payroll for fiscal year 2023/24 shown in this report are also estimates** and should be updated once final amounts are known after the close of the year.

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

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## A. Executive Summary

This report presents the results of the June 30, 2023, 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, 2024.

Important background information regarding the valuation process can be found in Appendix 2. 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, 2023, valuation may be applied to prepare the Authority's GASB 75 report for the fiscal year ending June 30, 2025. 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 claims<sup>1</sup> 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. An actuarial practice note indicates these subsidies should be included in plan liabilities to the extent they are paid by the employer.<sup>2</sup> 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) estimated retiree medical claim costs by age and (b) premiums charged for retiree coverage. Appendix 3 provides more information on MacLeod Watts' age rating methodology.

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

<sup>2</sup> 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 4.70%. Information on how this rate was determined is provided on page 11, Expected Return on Trust Assets.

### 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, 2024
Measurement Date	June 30, 2023
Measurement Period	June 30, 2022, to June 30, 2023
Valuation Date	June 30, 2023



## Executive Summary

(Continued)

### Updates Since the Prior Report

No benefit changes were reported to MacLeod Watts since the June 2021 valuation was prepared. Updated employee census and premium data was provided and with this new information, we determined differences between actual and expected results since the prior valuation (referred to as “plan experience”). We also reviewed and updated certain assumptions used to project the OPEB liability. Investment experience, the difference between actual and expected return on trust assets) was also determined.

The Net OPEB Liability on the current measurement date is lower 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 12 for details on how these changes are recognized.

### Impact on Statement of Net Position and OPEB Expense for Fiscal Year Ending 2024

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.

Items	For Reporting At Fiscal Year Ending June 30, 2024
Total OPEB Liability	\$ 8,092,844
Fiduciary Net Position	(5,102,413)
<b>Net OPEB Liability</b>	<b>\$ 2,990,431</b>
<i>Adjustment for Deferred Resources:</i>	
Deferred (Outflows)	(1,418,381)
Deferred Inflows	1,245,776
<b>Impact on Statement of Net Position</b>	<b>\$ 2,817,826</b>
<b>OPEB Expense, FYE 6/30/2024</b>	<b>\$ 53,341</b>

### 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.

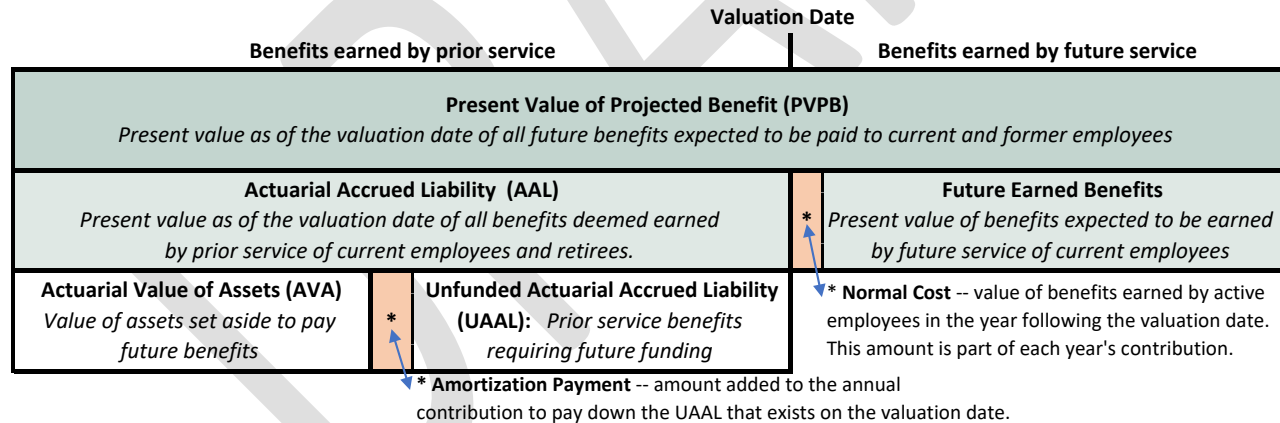


## B. Valuation Process

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 that employees will elect coverage for themselves and their dependents are also applied.

We then calculate the 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 commonly 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



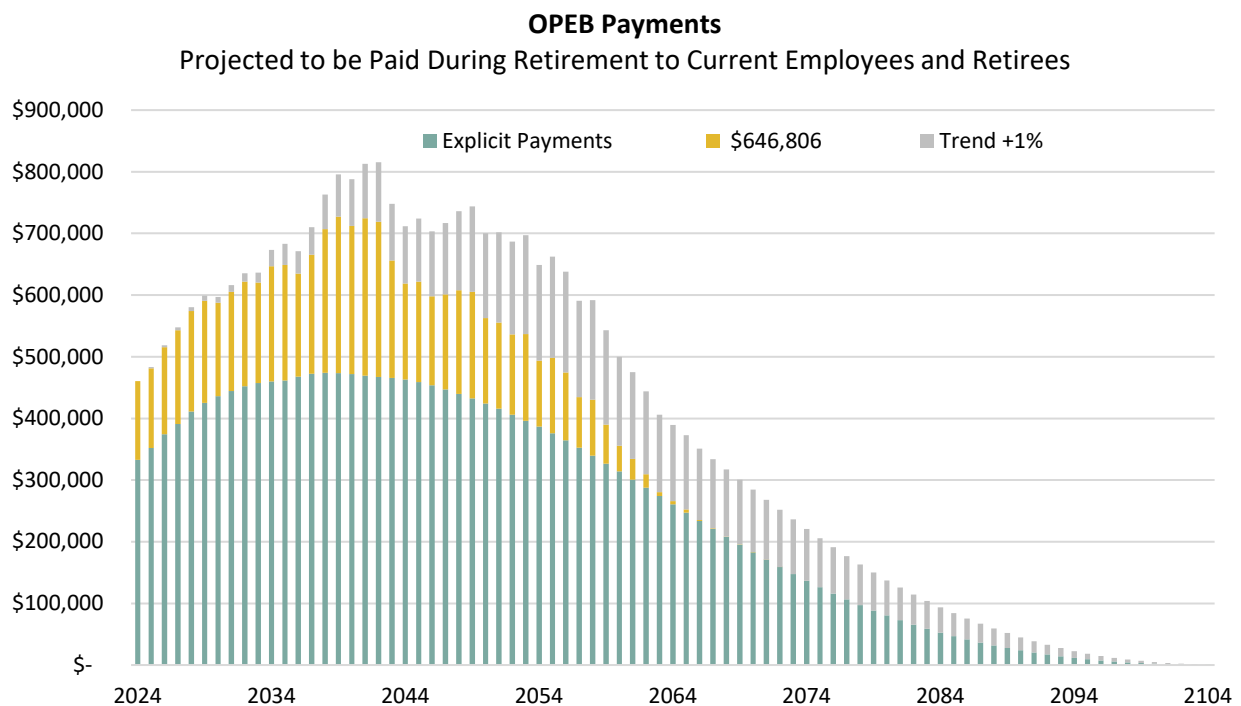


### C. Valuation Results as of June 30, 2023

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 30, 2023 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 estimated 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, 2023

(Continued)

This chart compares the results measured as of June 30, 2022, based on the prior valuation, with the results measured as of June 30, 2023, based on the current valuation.

Valuation Date	6/30/2021			6/30/2023		
Fiscal Year Ending	6/30/2023			6/30/2024		
Measurement Date	6/30/2022			6/30/2023		
Discount rate	4.75%			4.70%		
<b>Number of Covered Employees</b>						
Actives	199			200		
Retirees	64			67		
Total Participants	263			267		
OPEB Subsidy Type	Explicit	Implicit	Total	Explicit	Implicit	Total
<b>Actuarial Present Value of Projected Benefits</b>						
Actives	\$ 4,921,328	\$ 2,938,527	\$ 7,859,854	\$ 4,794,354	\$ 2,732,877	\$ 7,527,231
Retirees	2,862,689	(36,714)	2,825,975	3,241,894	152,695	3,394,589
Total APVPB	7,784,017	2,901,813	10,685,829	8,036,248	2,885,572	10,921,820
<b>Total OPEB Liability (TOL)</b>						
Actives	3,432,482	2,167,183	5,599,665	2,896,580	1,801,675	4,698,255
Retirees	2,862,689	(36,714)	2,825,975	3,241,894	152,695	3,394,589
TOL	6,295,171	2,130,469	8,425,640	6,138,474	1,954,370	8,092,844
Fiduciary Net Position			4,783,397			5,102,413
<b>Net OPEB Liability</b>			3,642,243	6,138,474	1,954,370	2,990,431
<b>Service Cost</b>						
For the period following the measurement date	216,191	107,405	323,596	239,710	108,908	348,618

The Net OPEB Liability has decreased by \$651,812 from that reported one year ago. Some of this change was expected and some was unexpected. Reasons for the change in the TOL are discussed on the following page.



## Valuation Results as of June 30, 2023

(Concluded)

**Expected NOL changes:** The NOL was expected to decrease by \$32,855, from additional service and interest costs accruing for the period reduced by employer contributions and earnings on trust assets.

**Unexpected NOL changes** further decreased the NOL by \$618,957 and fall into one of these categories:

- *Plan experience* decreased the TOL by \$21,120, reflecting results different than expected based on the prior valuation data and assumptions. The primary reasons are shown in the chart below.
- *Assumption changes* collectively decreased the TOL by \$671,836. These changes are listed below, with additional information provided on the last page in Supporting Information, Section 3.
- *Investment experience:* Trust asset return was less than the expected earnings by \$73,999.

This chart reconciles results measured as of June 30, 2022, to results measured as of June 30, 2023.

Reconciliation of Changes During Measurement Period	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
<b>Balance at Fiscal Year Ending 6/30/2023</b> <i>Measurement Date 6/30/2022</i>	\$ 8,425,640	\$ 4,783,397	\$ 3,642,243
<b>Expected Changes During the Period:</b>			
Service Cost	323,596		323,596
Interest Cost	406,796		406,796
Expected Investment Income		231,058	(231,058)
CCCTA Contributions		532,189	(532,189)
Benefit Payments	(370,232)	(370,232)	-
<b>Total Expected Changes During the Period</b>	360,160	393,015	(32,855)
<b>Expected at Fiscal Year Ending 6/30/2024</b> <i>Measurement Date 6/30/2023</i>	\$ 8,785,800	\$ 5,176,412	\$ 3,609,388
<b>Unexpected Changes During the Period:</b>			
Change Due to Investment Experience		(73,999)	73,999
<i>Plan Experience:</i>			
Premiums and Estimated Claims Other Than Expected	224,644		
Terminations and Retirements Other Than Expected	(371,863)		
Retiree Mortality Other Than Expected	(29,414)		
New Entrants	52,699		
Other Plan Experience	102,814		
Change Due to Plan Experience			(21,120)
<i>Assumption Changes:</i>			
Update Trust Return/Discount Rate From 4.75% To 4.70%	42,263		
Update To Healthcare Trend	(223,878)		
Update To Participation Assumption For Future Retirees	221,824		
Adjustment To Dependent Coverage Assumptions	(6,953)		
Updated Demographic Assumptions	(705,092)		
Change Due to Assumption Changes			(671,836)
<b>Total Unexpected Changes During the Period</b>	(692,956)	(73,999)	(618,957)
<b>Balance at Fiscal Year Ending 6/30/2024</b> <i>Measurement Date 6/30/2023</i>	\$ 8,092,844	\$ 5,102,413	\$ 2,990,431



## D. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year ending June 30, 2024. The Authority is classified for GASB 75 purposes as a single employer.

*Deferred Contributions and covered payroll for fiscal year 2023/24 shown in this Section are estimates subject to change based on the final reported amounts.*

### 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, 2024 <i>Measurement Date is June 30, 2023</i>	CCCTA
<b>Items Impacting Net Position:</b>	
Total OPEB Liability	\$ 8,092,844
Fiduciary Net Position	(5,102,413)
Net OPEB Liability (Asset)	<u>2,990,431</u>
<i>Deferred (Outflows) Due to:</i>	
Assumption Changes	(283,039)
Plan Experience	-
Investment Experience	(549,718)
Deferred Contributions	(585,624)
<i>Deferred Inflows Due to:</i>	
Assumption Changes	601,971
Plan Experience	537,171
Investment Experience	<u>106,634</u>
<b>Impact on Statement of Net Position, FYE 6/30/2024</b>	<b><u>\$ 2,817,826</u></b>
<b>Items Impacting OPEB Expense:</b>	
Service Cost	\$ 323,596
Cost of Plan Changes	-
Interest Cost	406,796
Expected Earnings on Assets	(231,058)
<i>Recognition of Deferred Outflows:</i>	
Assumption Changes	93,599
Plan Experience	-
Investment Experience	178,307
<i>Recognition of Deferred (Inflows):</i>	
Assumption Changes	(233,672)
Plan Experience	(422,209)
Investment Experience	<u>(62,018)</u>
<b>OPEB Expense, FYE 6/30/2024</b>	<b><u>\$ 53,341</u></b>



## 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>	6/30/2023	6/30/2024	Change During Period
	6/30/2022	6/30/2023	
Total OPEB Liability	\$ 8,425,640	\$ 8,092,844	\$ (332,796)
Fiduciary Net Position	<u>(4,783,397)</u>	<u>(5,102,413)</u>	<u>(319,016)</u>
Net OPEB Liability (Asset)	3,642,243	2,990,431	(651,812)
<i>Deferred (Outflows) Due to:</i>			
Assumption Changes	(376,638)	(283,039)	93,599
Plan Experience	-	-	-
Investment Experience	(654,026)	(549,718)	104,308
Deferred Contributions	(532,189)	(585,624)	(53,435)
<i>Deferred Inflows Due to:</i>			
Assumption Changes	163,807	601,971	438,164
Plan Experience	938,260	537,171	(401,089)
Investment Experience	<u>168,652</u>	<u>106,634</u>	<u>(62,018)</u>
Impact on Statement of Net Position	<u>\$ 3,350,109</u>	<u>\$ 2,817,826</u>	<u>\$ (532,283)</u>

### Change in Net Position During the Fiscal Year

Impact on Statement of Net Position, FYE 6/30/2023	\$ 3,350,109
OPEB Expense (Income)	53,341
CCCTA Contributions During Fiscal Year	<u>(585,624)</u>
Impact on Statement of Net Position, FYE 6/30/2024	<u>\$ 2,817,826</u>

### OPEB Expense

CCCTA Contributions During Fiscal Year	\$ 585,624
Deterioration (Improvement) in Net Position	<u>(532,283)</u>
OPEB Expense (Income), FYE 6/30/2024	<u>\$ 53,341</u>



**Accounting Information**

(Continued)

**Change in Fiduciary Net Position During the Measurement Period**

	CCCTA
<b>Fiduciary Net Position at Fiscal Year Ending 6/30/2023</b>	<b>\$ 4,783,397</b>
<i>Measurement Date 6/30/2022</i>	
<b>Changes During the Period:</b>	
Investment Income	157,059
CCCTA Contributions	532,189
Benefit Payments	(370,232)
<b>Net Changes During the Period</b>	<b>319,016</b>
<b>Fiduciary Net Position at Fiscal Year Ending 6/30/2024</b>	<b>\$ 5,102,413</b>
<i>Measurement Date 6/30/2023</i>	

**Expected Long-term Return on Trust Assets**

In June 2023, PARS published an expected return of 5.31% for the Moderately Conservative portfolio, 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
<b>Equity</b>		<b>30.00%</b>
Large Cap Core	7.70%	15.50%
Mid Cap Core	8.00%	3.00%
Small Cap Core	8.50%	4.50%
Real Estate	6.60%	1.00%
International	7.50%	4.00%
Emerging Markets	7.50%	2.00%
<b>Fixed Income</b>		<b>65.00%</b>
Short Term Bond	3.30%	14.00%
Intermediate Term Bond	4.00%	49.25%
High Yield	5.70%	1.75%
<b>Alternatives</b>		
<b>Cash</b>	2.60%	<b>5.00%</b>
Expected Return		5.31%
Expected Standard Deviation		6.25%

Non-imbedded fees were estimated to reduce the expected yield above by 61 basis points (0.61%), reducing the net expected return on trust assets to 4.70% per year.

The Authority approved 4.70% as the assumed long term return on trust assets, providing some margin for potential adverse returns. Because the Authority is contributing at or above the ADC level each year, we used 4.70% 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 7.06 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, 2024.

Central Contra Costa Transit Authority	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 283,039	\$ 601,971
Differences Between Expected and Actual Experience	-	537,171
Net Difference Between Projected and Actual Earnings on Investments	443,084	-
Deferred Contributions	585,624	-
<b>Total</b>	<b>\$ 1,311,747</b>	<b>\$ 1,139,142</b>

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
2025	\$ (164,361)
2026	(97,119)
2027	115,819
2028	(65,167)
2029	(98,153)
Thereafter	(104,038)



**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 2023 is 4.70%. Healthcare Cost Trend Rate was assumed to start at 6.5% (increase effective January 1, 2025) and grade down to 3.9% for years 2075 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% 3.70%	Current 4.70%	Current + 1% 5.70%
<b>Total OPEB Liability</b>	9,018,116	8,092,844	7,310,450
Increase (Decrease)	925,272		(782,394)
% Increase (Decrease)	11.4%		-9.7%
<b>Net OPEB Liability (Asset)</b>	3,915,703	2,990,431	2,208,037
Increase (Decrease)	925,272		(782,394)
% Increase (Decrease)	30.9%		-26.2%
Change in Healthcare Cost Trend Rate	Current Trend - 1%	Current Trend	Current Trend + 1%
<b>Total OPEB Liability</b>	7,554,464	8,092,844	8,842,128
Increase (Decrease)	(538,380)		749,284
% Increase (Decrease)	-6.7%		9.3%
<b>Net OPEB Liability (Asset)</b>	2,452,051	2,990,431	3,739,715
Increase (Decrease)	(538,380)		749,284
% Increase (Decrease)	-18.0%		25.1%



## Accounting Information

(Continued)

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

Results for years since GASB 75 was implemented are shown in the table.

Fiscal Year Ending June 30	2024	2023	2022	2021	2020	2019	2018
<i>Measurement Date</i>	<i>6/30/2023</i>	<i>6/30/2022</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>4.70%</i>	<i>4.75%</i>	<i>4.75%</i>	<i>5.10%</i>	<i>5.10%</i>	<i>5.10%</i>	<i>5.10%</i>
<b>Total OPEB liability</b>							
Service Cost	\$ 323,596	\$ 314,171	\$ 328,799	\$ 318,449	\$ 331,211	\$ 320,785	\$ 350,850
Interest Cost	406,796	390,857	390,119	369,885	406,509	385,114	482,126
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(21,120)	-	(184,833)	-	(1,357,116)	-	(1,408,629)
Changes of assumptions	(671,836)	-	417,022	-	205,894	-	(994,873)
Benefit payments	(370,232)	(387,567)	(327,048)	(276,823)	(306,893)	(286,733)	(316,489)
<b>Net change in total OPEB liability</b>	<b>(332,796)</b>	<b>317,461</b>	<b>624,059</b>	<b>411,511</b>	<b>(720,395)</b>	<b>419,166</b>	<b>(1,887,015)</b>
<b>Total OPEB liability - beginning</b>	<b>8,425,640</b>	<b>8,108,179</b>	<b>7,484,120</b>	<b>7,072,609</b>	<b>7,793,004</b>	<b>7,373,838</b>	<b>9,260,853</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 8,092,844</b>	<b>\$ 8,425,640</b>	<b>\$ 8,108,179</b>	<b>\$ 7,484,120</b>	<b>\$ 7,072,609</b>	<b>\$ 7,793,004</b>	<b>\$ 7,373,838</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 532,189	\$ 563,588	\$ 546,415	\$ 529,577	\$ 606,839	\$ 588,345	\$ 748,139
Net investment income	157,059	(567,544)	496,621	215,875	224,930	80,538	111,685
Benefit payments	(370,232)	(387,567)	(327,048)	(276,823)	(306,893)	(286,733)	(316,489)
<b>Net change in plan fiduciary net position</b>	<b>319,016</b>	<b>(391,523)</b>	<b>715,988</b>	<b>468,629</b>	<b>524,876</b>	<b>380,600</b>	<b>543,335</b>
<b>Plan fiduciary net position - beginning</b>	<b>4,783,397</b>	<b>5,174,920</b>	<b>4,458,932</b>	<b>3,990,303</b>	<b>3,465,427</b>	<b>3,084,827</b>	<b>2,541,492</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 5,102,413</b>	<b>\$ 4,783,397</b>	<b>\$ 5,174,920</b>	<b>\$ 4,458,932</b>	<b>\$ 3,990,303</b>	<b>\$ 3,465,427</b>	<b>\$ 3,084,827</b>
<b>Net OPEB liability - ending (a) - (b)</b>	<b>\$ 2,990,431</b>	<b>\$ 3,642,243</b>	<b>\$ 2,933,259</b>	<b>\$ 3,025,188</b>	<b>\$ 3,082,306</b>	<b>\$ 4,327,577</b>	<b>\$ 4,289,011</b>
<b>Covered-employee payroll</b>	<b>\$ 15,867,493</b>	<b>\$ 15,287,627</b>	<b>\$ 14,326,765</b>	<b>\$ 15,543,046</b>	<b>\$ 15,503,972</b>	<b>\$ 14,836,604</b>	<b>\$ 12,531,658</b>
<b>Net OPEB liability as a % of covered payroll</b>	<b>18.85%</b>	<b>23.82%</b>	<b>20.47%</b>	<b>19.46%</b>	<b>19.88%</b>	<b>29.17%</b>	<b>34.23%</b>





## Accounting Information

(Continued)

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

(concluded)

Fiscal Year Ending June 30	2024	2023	2022	2021	2020	2019	2018
<i>Measurement Date</i>	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<i>Discount Rate on Measurement Date</i>	4.70%	4.75%	4.75%	5.10%	5.10%	5.10%	5.10%

#### Summary of methods and assumptions used in the valuation:

Valuation Date	6/30/2023	6/30/2021	6/30/2019	7/1/2017
Actuarial cost method	Entry Age Normal Level %	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay
Inflation	2.75%	2.75%	2.75%	2.75%
Salary increases	3.00%	3.00%	3.25%	3.25%
Healthcare cost trend rates	6.5% in 2025 decreasing to 3.9% by 2075	5.8% in 2023 fluctuating down to 3.9% by 2076	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	50 to 75	50 to 75
Mortality	CalPERS 2021 Experience Study	2017 CalPERS Experience Study	2017 CalPERS Experience Study	2014 CalPERS Experience Study
Mortality Improvement (generational)	MacLeod Watts Scale 2022	MacLeod Watts Scale 2022	MacLeod Watts Scale 2018	MacLeod Watts Scale 2017



## 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 June 30	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 585,624	\$ 530,899	\$ 561,678	\$ 545,410	\$ 529,577	\$ 606,839	\$ 588,345
Contributions in relation to the ADC	585,624	532,189	617,452	546,415	529,577	606,839	588,345
Contribution deficiency (excess)	\$ -	\$ (1,290)	\$ (55,774)	\$ (1,005)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 16,344,000	\$ 15,867,493	\$ 15,287,627	\$ 14,326,765	\$ 15,543,046	\$ 15,503,972	\$ 14,836,604
Contributions as a % of covered payroll	3.58%	3.35%	4.04%	3.81%	3.41%	3.91%	3.97%
Percent of ADC contributed	100.00%	100.24%	109.93%	100.18%	100.00%	100.00%	100.00%

#### Notes to Schedule - assumptions used to develop Actuarially Determined Contributions

Valuation Date	6/30/2023	6/30/2021	6/30/2019			7/1/2017	
Actuarial cost method	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay			Entry Age Normal Level % of Pay	
Amortization method	Level % of Pay	Level % of Pay	Level % of Payroll 30 year closed			Level % of Pay 30 yr closed	
Amortization period	16 years remain	17 years remain	18 yrs remain	19 yrs remain	20 yrs remain	21 yrs remain	22 yrs remain
Asset valuation method	Market Value	Market Value	Market Value			Market Value	
Investment rate of return	4.70%	4.75%	5.10%			5.10%	
Inflation	2.75%	2.75%	2.75%			2.75%	
Salary increases	3.00%	3.00%	3.25%			3.25%	
Healthcare cost trend rates	6.5% in 2025 decreasing to 3.9% by 2075	5.8% in 2023 fluctuating down to 3.9% by 2076	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	50 to 75			50 to 75	
Mortality	2021 CalPERS Experience Study	2017 CalPERS Experience Study	2017 CalPERS Experience Study			2014 CalPERS Experience Study	
Mortality Improvement	MacLeod Watts Scale 2022	MacLeod Watts Scale 2022	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:				(e) Deferred Inflows:			Impact on Statement of Net Position (f) = (c) - (d) + (e)
				Assumption Changes	Plan Experience	Investment Experience	Deferred Contributions	Assumption Changes	Plan Experience	Investment Experience	
<b>Balance at Fiscal Year Ending 6/30/2023</b> <i>Measurement Date 6/30/2022</i>	\$ 8,425,640	\$ 4,783,397	\$ 3,642,243	\$ 376,638	\$ -	\$ 654,026	\$ 532,189	\$ 163,807	\$ 938,260	\$ 168,652	\$ 3,350,109
<b>Changes During the Period:</b>											
Service Cost	323,596		323,596								323,596
Interest Cost	406,796		406,796								406,796
Expected Investment Income		231,058	(231,058)								(231,058)
CCCTA Contributions		532,189	(532,189)								(532,189)
Changes of Benefit Terms	-		-								-
Benefit Payments	(370,232)	(370,232)	-								-
Assumption Changes	(671,836)		(671,836)					671,836			-
Plan Experience	(21,120)		(21,120)						21,120		-
Investment Experience		(73,999)	73,999			73,999					-
Recognized Deferred Resources				(93,599)	-	(178,307)	(532,189)	(233,672)	(422,209)	(62,018)	86,196
Contributions After Measurement Date							585,624				(585,624)
<b>Net Changes in Fiscal Year 2023-2024</b>	(332,796)	319,016	(651,812)	(93,599)	-	(104,308)	53,435	438,164	(401,089)	(62,018)	(532,283)
<b>Balance at Fiscal Year Ending 6/30/2024</b> <i>Measurement Date 6/30/2023</i>	\$ 8,092,844	\$ 5,102,413	\$ 2,990,431	\$ 283,039	\$ -	\$ 549,718	\$ 585,624	\$ 601,971	\$ 537,171	\$ 106,634	\$ 2,817,826



**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, 2023

Deferred Outflow or (Inflow)						Balance as of Jun 30, 2023	Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:						
Date Created	Source	Impact on Net OPEB Liability (NOL)	Initial Amount	Period (Yrs)	Annual Recognition		2022-23 (FYE 2024)	2023-24 (FYE 2025)	2024-25 (FYE 2026)	2025-26 (FYE 2027)	2026-27 (FYE 2028)	2027-28 (FYE 2029)	Thereafter
6/30/2017	AssumptionChanges	DecreasedNOL	\$ (994,873)	7.18	\$ (138,511)	\$ (25,296)	\$ (138,511)	\$ (25,296)	\$ -	\$ -	\$ -	\$ -	\$ -
6/30/2017	PlanExperience	DecreasedNOL	(1,408,629)	7.18	(196,117)	(35,810)	(196,117)	(35,810)	-	-	-	-	-
6/30/2019	PlanExperience	DecreasedNOL	(1,357,116)	6.97	(194,708)	(383,576)	(194,708)	(194,708)	(188,868)	-	-	-	-
6/30/2019	AssumptionChanges	IncreasedNOL	205,894	6.97	29,540	58,194	29,540	29,540	28,654	-	-	-	-
6/30/2019	InvestmentEarnings	DecreasedNOL	(40,545)	5.00	(8,109)	-	(8,109)	-	-	-	-	-	-
6/30/2020	InvestmentEarnings	DecreasedNOL	(5,924)	5.00	(1,185)	(1,184)	(1,185)	(1,184)	-	-	-	-	-
6/30/2021	PlanExperience	DecreasedNOL	(184,833)	6.51	(28,392)	(99,657)	(28,392)	(28,392)	(28,392)	(28,392)	(14,481)	-	-
6/30/2021	AssumptionChanges	IncreasedNOL	417,022	6.51	64,059	224,845	64,059	64,059	64,059	64,059	32,668	-	-
6/30/2021	InvestmentEarnings	DecreasedNOL	(263,622)	5.00	(52,724)	(105,450)	(52,724)	(52,724)	(52,726)	-	-	-	-
6/30/2022	InvestmentEarnings	IncreasedNOL	817,533	5.00	163,507	490,519	163,507	163,507	163,507	163,505	-	-	-
6/30/2023	PlanExperience	DecreasedNOL	(21,120)	7.06	(2,992)	(18,128)	(2,992)	(2,992)	(2,992)	(2,992)	(2,992)	(2,992)	(3,168)
6/30/2023	AssumptionChanges	DecreasedNOL	(671,836)	7.06	(95,161)	(576,675)	(95,161)	(95,161)	(95,161)	(95,161)	(95,161)	(95,161)	(100,870)
6/30/2023	InvestmentEarnings	IncreasedNOL	73,999	5.00	14,800	59,199	14,800	14,800	14,800	14,800	14,799	-	-



## 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 and/or as contributions are made to the OPEB trust. 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 Appendices for a description of implicit subsidy plan contributions.

The Authority reported the following OPEB contributions paid during the measurement period.

<b>For the Measurement Period, Jul 1, 2022 thru Jun 30, 2023</b>	<b>CCCTA</b>
<b>CCCTA</b>	
(a) Contribution To PARS	\$ 161,957
(b) Benefits Paid Directly To or On Behalf of Retirees	284,453
(c) Implicit Subsidy Payment	85,779
<b>PARS</b>	
(d) Benefits Paid Directly To or On Behalf of Retirees	-
(e) Reimbursements to CCCTA	-
<i>Total Benefits Paid During the MP, (b)+(c)+(d)</i>	370,232
<i>CCCTA Contribution During the MP, (a)+(b)+(c)-(e)</i>	532,189

We estimate the Authority’s OPEB benefits payments/contributions made after the measurement date but prior to the current fiscal year end in the chart below. *These estimates should be updated with the actual amounts once known after the close of the year.*

<b>For the Fiscal Year, Jul 1, 2023 thru Jun 30, 2024</b>	<b>CCCTA</b>
<b>CCCTA</b>	
(f) Contribution To PARS	\$ 172,081
(g) Benefits Paid Directly To or On Behalf of Retirees	333,023
(h) Implicit Subsidy Payment	80,520
<b>PARS</b>	
(i) Benefits Paid Directly To or On Behalf of Retirees	-
(j) Reimbursements to CCCTA	-
<i>Total Benefits Paid During the Current FY, (g)+(h)+(i)</i>	413,543
<i>CCCTA Contribution During the Current FY, (f)+(g)+(h)-(j)</i>	585,624



## 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	
2024	\$ 333,023	\$ -	\$ 333,023	\$ 80,520	\$ -	\$ 80,520	\$ 413,543
2025	296,559	55,562	352,121	38,755	90,519	129,274	481,395
2026	290,885	83,233	374,118	31,676	109,714	141,390	515,508
2027	282,849	107,841	390,690	35,942	116,335	152,277	542,967
2028	273,973	137,436	411,409	11,983	150,626	162,609	574,018
2029	264,378	160,899	425,277	13,495	152,008	165,503	590,780
2030	252,844	183,043	435,887	-	151,956	151,956	587,843
2031	242,373	202,137	444,510	-	160,512	160,512	605,022
2032	231,518	220,774	452,292	-	169,662	169,662	621,954
2033	220,338	236,810	457,148	-	163,065	163,065	620,213
2034	208,820	251,157	459,977	-	186,829	186,829	646,806
2035	197,328	264,262	461,590	-	187,430	187,430	649,020
2036	186,922	281,042	467,964	-	166,650	166,650	634,614
2037	176,320	296,314	472,634	-	192,956	192,956	665,590
2038	165,661	308,208	473,869	-	233,359	233,359	707,228

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 explicit subsidy benefit amount shown for FYE 2024 is currently an estimate and will be replaced with the actual amount, once known.**

The amounts shown in the Implicit Subsidy section reflect the estimated 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**

OPEB Accounts at Beginning of Fiscal Year	<i>By Source</i>		<i>Sources Combined</i>	
	Debit	Credit	Debit	Credit
Net OPEB Liability		3,642,243		3,642,243
<i>Deferred Outflow:</i>				
Assumption Changes	376,638			
Plan Experience	-			
Investment Experience	654,026			
Contribution Subsequent to MD	532,189			
<b>Deferred Outflows</b>			1,562,853	
<i>Deferred Inflow:</i>				
Assumption Changes		163,807		
Plan Experience		938,260		
Investment Experience		168,652		
<b>Deferred Inflows</b>				1,270,719
<b>Record Benefits Paid to Retirees</b>	<b>Debit</b>			<b>Credit</b>
Net OPEB Liability	333,023			
Cash			333,023	
<b>Record Contributions to the Trust</b>	<b>Debit</b>			<b>Credit</b>
Net OPEB Liability	172,081			
Cash			172,081	
<b>Record Implicit Subsidy Payment</b>	<b>Debit</b>			<b>Credit</b>
Net OPEB Liability	80,520			
Premium Expense			80,520	
<b>Record End of Year Updates to OPEB Accounts</b>	<i>By Source</i>		<i>Sources Combined</i>	
	Debit	Credit	Debit	Credit
Net OPEB Liability	66,188		66,188	
<i>Deferred Outflow:</i>				
Assumption Changes		93,599		
Plan Experience				
Investment Experience		104,308		
Contribution Subsequent to MD	53,435			
<b>Deferred Outflows</b>				144,472
<i>Deferred Inflow:</i>				
Assumption Changes		438,164		
Plan Experience	401,089			
Investment Experience	62,018			
<b>Deferred Inflows</b>			24,943	
OPEB Expense	53,341		53,341	



## 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 Unfunded Actuarial Accrued Liability, or UAAL<sup>3</sup>). 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 Actuarial Accrued Liability (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 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.

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<sup>3</sup> 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; 16 years remain for FYE 2024.

Actuarially Determined Contributions, developed as described above for the Authority's fiscal years ending June 30, 2024, 2023 and 2026 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, 2024, June 30, 2025, and June 30, 2026 from the results of this valuation.

Valuation date	6/30/2023		
Discount rate	4.70%		
<b>Number of Covered Employees</b>			
Actives	200		
Retirees	67		
Total Participants	267		
For fiscal year ending	6/30/2024	6/30/2025	6/30/2026
<b>Actuarial Present Value of Projected Benefits</b>	\$ 10,921,820	\$ 11,011,884	\$ 11,036,735
<b>Actuarial Accrued Liability (AAL)</b>			
Actives	4,698,256	5,284,078	5,908,382
Retirees	3,394,589	3,130,873	2,785,317
Total AAL	8,092,845	8,414,951	8,693,699
Actuarial Value of Assets	5,102,413	5,504,589	5,873,789
<b>Unfunded AAL (UAAL)</b>	2,990,432	2,910,362	2,819,910
UAAL Amortization method	Level % of Pay	Level % of Pay	Level % of Pay
Remaining amortization period (years)	16	15	14
Amortization Factor	14.1917	13.4094	12.6143
<b>Actuarially Determined Contribution (ADC)</b>			
Normal Cost	\$ 348,618	\$ 359,077	\$ 369,849
Amortization of UAAL	210,717	217,038	223,549
Interest to fiscal year end	26,289	27,077	27,890
<b>Total ADC</b>	<b>585,624</b>	<b>603,192</b>	<b>621,288</b>

As described on the prior page, OPEB funding consists of 3 different sources. The chart below estimates how these 3 contribution sources would apply toward satisfying the ADC for each of these years.

1 Implicit subsidy contribution	\$ 80,520	\$ 129,274	\$ 141,390
Additional payments needed to meet ADC	505,104	473,918	479,898
2 <i>Estimated agency paid premiums for retirees</i>	\$ <i>333,023</i>	\$ <i>352,121</i>	\$ <i>374,118</i>
3 <i>Estimated agency contribution to OPEB trust</i>	<i>172,081</i>	<i>121,797</i>	<i>105,780</i>
<b>Total Expected Employer Contributions (1+2+3)</b>	<b>\$ 585,624</b>	<b>\$ 603,192</b>	<b>\$ 621,288</b>

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.

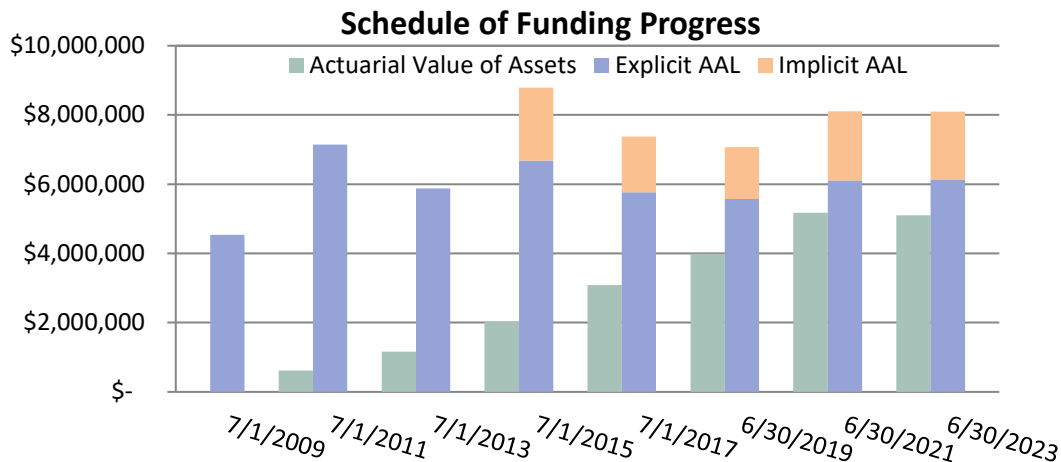


## Funding Information

(Concluded)

In this section, we provide a review of key components of valuation results from 2009 through 2023.

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%
6/30/2023	\$ 5,102,413	\$ 8,092,844	\$ 2,990,431	63.0%	\$ 15,867,493	18.8%	4.70%



Significant changes during this period include:

- **July 1, 2015:** 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, 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.
- **June 30, 2023:** Updated healthcare trend, demographic assumptions and assumed retiree participation and dependent coverage assumptions; favorable plan experience.



## 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 Authority'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: 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 actuaries are members of the American Academy of Actuaries and meet the qualification standards for rendering this opinion.

Signed: February 26, 2024

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

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J. Kevin Watts, FSA, FCA, MAAA



## G. Supporting Information

### Section 1 - Summary of Employee Data

**Active employees:** The Authority reported 200 active members in the data provided to us for the June 2023 valuation. Of these, 165 were currently enrolled in the medical program, with 35 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	2	4					6	3%
30 to 34	1	3	3	1			8	4%
35 to 39		2	4	2	2		10	5%
40 to 44	2	2	2	3	1		10	5%
45 to 49	2	6	8	7	5	8	36	18%
50 to 54	3	7	5	5	4	5	29	15%
55 to 59	3	8	6	1	2	17	37	19%
60 to 64	5	8	5	3	5	17	43	22%
65 to 69		1	4	4		6	15	8%
70 & Up		3				3	6	3%
Total	18	44	37	26	19	56	200	100%
Percent	9%	22%	19%	13%	10%	28%	100%	

Valuation	June 2021	June 2023
Average Attained Age for Actives	52.9	53.7
Average Years of Service	14.0	12.8

**Retirees:** There are also 67 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	2	3%
65 to 69	16	24%
70 to 74	17	25%
75 to 79	20	30%
80 & up	12	18%
Total	67	100%
<b>Average Age:</b>		
On 6/30/2023	74.8	
At retirement	64.2	

**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	200
Number of inactive plan members currently receiving benefits	67
Number of inactive plan members entitled to but not receiving benefits	0



**Supporting Information**

(Continued)

**Section 1 - Summary of Employee Data**

(continued)

The chart below reconciles the number of actives and retirees included in the June 2021 valuation of the Authority plan with those included in the June 2023 valuation:

<b>Reconciliation of Authority Plan Members Between Valuation Dates</b>					
<b>Status</b>	Covered Actives	Waiving Actives	Covered Retirees	Covered Surviving Spouses	Total
Number reported as of June 30, 2021	169	30	57	7	263
New employees	26	12			38
Separated employees	(17)	(4)			(21)
New retiree, elected coverage	(7)		7		0
New retiree, waiving coverage	(6)	(2)			(8)
Previously covered, now waiving	(5)	5			0
Previously waiving, now covered	6	(6)			0
Deceased	(1)		(4)		(5)
<b>Number reported as of June 30, 2023</b>	<b>165</b>	<b>35</b>	<b>60</b>	<b>7</b>	<b>267</b>

The number of active plan members was a net increase of 3, or about 1.5%. The number of covered retirees increased by 3, representing a 4.7% increase.

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

<b>Participants By Group</b>				
Group	Active	Retired		Total
		Under 65	Over 65	
Administrative	50	1	25	76
ATU	139	1	38	178
Teamsters	11	-	2	13
<b>Total</b>	<b>200</b>	<b>2</b>	<b>65</b>	<b>267</b>

Of 15 new retirements reported as occurring between July 2021, and June 2023, 7 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 of retirees electing coverage in the different bargaining groups. There were also differences in the percentages of new retirees electing coverage over and under 65.

<b>Recent Retiree Election by Group</b>				
Group	Pre-65		Post-65	
	Elected	Waived	Elected	Waived
Administrative	1	1	-	-
ATU	1	2	5	6
Teamsters	-	-	-	-
<b>Total</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>6</b>



## 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 PEPRA) 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 \$151 per month in 2023 and increased to \$157 per month in 2024. 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)

<b>Administrative Group</b>			
Active and Retiree Monthly Subsidies by Plan			
Plan	Self	Self + 1	Self + Family
Anthem HMO Select	\$ 270.71	\$ 541.42	\$ 703.85
Anthem HMO Traditional	494.86	989.71	1,286.63
Blue Shield Access Advantage	392.42	786.84	1,020.29
Blue Shield Trio	329.08	658.10	855.60
Healthnet	450.78	901.55	1,172.12
Kaiser	303.56	607.12	789.26
PERS Gold	270.71	541.42	703.85
PERS Platinum	392.42	784.84	1,020.29
United Healthcare	392.42	784.84	1,090.29
Western Health Advantage HMO	383.51	767.01	997.12

<b>Teamsters</b>			
Active and Retiree Monthly Subsidies by Plan			
Plan	Self	Self + 1	Self + Family
Anthem HMO Select	\$ 226.58	\$ 453.16	\$ 589.11
Anthem HMO Traditional	374.92	749.83	974.78
Blue Shield Access Advantage	308.08	616.55	801.01
Blue Shield Trio	254.45	508.30	660.79
Healthnet	450.78	901.55	1,172.12
Kaiser	254.15	508.30	660.79
PERS Gold	226.58	453.16	589.11
PERS Platinum	308.08	616.55	801.01
United Healthcare	308.08	616.16	801.01
Western Health Advantage HMO	383.51	767.01	997.12

<b>Amalgamated Transit Union (ATU)</b>			
Active and Retiree Monthly Subsidies by Plan			
Plan	Self	Self + 1	Self + Family
Anthem HMO Select	\$ 233.59	\$ 467.18	\$ 607.34
Anthem HMO Traditional	374.92	749.83	974.78
Blue Shield Access Advantage	308.08	616.16	801.01
Blue Shield Trio	235.34	470.67	611.78
Health Net	450.78	901.55	1,172.12
Kaiser	235.34	470.67	611.87
PERS Gold	233.59	467.18	607.34
PERS Platinum	308.08	616.16	801.01
United Healthcare	308.08	616.16	801.01
Western Health Advantage HMO	383.51	767.01	997.12





## Summary of Retiree Benefit Provisions

(Concluded)

**Current premium rates:** The 2024 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 2024 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 Select HMO	\$ 1,138.86	\$ 2,277.72	\$ 2,961.04	\$ 405.83	\$ 811.66	\$ 1,217.49
Anthem Traditional HMO	1,339.70	2,679.40	3,483.22	405.83	811.66	1,217.49
Blue Shield Access+ HMO & EPO	1,076.84	2,153.68	2,799.78	392.68	785.36	1,178.04
Kaiser HMO*	1,021.41	2,042.82	2,655.67	386.55	773.10	1,159.65
PERS Platinum PPO	1,314.27	2,628.54	3,417.10	448.15	896.30	1,344.45
PERS Gold PPO	914.82	1,829.64	2,378.53	406.60	813.20	1,219.80
UHC Alliance HMO**	1,091.13	2,182.26	2,836.94	366.01	732.02	1,098.03
Western Health Advantage HMO	807.23	1,614.46	2,098.80	268.62	537.24	805.86

\*Medicare rates shown are for Kaiser Medicare Advantage Summit

\*\*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, 2023
Fiscal Year End	June 30, 2024
GASB 75 Measurement Date	June 30, 2023 (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 (see Appendices).

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. Estimated 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 Traditional HMO	\$ 1,295	\$ 1,527	\$ 1,774	\$ 2,033	\$ 2,311	<i>Claims not developed for Medicare Advantage plans</i>							
	Blue Shield Access	1,186	1,398	1,624	1,861	2,116								
	Kaiser HMO	934	1,102	1,280	1,467	1,667								
	Region 1	PERS Gold PPO	886	1,045	1,213	1,391	1,581	\$ 349	\$ 391	\$ 425	\$ 445	\$ 439	\$ 420	\$ 416
		PERS Platinum PPO	1,299	1,531	1,779	2,039	2,318	381	427	464	486	480	458	454
		UHC Alliance HMO	1,075	1,267	1,472	1,687	1,918	<i>Claims not developed for Medicare Advantage plans</i>						
		Western Health Advantage HMO	835	984	1,143	1,310	1,490							
Region 2	Kaiser HMO	\$ 839	\$ 989	\$ 1,149	\$ 1,317	\$ 1,497	<i>Claims not developed for Medicare Advantage plans</i>							
OOS	Kaiser HMO	1,308	1,542	1,791	2,053	2,334								
	PERS Platinum	819	965	1,121	1,285	1,461	381	427	464	486	480	458	454	
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 Traditional HMO	\$ 1,605	\$ 1,763	\$ 1,897	\$ 2,049	\$ 2,259	<i>Claims not developed for Medicare Advantage plans</i>							
	Blue Shield Access	1,469	1,614	1,736	1,876	2,068								
	Kaiser HMO	1,158	1,272	1,368	1,479	1,630								
	Region 1	PERS Gold PPO	1,098	1,206	1,298	1,402	1,546	\$ 335	\$ 378	\$ 410	\$ 428	\$ 432	\$ 423	\$ 416
		PERS Platinum PPO	1,609	1,768	1,902	2,055	2,266	365	413	447	467	471	462	454
		UHC Alliance HMO	1,332	1,463	1,574	1,701	1,875	<i>Claims not developed for Medicare Advantage plans</i>						
		Western Health Advantage HMO	1,035	1,136	1,223	1,321	1,456							
Region 2	Kaiser HMO	\$ 1,040	\$ 1,142	\$ 1,229	\$ 1,328	\$ 1,464	<i>Claims not developed for Medicare Advantage plans</i>							
OOS	Kaiser HMO	1,621	1,780	1,915	2,070	2,282								
	PERS Platinum	1,014	1,114	1,199	1,295	1,428	365	413	447	467	471	462	454	



**Supporting Information**

(Continued)

**Section 3 - Actuarial Methods and Assumptions**

**Economic Assumptions**

Long Term Return on Assets                      4.70% as of June 30, 2023, and 4.75% as of June 30, 2022, net of plan investment expenses

Discount Rate    4.70% as of June 30, 2023, and 4.75% as of June 30, 2022

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 estimated claims costs by age are assumed to increase once each year. Increases over the prior year’s levels are assumed to be effective on the dates shown in the chart below.

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2024	Actual	2040-2043	4.8%
2025	6.5%	2044-2049	4.7%
2026	6.0%	2050-2059	4.6%
2027	5.5%	2060-2065	4.5%
2028	5.4%	2066-2067	4.4%
2029	5.3%	2068-2069	4.3%
2030	5.2%	2070	4.2%
2031	5.1%	2071-2072	4.1%
2032-2037	5.0%	2073-2074	4.0%
2038-2039	4.9%	2075 & later	3.9%

The healthcare trend shown above was developed using the Getzen Model 2023 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 2032 20%; Resistance Point 21%; Year after which medical growth is limited to growth in GDP 2075.

The PEMHCA minimum employer contribution is assumed to increase by 4.0% per year.

Employer Cost Sharing                                      We have assumed no increase in the fixed dollar amounts contributed by the Authority for active employees.

Medicare Eligibility    Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65. Those over age 65 and not on Medicare are assumed to remain ineligible.



## 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 23/24	Annual Decrease in Percent Electing Coverage	Minimum Percent Electing
Admin	Under 65	76.0%	1.5%	60%
Admin	65 or older	95.0%	1.5%	75%
ATU	Under 65	60.0%	1.5%	48%
ATU	65 or older	75.0%	1.5%	60%
Teamster	Under 65	60.0%	1.5%	48%
Teamster	65 or older	75.0%	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:* 33% 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 61.

*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 2021 experience study of the California Public Employees Retirement System using data from 1997 to 2019, 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 the published CalPERS rates, then projected as described below.

#### Mortality Before Retirement

CalPERS Public Agency Miscellaneous Non- Industrial Deaths		
Age	Male	Female
15	0.00018	0.00010
20	0.00039	0.00014
30	0.00044	0.00019
40	0.00075	0.00039
50	0.00134	0.00081
60	0.00287	0.00179
70	0.00594	0.00404
80	0.01515	0.01149

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

##### Healthy Lives

CalPERS Public Agency Miscellaneous, Police & Fire Post Retirement Mortality		
Age	Male	Female
40	0.00075	0.00039
50	0.00271	0.00199
60	0.00575	0.00455
70	0.01340	0.00996
80	0.04380	0.03403
90	0.14539	0.11086
100	0.36198	0.31582
110	1.00000	1.00000

##### Disabled Miscellaneous

CalPERS Public Agency Disabled Miscellaneous Post-Retirement Mortality		
Age	Male	Female
20	0.00411	0.00233
30	0.00452	0.00301
40	0.00779	0.00730
50	0.01727	0.01439
60	0.02681	0.01962
70	0.04056	0.02910
80	0.08044	0.06112
90	0.16770	0.14396

#### Mortality Improvement

MacLeod Watts Scale 2022 applied generationally from 2017  
(see Appendices)



**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.

Male Miscellaneous Employees: Sum of Vested Terminated & Refund Rates From CalPERS Experience Study Report Issued November 2021						
Attained Age	Years of Service					
	0	3	5	10	15	20
15	0.1851	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1851	0.0927	0.0843	0.0000	0.0000	0.0000
25	0.1769	0.0927	0.0843	0.0377	0.0000	0.0000
30	0.1631	0.0802	0.0804	0.0377	0.0180	0.0000
35	0.1493	0.0677	0.0715	0.0366	0.0180	0.0141
40	0.1490	0.0583	0.0627	0.0337	0.0180	0.0141
45	0.1487	0.0538	0.0562	0.0309	0.0166	0.0141

Female Miscellaneous Employees: Sum of Vested Terminated & Refund Rates From CalPERS Experience Study Report Issued November 2021						
Attained Age	Years of Service					
	0	3	5	10	15	20
15	0.1944	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1944	0.1085	0.1074	0.0000	0.0000	0.0000
25	0.1899	0.1085	0.1074	0.0502	0.0000	0.0000
30	0.1824	0.0977	0.1041	0.0502	0.0252	0.0000
35	0.1749	0.0869	0.0925	0.0491	0.0252	0.0175
40	0.1731	0.0777	0.0809	0.0446	0.0252	0.0175
45	0.1713	0.0710	0.0730	0.0401	0.0213	0.0175

Service Retirement Rates

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.

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

Miscellaneous Employees: 2% at 60 formula From CalPERS Experience Study Report Issued November 2021						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0100	0.0110	0.0140	0.0140	0.0170	0.0170
55	0.0120	0.0160	0.0240	0.0320	0.0360	0.0360
60	0.0630	0.0690	0.0740	0.0900	0.1370	0.1160
65	0.1380	0.1600	0.2140	0.2160	0.2370	0.2830
70	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000



**Supporting Information**

(Continued)

**Section 3 - Actuarial Methods and Assumptions**

Service Retirement Rates  
(concluded)

<b>Miscellaneous "PEPRA" Employees: 2% at 62 formula</b>						
From CalPERS Experience Study Report Issued November 2021						
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

Disability Retirement Rates

CalPERS Public Agency Miscellaneous Disability From Nov 2021 Experience Study Report		
Age	Male	Female
20	0.00007	0.00004
25	0.00007	0.00009
30	0.00017	0.00033
35	0.00035	0.00065
40	0.00091	0.00119
45	0.00149	0.00185
50	0.00154	0.00193
55	0.00139	0.00129
60	0.00124	0.00094

**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 in Appendices.

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





## Supporting Information

(Continued)

### Section 3 - Actuarial Methods and Assumptions

#### Changes in assumptions or methods since the prior Measurement Date

Trust rate of return and discount rate	Decreased from 4.75% to 4.70%, reflecting updated long term rates of return provided by PARS in April 2022
Demographic Assumptions	Updated demographic assumptions from those in the 2017 CalPERS experience study to those recommended in the CalPERS 2021 Experience Study report issued November 2021
Healthcare Trend	Updated the base healthcare trend scale from Getzen Model 2022_b to Getzen Model 2023, as published by the Society of Actuaries
Participation Rate	Updated base participation rates as shown in the chart below, based on a review of historical elections.

Group	Age at Retirement	Previous: With Medical Coverage and Retiring in FY 23/24	Updated: With Medical Coverage and Retiring in FY 23/24	Annual Decrease in Percent Electing Coverage	Previous: Minimum Percent Electing	Updated: Minimum Percent Electing
Admin	Under 65	87%	76.0%	1.5%	50%	60%
Admin	65 or older	97%	95.0%	1.5%	75%	no change
ATU	Under 65	47%	60.0%	1.5%	45%	48%
ATU	65 or older	60%	75.0%	1.5%	60%	no change
Teamster	Under 65	57%	60.0%	1.5%	45%	48%
Teamster	65 or older	77%	75.0%	1.5%	60%	no change

Dependent Coverage	Updated percentage of future retirees assumed to cover a dependent child from 30% to age 63 to 35% to age 61, based on observed experience.
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**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 4.0%.

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	2054	\$374.92	2047	\$374.92	2047
Anthem HMO Select	270.71	2038	233.59	2035	226.58	2034
Blue Shield Access Advantage	392.42	2048	308.08	2042	308.08	2042
Blue Shield Trio	329.08	2043	235.34	2035	254.45	2037
Health Net	450.78	2051	450.78	2051	450.78	2051
Kaiser	303.56	2041	235.34	2035	254.15	2037
PERS Gold	270.71	2038	233.59	2035	226.58	2034
PERS Platinum	392.42	2048	308.08	2042	308.08	2042
Westren Health Advantage HMO	383.51	2047	383.51	2047	383.51	2047
United Healthcare	392.42	2048	308.08	2042	308.08	2042



## Appendix 2: 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 the 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 estimated 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 estimated 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**

(Concluded)

### **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.



### Appendix 3: 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.





## Appendix 4: 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.

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:** Administration & Finance Committee

**Date:** 06/28/2024

**From:** Amber Johnson, Chief Financial Officer

**Reviewed by:** WC.

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**SUBJECT: Public Agency Retirement Services Combination 115 Trust**

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### **Background:**

Since June 2010, the Authority has participated in an Internal Revenue Code Section 115 trust for Other Post Employment Benefits (OPEB) established by Public Agency Retirement Services (PARS), to set aside funds to pay for future OPEB benefits that will be collected by current employees (the "OPEB 115 Trust"). In February 2023, the Board established a new Combination 115 Trust to replace the OPEB 115 Trust. The Combination 115 Trust has two accounts: the "OPEB Account" for prefunding OPEB liabilities, and the "Pension Account" for prefunding pension liabilities.

### **Combination 115 Trust Update:**

As of March 2024, there was approximately \$5.49 million in the Authority's OPEB 115 Account. Since inception, the OPEB 115 Account has earned 4.63% return on investment utilizing the PARS "moderately conservative (passive)" investment strategy, managed by Highmark Capital. No funds have been withdrawn from the trust to pay benefits to date.

As of March 2024, there was approximately \$1.07 million in the Authority's Pension 115 Account. Since inception, the Pension 115 Account has earned 6.93% return on investment utilizing the PARS "moderately conservative (passive)" investment strategy, managed by Highmark Capital. No funds have been withdrawn from the trust to pay benefits to date.

Representatives from PARS will join the Committee meeting to discuss the investment performance of the trust and share some insights into the future of the markets and trends.

### **Financial Implications:**

None.

### **Recommendation:**

None – Information only.

### **Action Requested:**

None – Information only.

**Attachments:**

Attachment 1: PARS/CCCTA 115P Investment Performance Review for the Quarter Ended March 31, 2024



# PARS/CCCTA 115P

## **Investment Performance Review For the Quarter Ended March 31, 2024**

Client Management Team

Andrew Brown, CFA, Sr. Investment Strategist/Portfolio Manager  
Stephanie Rogers, Client Services Analyst

PFM Asset Management LLC

1735 Market Street  
43rd Floor  
Philadelphia, PA 19103

# **Financial Markets & Investment Strategy Review**

	QTD	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
<b>DOMESTIC EQUITY</b>							
S&P 500	10.56%	10.56%	29.88%	11.49%	15.05%	14.09%	12.96%
Russell 3000 Index	10.02%	10.02%	29.29%	9.78%	14.34%	13.45%	12.33%
Russell 1000 Value Index	8.99%	8.99%	20.27%	8.11%	10.31%	9.16%	9.01%
Russell 1000 Index	10.30%	10.30%	29.87%	10.45%	14.76%	13.85%	12.68%
Russell 1000 Growth Index	11.41%	11.41%	39.00%	12.50%	18.52%	18.06%	15.98%
Russell Midcap Index	8.60%	8.60%	22.35%	6.07%	11.10%	10.58%	9.95%
Russell 2000 Value Index	2.90%	2.90%	18.75%	2.22%	8.17%	6.55%	6.87%
Russell 2000 Index	5.18%	5.18%	19.71%	-0.10%	8.10%	7.73%	7.58%
Russell 2000 Growth Index	7.58%	7.58%	20.35%	-2.68%	7.38%	8.40%	7.89%
<b>INTERNATIONAL EQUITY</b>							
MSCI EAFE (Net)	5.78%	5.78%	15.32%	4.78%	7.33%	6.70%	4.80%
MSCI AC World Index (Net)	8.20%	8.20%	23.22%	6.96%	10.92%	10.23%	8.66%
MSCI AC World ex USA (Net)	4.69%	4.69%	13.26%	1.94%	5.97%	5.88%	4.25%
MSCI AC World ex USA Small Cap (Net)	2.11%	2.11%	12.80%	0.38%	6.24%	5.74%	4.74%
MSCI EM (Net)	2.37%	2.37%	8.15%	-5.05%	2.22%	3.72%	2.95%
<b>ALTERNATIVES</b>							
FTSE NAREIT Equity REIT Index	-0.20%	-0.20%	10.54%	4.14%	4.15%	5.08%	6.61%
FTSE EPRA/NAREIT Developed Index	-1.05%	-1.05%	8.57%	-0.19%	0.75%	3.08%	4.00%
FTSE Global Core Infrastructure 50/50 Index (Net)	1.55%	1.55%	3.22%	2.91%	3.78%	5.27%	5.60%
Bloomberg Commodity Index Total Return	2.19%	2.19%	-0.56%	9.11%	6.38%	4.26%	-1.56%
<b>FIXED INCOME</b>							
Blmbg. U.S. Aggregate	-0.78%	-0.78%	1.70%	-2.46%	0.36%	1.06%	1.54%
Blmbg. U.S. Government/Credit	-0.72%	-0.72%	1.74%	-2.35%	0.62%	1.27%	1.70%
Blmbg. Intermed. U.S. Government/Credit	-0.15%	-0.15%	2.69%	-1.06%	1.09%	1.43%	1.61%
Blmbg. U.S. Treasury: 1-3 Year	0.28%	0.28%	2.94%	0.01%	1.13%	1.20%	1.06%
ICE BofAML Global High Yield Constrained (USD)	1.47%	1.47%	11.09%	0.43%	3.12%	3.63%	3.52%
Blmbg. Global Aggregate Ex USD	-3.21%	-3.21%	-0.71%	-6.53%	-2.50%	-0.82%	-1.38%
JPM EMBI Global Diversified	2.04%	2.04%	11.28%	-1.39%	0.71%	1.71%	3.05%
<b>CASH EQUIVALENT</b>							
90 Day U.S. Treasury Bill	1.30%	1.30%	5.35%	2.65%	2.06%	1.94%	1.41%

Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.



**Investment Strategy Overview**






Asset Class	Our Q2 2024 Investment Outlook	Comments
<b>U.S. Equities</b> Large-Caps Mid-Caps Small-Caps		<ul style="list-style-type: none"> <li>Fed's guidance of higher economic growth and moderating inflation a positive but recent uptick in inflation data warrants attention. Markets reacted positively to March Fed projections with S&amp;P hitting all time high.</li> <li>Rising valuations are supported by improving earnings growth expectations but any negative news could lead to a pullback.</li> <li>Mid- and small-cap valuations are attractive and would benefit as investor sentiment/earnings growth expectations improve. Exposure to interest rate sensitive sectors such as regional banks remains a concern.</li> </ul>
<b>Non-U.S. Equities</b> Developed Markets Emerging Markets International Small-Caps		<ul style="list-style-type: none"> <li>International equities continue to trade at a discount to U.S. equities but slowing economic growth in Europe and China is a headwind.</li> <li>EM equities trade at attractive valuations relative to developed market equities. We remain cautious on China and are closely monitoring the recent change in investor sentiment towards Chinese equities.</li> <li>International small-caps provide exposure to foreign local economies, but uneven economic growth and geopolitical tensions leads us to be at neutral positioning.</li> <li>Overall, we maintain neutral exposure to international equities.</li> </ul>
<b>Fixed Income</b> Long-Duration, Interest Rate-Sensitive Sectors Credit-Sensitive Sectors		<ul style="list-style-type: none"> <li>The Fed's recent guidance points towards soft-landing scenario with three expected rate cuts in 2024. Yields at short-end of the curve look attractive even as long-term yields fell back from the recent highs. We expect a further fall in yields as inflation continues to moderate.</li> <li>Credit markets remain attractive due to strong corporate fundamentals. We continue to seek diversified credit exposure and are closely watching signs for any distress in the corporate credit space.</li> </ul>
<b>Alternatives</b> Real Estate Private Equity Private Debt Infrastructure		<ul style="list-style-type: none"> <li>Higher interest rates and rising foreclosure for office buildings are headwinds for private real estate returns. Public REITs have recovered from the lows in 2023. We expect this trend to continue helped by falling rates and economic soft landing.</li> <li>Private equity is facing headwinds from higher leverage costs and falling valuations. Debt strategies may benefit from banks' tighter lending standards as long as default rates remain low.</li> <li>Increased infrastructure investment in the U.S. post the passing of Jobs Act and Chips Act a positive for infrastructure. Transition to renewable energy is another tailwind for both private and listed infrastructure while higher interest rates are headwinds.</li> </ul>

● Current outlook    ○ Outlook one quarter ago



The view expressed within this material constitute the perspective and judgment of PFM Asset Management LLC at the time of distribution (March 31, 2024) and are subject to change.

**Factors to Consider Over the Next 6-12 Months**

<p><b>Monetary Policy:</b></p>  <ul style="list-style-type: none"> <li>Recent Fed guidance implies three rate cuts in 2024 and points to an economic soft landing but path of rate cuts remains uncertain.</li> <li>Globally, central banks are nearing the start of rate cutting cycle in reaction to moderating inflation with the Swiss central bank being the first to cut.</li> </ul>	<p><b>Economic Growth:</b></p>  <ul style="list-style-type: none"> <li>U.S. economic growth is led by consumers and supported by a robust labor market. Recent recovery in manufacturing activity along with continued strength in services a tailwind.</li> <li>Economic growth outside U.S. remain mixed with slower growth projected in Eurozone.</li> </ul>	<p><b>Inflation:</b></p>  <ul style="list-style-type: none"> <li>Inflation continues to moderate but has proven to be stickier than expected, predominantly in housing and service sectors. Globally, inflation has continued to moderate.</li> <li>Recent upside surprises in the U.S. warrants closer attention but expect moderating trend to continue.</li> </ul>
<p><b>Financial Conditions:</b></p>  <ul style="list-style-type: none"> <li>Financial conditions continue to ease as the Fed pivot remains in play alongside strength in various economic indicators.</li> <li>With interest rates remaining elevated, we continue to focus on identifying pockets of stress within financial markets.</li> </ul>	<p><b>Consumer Spending (U.S.):</b></p>  <ul style="list-style-type: none"> <li>Consumer confidence reached a multi-year high following strong wage growth, a resilient labor market, and moderating inflation.</li> <li>Hiring, wage growth, and increased hours worked have all played a role in boosting personal income and spending and we expect consumer strength to continue as labor markets remain healthy.</li> </ul>	<p><b>Labor Markets:</b></p>  <ul style="list-style-type: none"> <li>The labor market remains strong, but we have seen cooling conditions from the extreme levels of 2022.</li> <li>Strong wage increases reflect a competitive labor market and is a key focus for monetary policy moving forward.</li> </ul>
<p><b>Corporate Fundamentals:</b></p>  <ul style="list-style-type: none"> <li>Earnings growth expectations are improving while profit margins are stabilizing at pre-pandemic levels.</li> <li>Higher cash levels especially across S&amp;P 500 companies, increasing stock buybacks and lower credit default rates are positives.</li> </ul>	<p><b>Valuations:</b></p>  <ul style="list-style-type: none"> <li>U.S. equity and credit markets have experienced a run up in valuations amid strong corporate fundamentals and continued economic growth.</li> <li>International equities look attractive but continued economic and geopolitical uncertainty is leading to increased volatility.</li> </ul>	<p><b>Political Risks:</b></p>  <ul style="list-style-type: none"> <li>Geopolitical risks continue to remain elevated. U.S./China tensions, Russia/Ukraine war, Israel/Hamas conflict, China's moves in South China Sea and Taiwan Strait further add to risks.</li> <li>Elections across the globe could also lead to short-term volatility.</li> </ul>



Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management LLC at the time of distribution (March 31, 2024) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness, or suitability.

**Plan Performance Summary - PARS/CCCTA 115P - OPEB**

Asset Allocation & Performance

	Allocation		Performance(%)								
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
<b>Total Portfolio</b>	<b>5,413,601</b>	<b>100.00</b>	<b>1.69</b>	<b>1.69</b>	<b>7.09</b>	<b>0.52</b>	<b>3.68</b>	<b>3.97</b>	<b>3.86</b>	<b>4.63</b>	<b>07/01/2010</b>
<b>Domestic Equity</b>	<b>1,304,429</b>	<b>24.10</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>02/01/2024</b>
<i>Russell 3000 Index</i>			10.02	10.02	29.29	9.78	14.34	13.45	12.33	8.81	
iShares S&P 500 Value ETF	207,733	3.84	8.01	8.01	25.36	11.98	13.06	11.19	10.44	7.70	02/01/2024
iShares Core S&P 500 ETF	496,815	9.18	10.55	10.55	29.85	11.46	15.02	14.05	12.92	8.72	02/01/2024
iShares S&P 500 Growth ETF	187,963	3.47	12.69	12.69	33.49	9.99	15.57	15.68	14.36	9.55	02/01/2024
<i>S&amp;P 500</i>			10.56	10.56	29.88	11.49	15.05	14.09	12.96	8.73	
iShares Russell Mid-Cap ETF	186,596	3.45	8.55	8.55	22.16	5.90	10.93	10.42	9.78	10.13	02/01/2024
iShares Russell 2000 Value ETF	109,420	2.02	2.82	2.82	18.35	1.99	7.95	6.37	6.72	7.74	02/01/2024
iShares Russell 2000 Growth ETF	115,902	2.14	7.56	7.56	20.23	-2.73	7.32	8.36	7.91	11.12	02/01/2024
<i>Russell 2000 Index</i>			5.18	5.18	19.71	-0.10	8.10	7.73	7.58	9.44	
<b>International Equity</b>	<b>330,655</b>	<b>6.11</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>02/01/2024</b>
iShares Core MSCI EAFE ETF	219,840	4.06	5.34	5.34	14.59	4.11	7.19	6.69	4.96	6.15	02/01/2024
<i>MSCI AC World ex USA (Net)</i>			4.69	4.69	13.26	1.94	5.97	5.88	4.25	5.74	
Vanguard FTSE Emerging Markets ETF	110,816	2.05	1.92	1.92	7.48	-3.70	2.90	3.82	3.25	5.65	02/01/2024
<i>MSCI EM (net)</i>			2.37	2.37	8.15	-5.05	2.22	3.72	2.95	7.35	
<b>Other Growth</b>	<b>47,391</b>	<b>0.88</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>01/01/2024</b>
Vanguard Real Estate ETF	47,391	0.88	-1.19	-1.19	8.50	1.72	3.68	4.64	6.20	3.95	02/01/2024
<i>MSCI US REIT Index</i>			-0.32	-0.32	10.37	4.03	4.14	5.07	6.54	3.99	

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

## Asset Allocation &amp; Performance

	Allocation		Performance(%)								
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
<b>Fixed Income</b>	<b>3,496,644</b>	<b>64.59</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>02/01/2024</b>
<i>Blmbg. U.S. Aggregate</i>			-0.78	-0.78	1.70	-2.46	0.36	1.06	1.54	-0.50	
iShares Core US Aggregate Bond ETF	2,709,412	50.05	-0.75	-0.75	1.61	-2.48	0.32	1.02	1.50	-0.58	02/01/2024
<i>Blmbg. U.S. Aggregate</i>			-0.78	-0.78	1.70	-2.46	0.36	1.06	1.54	-0.50	
iShares 5-10 Year Invmt Grd Corp Bd ETF	612,853	11.32	0.03	0.03	5.07	-1.35	1.89	2.37	2.41	1.26	03/01/2024
<i>Blmbg. U.S. Aggregate</i>			-0.78	-0.78	1.70	-2.46	0.36	1.06	1.54	0.92	
SPDR Portfolio High Yield Bond	174,378	3.22	1.46	1.46	11.24	2.44	4.30	4.23	4.22	1.19	03/01/2024
<i>ICE BofA High Yield Master II</i>			1.51	1.51	11.04	2.21	4.03	4.25	4.36	1.19	
<b>Cash Equivalent</b>	<b>234,482</b>	<b>4.33</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>02/01/2024</b>
<i>ICE BofA 3 Month U.S. T-Bill</i>			1.29	1.29	5.24	2.58	2.02	1.90	1.38	0.86	
First American Government Obligation - X	234,482	4.33	1.31	1.31	5.28	2.61	1.95	1.82	N/A	0.86	02/01/2024
<i>ICE BofA 3 Month U.S. T-Bill</i>			1.29	1.29	5.24	2.58	2.02	1.90	1.38	0.86	

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

## Calendar Year Comparative Performance

	Performance(%)					
	Quarter To Date	2023	2022	2021	2020	2019
<b>Total Portfolio</b>	<b>1.69</b>	<b>9.21</b>	<b>-13.01</b>	<b>5.39</b>	<b>9.92</b>	<b>13.55</b>
<b>Domestic Equity</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>Russell 3000 Index</i>	10.02	25.96	-19.21	25.66	20.89	31.02
iShares S&P 500 Value ETF	8.01	22.02	-5.41	24.67	1.24	31.71
iShares Core S&P 500 ETF	10.55	26.26	-18.13	28.66	18.37	31.44
iShares S&P 500 Growth ETF	12.69	29.80	-29.51	31.76	33.21	30.91
<i>S&amp;P 500</i>	10.56	26.29	-18.11	28.71	18.40	31.49
iShares Russell Mid-Cap ETF	8.55	17.07	-17.43	22.38	16.91	30.31
iShares Russell 2000 Value ETF	2.82	14.42	-14.67	27.96	4.50	22.17
iShares Russell 2000 Growth ETF	7.56	18.58	-26.33	2.70	34.52	28.46
<i>Russell 2000 Index</i>	5.18	16.93	-20.44	14.82	19.96	25.53
<b>International Equity</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
iShares Core MSCI EAFE ETF	5.34	17.63	-15.13	11.29	8.55	22.67
<i>MSCI AC World ex USA (Net)</i>	4.69	15.62	-16.00	7.82	10.65	21.51
Vanguard FTSE Emerging Markets ETF	1.92	9.27	-17.72	0.96	15.32	20.40
<i>MSCI EM (net)</i>	2.37	9.83	-20.09	-2.54	18.31	18.42
<b>Other Growth</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Vanguard Real Estate ETF	-1.19	11.75	-26.20	40.38	-4.72	28.91
<i>MSCI US REIT Index</i>	-0.32	13.74	-24.51	43.06	-7.57	25.84

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## Calendar Year Comparative Performance

	Performance(%)					
	Quarter To Date	2023	2022	2021	2020	2019
<b>Fixed Income</b>	N/A	N/A	N/A	N/A	N/A	N/A
<i>Blmbg. U.S. Aggregate</i>	-0.78	5.53	-13.01	-1.55	7.51	8.72
iShares Core US Aggregate Bond ETF	-0.75	5.59	-13.06	-1.67	7.42	8.68
<i>Blmbg. U.S. Aggregate</i>	-0.78	5.53	-13.01	-1.55	7.51	8.72
iShares 5-10 Year Invmt Grd Corp Bd ETF	0.03	9.17	-14.06	-1.65	9.62	14.37
<i>Blmbg. U.S. Aggregate</i>	-0.78	5.53	-13.01	-1.55	7.51	8.72
SPDR Portfolio High Yield Bond	1.46	13.56	-10.76	5.84	6.57	13.09
<i>ICE BofA High Yield Master II</i>	1.51	13.46	-11.22	5.36	6.17	14.41
<b>Cash Equivalent</b>	N/A	N/A	N/A	N/A	N/A	N/A
<i>ICE BofA 3 Month U.S. T-Bill</i>	1.29	5.02	1.46	0.05	0.67	2.28
First American Government Obligation - X	1.31	5.00	1.54	0.03	0.40	2.12
<i>ICE BofA 3 Month U.S. T-Bill</i>	1.29	5.02	1.46	0.05	0.67	2.28

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

Account Reconciliation

QTR	Market Value As of 01/01/2024	Net Flows	Return On Investment	Market Value As of 03/31/2024
Total Portfolio	5,322,218	(3,440)	94,824	5,413,601



**Plan Performance Summary - PARS/CCCTA 115P - Pension**

Asset Allocation & Performance

	Allocation		Performance(%)								
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
<b>Total Portfolio</b>	<b>1,067,406</b>	<b>100.00</b>	<b>1.69</b>	<b>1.69</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>6.93</b>	<b>07/01/2023</b>
<b>Domestic Equity</b>	<b>257,401</b>	<b>24.11</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>02/01/2024</b>
<i>Russell 3000 Index</i>			<i>10.02</i>	<i>10.02</i>	<i>29.29</i>	<i>9.78</i>	<i>14.34</i>	<i>13.45</i>	<i>12.33</i>	<i>8.81</i>	
iShares S&P 500 Value ETF	41,098	3.85	8.01	8.01	25.36	11.98	13.06	11.19	10.44	7.70	02/01/2024
iShares Core S&P 500 ETF	97,786	9.16	10.55	10.55	29.85	11.46	15.02	14.05	12.92	8.72	02/01/2024
iShares S&P 500 Growth ETF	37,069	3.47	12.69	12.69	33.49	9.99	15.57	15.68	14.36	9.55	02/01/2024
<i>S&amp;P 500</i>			<i>10.56</i>	<i>10.56</i>	<i>29.88</i>	<i>11.49</i>	<i>15.05</i>	<i>14.09</i>	<i>12.96</i>	<i>8.73</i>	
iShares Russell Mid-Cap ETF	36,831	3.45	8.55	8.55	22.16	5.90	10.93	10.42	9.78	10.13	02/01/2024
iShares Russell 2000 Value ETF	21,598	2.02	2.82	2.82	18.35	1.99	7.95	6.37	6.72	7.74	02/01/2024
iShares Russell 2000 Growth ETF	23,018	2.16	7.56	7.56	20.23	-2.73	7.32	8.36	7.91	11.12	02/01/2024
<i>Russell 2000 Index</i>			<i>5.18</i>	<i>5.18</i>	<i>19.71</i>	<i>-0.10</i>	<i>8.10</i>	<i>7.73</i>	<i>7.58</i>	<i>9.44</i>	
<b>International Equity</b>	<b>65,190</b>	<b>6.11</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>02/01/2024</b>
<i>MSCI AC World ex USA (Net)</i>			<i>4.69</i>	<i>4.69</i>	<i>13.26</i>	<i>1.94</i>	<i>5.97</i>	<i>5.88</i>	<i>4.25</i>	<i>5.74</i>	
iShares Core MSCI EAFE ETF	43,344	4.06	5.34	5.34	14.59	4.11	7.19	6.69	4.96	6.15	02/01/2024
<i>MSCI AC World ex USA (Net)</i>			<i>4.69</i>	<i>4.69</i>	<i>13.26</i>	<i>1.94</i>	<i>5.97</i>	<i>5.88</i>	<i>4.25</i>	<i>5.74</i>	
Vanguard FTSE Emerging Markets ETF	21,846	2.05	1.92	1.92	7.48	-3.70	2.90	3.82	3.25	5.65	02/01/2024
<i>MSCI EM (net)</i>			<i>2.37</i>	<i>2.37</i>	<i>8.15</i>	<i>-5.05</i>	<i>2.22</i>	<i>3.72</i>	<i>2.95</i>	<i>7.35</i>	
<b>Other Growth</b>	<b>9,340</b>	<b>0.88</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>01/01/2024</b>
Vanguard Real Estate ETF	9,340	0.88	-1.19	-1.19	8.50	1.72	3.68	4.64	6.20	3.95	02/01/2024
<i>MSCI US REIT Index</i>			<i>-0.32</i>	<i>-0.32</i>	<i>10.37</i>	<i>4.03</i>	<i>4.14</i>	<i>5.07</i>	<i>6.54</i>	<i>3.99</i>	

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## Asset Allocation &amp; Performance

	Allocation		Performance(%)								
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
<b>Fixed Income</b>	<b>689,427</b>	<b>64.59</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>02/01/2024</b>
<i>Blmbg. U.S. Aggregate</i>			-0.78	-0.78	1.70	-2.46	0.36	1.06	1.54	-0.50	
iShares Core US Aggregate Bond ETF	534,263	50.05	-0.75	-0.75	1.61	-2.48	0.32	1.02	1.50	-0.58	02/01/2024
<i>Blmbg. U.S. Aggregate</i>			-0.78	-0.78	1.70	-2.46	0.36	1.06	1.54	-0.50	
iShares 5-10 Year Invmt Grd Corp Bd ETF	120,796	11.32	0.03	0.03	5.07	-1.35	1.89	2.37	2.41	1.26	03/01/2024
<i>Blmbg. U.S. Aggregate</i>			-0.78	-0.78	1.70	-2.46	0.36	1.06	1.54	0.92	
SPDR Portfolio High Yield Bond	34,369	3.22	1.46	1.46	11.24	2.44	4.30	4.23	4.22	1.19	03/01/2024
<i>ICE BofA High Yield Master II</i>			1.51	1.51	11.04	2.21	4.03	4.25	4.36	1.19	
<b>Cash Equivalent</b>	<b>46,048</b>	<b>4.31</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>02/01/2024</b>
<i>ICE BofA 3 Month U.S. T-Bill</i>			1.29	1.29	5.24	2.58	2.02	1.90	1.38	0.86	
First American Government Obligation - X	46,048	4.31	1.31	1.31	5.28	2.61	1.95	1.82	N/A	0.86	02/01/2024
<i>ICE BofA 3 Month U.S. T-Bill</i>			1.29	1.29	5.24	2.58	2.02	1.90	1.38	0.86	

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## Calendar Year Comparative Performance

	Performance(%)					
	Quarter To Date	2023	2022	2021	2020	2019
<b>Total Portfolio</b>	1.69	N/A	N/A	N/A	N/A	N/A
<b>Domestic Equity</b>	N/A	N/A	N/A	N/A	N/A	N/A
<i>Russell 3000 Index</i>	10.02	25.96	-19.21	25.66	20.89	31.02
iShares S&P 500 Value ETF	8.01	22.02	-5.41	24.67	1.24	31.71
iShares Core S&P 500 ETF	10.55	26.26	-18.13	28.66	18.37	31.44
iShares S&P 500 Growth ETF	12.69	29.80	-29.51	31.76	33.21	30.91
<i>S&amp;P 500</i>	10.56	26.29	-18.11	28.71	18.40	31.49
iShares Russell Mid-Cap ETF	8.55	17.07	-17.43	22.38	16.91	30.31
iShares Russell 2000 Value ETF	2.82	14.42	-14.67	27.96	4.50	22.17
iShares Russell 2000 Growth ETF	7.56	18.58	-26.33	2.70	34.52	28.46
<i>Russell 2000 Index</i>	5.18	16.93	-20.44	14.82	19.96	25.53
<b>International Equity</b>	N/A	N/A	N/A	N/A	N/A	N/A
<i>MSCI AC World ex USA (Net)</i>	4.69	15.62	-16.00	7.82	10.65	21.51
iShares Core MSCI EAFE ETF	5.34	17.63	-15.13	11.29	8.55	22.67
<i>MSCI AC World ex USA (Net)</i>	4.69	15.62	-16.00	7.82	10.65	21.51
Vanguard FTSE Emerging Markets ETF	1.92	9.27	-17.72	0.96	15.32	20.40
<i>MSCI EM (net)</i>	2.37	9.83	-20.09	-2.54	18.31	18.42
<b>Other Growth</b>	N/A	N/A	N/A	N/A	N/A	N/A
Vanguard Real Estate ETF	-1.19	11.75	-26.20	40.38	-4.72	28.91
<i>MSCI US REIT Index</i>	-0.32	13.74	-24.51	43.06	-7.57	25.84

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

## Calendar Year Comparative Performance

	Performance(%)					
	Quarter To Date	2023	2022	2021	2020	2019
<b>Fixed Income</b>	N/A	N/A	N/A	N/A	N/A	N/A
<i>Blmbg. U.S. Aggregate</i>	-0.78	5.53	-13.01	-1.55	7.51	8.72
iShares Core US Aggregate Bond ETF	-0.75	5.59	-13.06	-1.67	7.42	8.68
<i>Blmbg. U.S. Aggregate</i>	-0.78	5.53	-13.01	-1.55	7.51	8.72
iShares 5-10 Year Invmt Grd Corp Bd ETF	0.03	9.17	-14.06	-1.65	9.62	14.37
<i>Blmbg. U.S. Aggregate</i>	-0.78	5.53	-13.01	-1.55	7.51	8.72
SPDR Portfolio High Yield Bond	1.46	13.56	-10.76	5.84	6.57	13.09
<i>ICE BofA High Yield Master II</i>	1.51	13.46	-11.22	5.36	6.17	14.41
<b>Cash Equivalent</b>	N/A	N/A	N/A	N/A	N/A	N/A
<i>ICE BofA 3 Month U.S. T-Bill</i>	1.29	5.02	1.46	0.05	0.67	2.28
First American Government Obligation - X	1.31	5.00	1.54	0.03	0.40	2.12
<i>ICE BofA 3 Month U.S. T-Bill</i>	1.29	5.02	1.46	0.05	0.67	2.28

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

Account Reconciliation

QTR	Market Value As of 01/01/2024	Net Flows	Return On Investment	Market Value As of 03/31/2024
Total Portfolio	1,049,380	(678)	18,704	1,067,406

## IMPORTANT DISCLOSURES

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**To:** Administration and Finance Committee

**Date:** 05/20/2024

**From:** Pranjali Dixit, Manager of Planning

**Reviewed by:** *Ref*

---

**SUBJECT: Regional Fare Transfer Policy**

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### **Background:**

In late 2019, the Metropolitan Transportation Commission (MTC) began a Regional Fare Coordination and Integration Study (FCIS) to evaluate the impacts of the region's disparate fare systems on ridership and develop goals for a regional system that would improve the passenger experience and promote higher ridership. The Fare Integration Task Force was formed as a "Special Committee" of the Clipper Executive Board (CEB) to oversee the study, and in late 2021, this Task Force adopted a Policy Vision Statement for fare integration in the 9-county region based on the study recommendations. Concurrently, the Blue Ribbon Transit Recovery Task Force (BRTF) adopted the Transit Transformation Action Plan, which called for the implementation and funding of the recommended pilot projects from the FCIS. The first pilot project, Clipper BayPass, is an all-transit agency institutional/employer pass and was deployed in August 2022 and the subsequent Phase 2 of the pilot has been extended to June 2026.

### **Transfer Policy:**

The second recommendation from the FCIS was to develop an inter-agency transfer discount policy and implement a pilot in conjunction with the rollout of the Next Generation Clipper system, which provides more flexibility around business rules. The proposed policy is meant to be simple for riders to understand and would provide a discount of up to \$2.50 for each transfer within two hours of the first boarding. Based on current transit operator fares in the region, this would mean that transfers to any local service would be free, and transfers to regional services such as BART or Caltrain would be discounted. Additionally, Clipper customers using discount fare categories such as START, Youth or Senior will receive transfer benefit proportional to the discounted fare.

For County Connection, there would be no change to existing free transfers between the East Bay bus operators. However, for passengers transferring from BART to County Connection, the proposed policy would increase the discount, and riders would transfer for free instead of paying \$1 as they currently do. A more significant change will be when riders transfer to BART since there is currently no discount. Those riders will now receive a \$2.50 discount off their BART fare when transferring from another operator such as County Connection.

### **Title VI:**

As with the current MTC Policy, each agency is responsible for its own Title VI obligations, and that remains the case for the Regional Transfer Policy. Therefore, it is up to each agency to determine whether a Title VI analysis is needed, and whether compliance obligations (if any) can be met through adoption of another agency's analysis or a form or joint analysis, or if the agency must conduct its own analysis. Further meetings are being convened over the next few months convened over the next few



months, and MTC will be setting up infrastructure to assist with procurements of consultants to conduct these analyses.

Any Title VI Analysis for the No-Cost and Reduced Cost Interagency Transfer Pilot Program is required to be completed before the rollout, which is coincident with the launch of Clipper 2.0

**Financial Implications:**

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

**Recommendation:**

Given the No-Cost and Reduced Cost Interagency Transfer Pilot Program presents an opportunity to enhance rider experience, potentially increase ridership, and benefit from MTC's financial support, staff recommends approval County Connections participation in the Pilot program.

**Action Requested:**

Staff requests the Administration and Finance Committee forward Board approval for the General Manager to execute an MOU with MTC for the No-Cost and Reduced Cost Interagency Transfer Pilot Program.

**Attachments:**

Attachment 1: No-Cost and Reduced Cost Interagency Transfer Pilot Program Participation MOU

## **NO-COST AND REDUCED COST INTERAGENCY TRANSFER PILOT PROGRAM PARTICIPATION MEMORADUM OF UNDERSTANDING**

This No-Cost and Reduced Cost Interagency Transfer Pilot Program Participation Memorandum of Understanding (the “MOU”) is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2024 (the “Effective Date”), by and among the Metropolitan Transportation Commission (“MTC”) and the following transit operators participating in the No-Cost and Reduced Cost Interagency Transfer (referred to herein individually as an “Operator” or collectively as the “Operators”):

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 FAST; 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-Marín Area Rail Transit (“SMART”); 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.

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

### **ARTICLE I**

#### **No-Cost and Reduced Cost Interagency Transfer Pilot Program**

1. The Bay Area Transit Fare Coordination & Integration Study & Business Case (FCIS), completed in September 2021, developed goals for a regional fare system that will improve the passenger experience and promote higher ridership across the region’s 22 different transit operators that participate in the Clipper® fare payment system. The FCIS found that implementing no-cost and reduced cost transfers would drive an increase of 27,000 daily trips.
2. On November 15, 2021, the Fare Integration Task Force, a special committee of the Clipper Executive Board, consisting of transit operators, MTC, and county transportation agencies, adopted a Bay Area Transit Fare Policy Vision Statement which called for “no-cost and reduced cost transfers for transit users transferring between different transit agencies beginning in 2024, coinciding with the rollout of the Next Generation Clipper® system/Clipper® 2.”
3. On March 27, 2023, the Fare Integration Task Force endorsed a No-Cost and Reduced Cost Interagency Transfer Pilot Program (“Pilot Program”), which would provide free and reduced-price transfers beginning with the launch of the Clipper® 2 account-based system in 2024 and continuing for at least 18 months, with an automatic extension to a total of 24 months if sufficient funding is available.
4. The Pilot Program would provide a discount equivalent to the single-ride Clipper fare for amounts up to the region’s highest local bus/light rail transit fare, currently \$2.50. When making a trip on fixed-route transit that requires transferring between participating Operators, riders would pay the full fare on the first Operator used. Any transfer to another Operator within two hours of the first boarding is free up to a per-transfer limit equal to the region’s

- highest local transit fare (currently \$2.50). Should the highest local bus/light rail transit fare increase above \$2.50 during the Pilot Program, the amount of the discount offered will increase to match the new highest local transit fare.
5. To ensure equitable benefits for paratransit users, the Pilot Program may be extended to a subset of cross-jurisdictional paratransit trips, to be determined by MTC and Operator staff at the earliest opportunity, which may occur after the Pilot Program has commenced.
  6. The Pilot Program is designed with a goal of strengthening, standardizing, and clarifying transfer discounts between Operators.
  7. The Pilot Program is expected to generate new trips for Operators.
  8. The Pilot Program is designed to mitigate negative impacts to Operator revenues.
  9. Project staff will continue to engage with Operators and executives to share Pilot Program findings, project updates, and to collect feedback from Operators about the program.
  10. MTC and project staff will proactively seek input from Operators prior to the conclusion of the 24 month pilot period in order to inform decision making by MTC and Operators regarding the continuation of the Pilot Program beyond the pilot period.

## **ARTICLE II**

### **Transfer Rule Details**

The Pilot Program would implement the following transfer rules for riders using Clipper on fixed-route transit:

1. For the purposes of the Pilot Program, an inter-agency transfer occurs when a rider boards a transit vehicle and then subsequently boards another transit vehicle operated by a different Operator within a two-hour (120 minute) period at a minimum (180 minutes if trips begin on Golden Gate Transit, SMART, or Sonoma County Transit).
2. When making an inter-agency transfer, full-fare Adult customers using Clipper will receive a fare discount in an amount that is the lesser of two values: (a) the value of the single-ride Clipper fare for each trip(s) taken after the first Operator, or (b) the value of a single-ride Clipper fare for the region's highest local transit fare, currently \$2.50 at the time of the execution of this agreement.
3. Clipper customers using discount fare categories (Senior, Youth, Clipper START, Disabled/Regional Transit Connection (RTC)) would be subject to a discount limit proportional to the fare charged. For example, a rider transferring to a service on which that rider is entitled to a 50% Senior discount would receive a free transfer for amounts up to \$1.25.
4. For customers taking trips with three or more Operators, discounts would be applied on each additional operator used during the 120-minute window (180 minutes on GG Transit, Sonoma County Transit, and WETA) as described in Article II. 1-3 above, so that the customer only pays the equivalent of one full fare during that period.
5. For customers transferring to or from the SFMTA's Cable Car service, no transfer discount will be offered.

6. The discount is applied to the fare paid *after* making the transfer and cannot result in a negative fare for that segment.

### **ARTICLE III Operator Responsibilities**

Each Operator agrees to:

1. Participate in the Pilot Program for a minimum of 18 months, and for up to 24 months if sufficient funding is available to extend the Pilot Program.
2. Provide in-kind staff and administrative support needed to successfully deliver and administer the Pilot Program at the Operator, including marketing.
3. Facilitate the payment of an upfront allocation and up to two supplemental payments to offset fare revenue impacts to the Operator by MTC as described in Article IV.
4. Partner with MTC, other Operators, and/or their designated third-party consultants for the Pilot Program to organize evaluation and research activities such as surveys or similar research methods over the course of the Pilot.
5. Ensure compliance with any Operator obligations under the Federal Transit Administration's Title VI Circular and/or the Operator's own Title VI policies.
6. Work with MTC, other Operators, and/or their designated third-party consultants to identify additional funds (if needed) to extend the Pilot Program to at least 24 months.
7. Subject to Pilot Program findings, work with MTC, other Operators, and/or their designated third-party consultants to develop a funding model that can support continuation of the policies described in Article II on a permanent basis while continuing to maintain and expand transit service to customers.

### **ARTICLE IV MTC Responsibilities**

MTC agrees to:

1. Administer the Pilot Program for a minimum of 18 months, and for up to 24 months if sufficient funding is available to extend the Pilot Program.
2. Provide in-kind staff and administrative support needed to successfully deliver and administer the Pilot Program, including customer support, financial management, fare rule implementation, public information, communications, marketing, and technology support/operations.
3. Prior to the launch of the Pilot Program, offset foregone fare revenue by making an upfront allocation to each Operator based on the Operator's share of FY 2018-19 Transit Fare Revenues as reported to State Controller's Office (SCO), amounting to a total of \$11 million across all Operators.

4. Prior to the launch of the program, work in partnership with Operators to support compliance with the Federal Transit Administration's Title VI Circular and/or the Operator's own Title VI policies
5. Provide regular updates to the Fare Integration Task Force on the status of the Pilot Program.
6. No later than 12 months following program launch, conduct an evaluation of the Pilot Program, including its effects on travel behavior, revenue, and customer experience. The evaluation will include an assessment of funding available to extend the Pilot Program beyond 18 months.
7. Work with Operators and/or their designated third-party consultants to identify additional funds (if needed) to extend the program to at least 24 months.
8. Provide each Operator with supplemental funds to offset foregone fare revenue, based on an estimate of each Operator's "adjusted foregone fare revenue" as defined in subsection 9. MTC will allocate supplemental payments up to two times during the Pilot Program, amounting to a total of at least \$11 million. The first supplemental payment will occur 18 months after program launch. The second supplemental payment will occur at the conclusion of the Pilot Program or no later than 24 months after program launch, whichever is sooner.
9. Estimate "adjusted foregone fare revenue" for fixed-route services based on the number of actual inter-agency transfer trips in Clipper transaction data. Each Operator is responsible for the first \$0.50 discount of gross fare on each transfer, adjusted commensurately to discounted fare categories. The remaining foregone fare revenue will be adjusted to deduct an estimate of the increase in fare revenue generated by the Pilot Program. For each Operator, the percent increase in transfer trips, in excess of the growth of non-transfer trips, will be considered evidence of new trips generated by the Pilot Program. The percent of transfer trips and non-transfer trips in FY 2023-24 will be considered as the baseline. Supplemental data may be factored into the baseline or Pilot Program data for reasonable adjustments as needed on a case-by-case basis. If it is determined by an Operator that changes in a specific paratransit fare are required due to the Pilot Program's changes to fixed-route fares, Operators will also be reimbursed at the same rate for foregone paratransit fare revenue, where applicable.
10. Subject to Pilot Program findings, work with Operators and/or their designated third-party consultants to develop a funding model that can support continuation of this policy on a permanent basis while continuing to maintain and expand transit service to customers.

## **ARTICLE V 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 MOU and for which such indemnifying Party would otherwise be liable.
- B. Operator Indemnification of MTC. Notwithstanding the provisions of Subsection A above, each Operator shall indemnify, hold harmless, and defend MTC (including any of its directors,

commissioners, officers, agents or employees) from any and all claims or liability resulting from any action or inaction on the part of such Operator relating to its responsibilities under or in connection with this MOU.

- C. MTC Indemnification of Operators. Notwithstanding the provisions of Subsection A above, MTC shall indemnify, hold harmless, and defend each Operator (including any of its directors, commissioners, officers, agents or employees) from any and all claims or liability resulting from any action or inaction on the part of MTC under or in connection with this MOU.

## **ARTICLE VI**

### **Term**

The term of the MOU shall begin upon the Effective Date and continue until June 30, 2027, unless terminated by written agreement of the Parties. The Pilot Program will launch concurrently with the launch of the Next Generation Clipper system. The 18-24 month Pilot Program period will commence when the Next Generation Clipper system launches.

## **ARTICLE VII**

### **Changed Circumstances**

Any Party may initiate informal discussions among the Parties concerning the provisions of this MOU, based on its assessment that changes in other factors external to the MOU 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 VIII**

### **Legal Representation and Common Interest**

The Parties recognize a mutuality of interest, and a need for joint cooperation in legal matters relating to the No-Cost and Reduced Cost Interagency Transfer Pilot Program. 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 MOU, 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 No-Cost and Reduced Cost Interagency Transfer Pilot Program shall promptly return all privileged materials that the Party has received.

**ARTICLE VIII**  
**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**

\_\_\_\_\_  
Name: Andrew B. Fremier  
Title: Executive Director

Date: \_\_\_\_\_

**Alameda-Contra Costa Transit District**

Approved as to form:

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Name: Michael A. Hursh  
Title: General Manager

---

Jill A. Sprague, General Counsel

Date: \_\_\_\_\_



**Golden Gate Bridge, Highway and  
Transportation District**

Approved as to form:

---

Name: Denis J. Mulligan  
Title: General Manager

---

Kimon Manolius, General Counsel

Date: \_\_\_\_\_

**San Francisco Bay Area Rapid Transit District**

Approved as to form:

---

Name: Robert M. Powers

Title: General Manager

Date: \_\_\_\_\_

---

Jeana Zelan, Interim General Counsel

**City and County of San Francisco  
Municipal Transportation Agency**

Approved as to form:  
David Chiu, City Attorney

---

Name: Jeffrey Tumlin  
Title: Director of Transportation

---

Lilian Levy, Deputy City Attorney

Date: \_\_\_\_\_

**San Mateo County Transit District**

Approved as to form:

---

Name: April Chan

Title: General Manager/CEO

Date: \_\_\_\_\_

---

Joan L. Cassman, General Counsel

**Santa Clara Valley Transportation Authority**

Approved as to form:

---

Name: Carolyn Gonot  
Title: General Manager/Chief Executive Officer

---

Victor Pappalardo, Deputy General Counsel

Date: \_\_\_\_\_

**Peninsula Corridor Joint Powers Board**

Approved as to form:

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Name: Michelle Bouchard

Title: Executive Director

Date: \_\_\_\_\_

---

James Harrison, General Counsel

**Central Contra Costa Transit Authority**

Approved as to form:

---

Name: William Churchill

Title: General Manager

Date: \_\_\_\_\_

---

Julie Sherman, General Counsel

**City of Fairfield**  
**FAST**

Approved as to form:

---

Name: David Gassaway  
Title: City Manager

---

David Lim, City Attorney

Date: \_\_\_\_\_



**City of Petaluma**

Approved as to form:

---

Name: Peggy Flynn  
Title: City Manager

---

Eric W. Danly, City Attorney

Date: \_\_\_\_\_

**Eastern Contra Costa Transit Authority**

Approved as to form:

---

Name: Rashidi Barnes  
Title: Chief Executive Officer

---

Eli Flushman, General Counsel

Date: \_\_\_\_\_

**Livermore/Amador Valley Transit Authority**

Approved as to form:

---

Name: Christy Wegener  
Title: Executive Director

---

Michael N. Conneran, General Counsel

Date: \_\_\_\_\_

**Marin County Transit District**

Approved as to form:

---

Name: Nancy E. Whelan

Title: General Manager

Date: \_\_\_\_\_

---

Kerry Gerchow, County Counsel

**Napa Valley Transportation Authority**

Approved as to form:

---

Name: Kate Miller  
Title: Executive Director

---

Osman Mufti, General Counsel

Date: \_\_\_\_\_

**Solano County Transit**

Approved as to form:

---

Name: Beth Kranda  
Title: Executive Director

---

Bernadette Shilts Curry, County Counsel

Date: \_\_\_\_\_

**City of Santa Rosa**

Approved as to form:

---

Name: Maraskeshia Smith

Title: City Manager

Date: \_\_\_\_\_

---

Samantha W. Zutler, Interim City Attorney

**Sonoma-Marin Area Rail Transit District**

Approved as to form:

---

Name: Eddy Cumins  
Title: General Manager

---

Thomas Lyons, General Counsel

Date: \_\_\_\_\_



**City of Vacaville**  
**Vacaville City Coach**

Approved as to form:

---

Name: Brian McLean  
Title: Director of Public Works

---

Melinda C. H. Stewart, City Attorney

Date: \_\_\_\_\_

**Western Contra Costa Transit Authority**

Approved as to form:

---

Name: Robert Thompson

Title: General Manager

Date: \_\_\_\_\_

---

Michael N. Conneran, General Counsel

**San Francisco Bay Area Water Emergency  
Transportation Authority**

Approved as to form:

---

Name: Seamus Murphy  
Title: Executive Director

---

Steve Miller, General Counsel

Date: \_\_\_\_\_

**Sonoma County Transit**

Approved as to form:

---

Name: Bryan Albee  
Title: Transit Systems Manager

---

Jeremy Fonseca, General Counsel

Date: \_\_\_\_\_

**City of Union City**

Approved as to form:

---

Name: Joan Malloy  
Title: City Manager

---

Kristopher J. Kokotaylo, City Attorney

Date: \_\_\_\_\_

**To:** Administration & Finance Committee

**Date:** 06/28/2024

**From:** Pranjali Dixit, Manager of Planning

**Reviewed by:** *Ref*

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**SUBJECT: Bus Accelerated Infrastructure Delivery (BusAID) Program Master Funding Agreement (MFA)**

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### **Background:**

Over the past couple years, the Planning Department has focused its efforts on improving service reliability, particularly as frequencies were reduced due to the pandemic and the ongoing operator shortage has limited the ability to restore service. Average transit speeds have declined over time throughout the Bay Area and transit agencies are delivering near-term (quick-build) transit priority projects to maximize transit travel time savings and service reliability improvements. These efforts work to improve the transit customer experience and encourage more people to use transit by making it an attractive and competitive mode choice.

### **Bus Accelerated Infrastructure Delivery (BusAID) Program:**

In September 2021, the Metropolitan Transportation Commission (MTC) adopted the Transformation Action Plan (TAP), which identified near-term actions to improve the region's transit system. The BusAID program is a TAP initiative to reduce transit travel times and improve transit reliability. BusAID emphasizes near-term, quick-build solutions to address problem "hotspot" locations identified by transit operators. Example projects include:

- Transit lanes and queue jump lanes to allow buses to bypass traffic congestion.
- Transit signal priority (TSP) to reduce transit vehicle red-light delays.
- Boarding islands or bus bulb to reduce pull-in/pull-out delay at transit stops.
- Optimizing transit stop placement & spacing to minimize delay. For example, placing transit stops nearside at intersections with Stop signs, or farside at signals equipped with TSP.

Thirty million dollars have been set aside for the program, comprised of \$15 million in local State Transit Assistance (STA) funds and \$15 million in Federal One Bay Area Grant (OBAG) program, Congestion Mitigation and Air Quality Improvement (CMAQ) or Surface Transportation Program (STP) funds.

### **Monument Corridor Transit Priority Project:**

County Connection identified 14 potential locations for transit priority improvements. Through a data-driven evaluation considering ridership, service levels, passenger loads, and equity, the Monument Corridor was chosen for funding. The funded project will focus on:

- **Optimizing bus stops:** Consolidating stops and improving spacing for better efficiency.
- **Improving accessibility:** Upgrading bus stops to meet the Americans with Disabilities Act (ADA) standards (Phase 1).
- **Enhancing signal timing:** Implementing Transit Signal Priority (TSP) along Monument Boulevard between Detroit Avenue and Mohr Lane (Phase 2).

### **Financial Implications:**

County Connection will be receiving \$385,000 in OBAG 3 (STP/CMAQ) federal funds from MTC for the project. A minimum 11.47% local match is required, which amounts to \$49,880. Transportation Development Act (TDA) funds will be used for the local match.

### **Recommendation:**

Staff recommends that the Authority enter into a Master Funding Agreement with the Metropolitan Transportation Commission (MTC) for the purpose of agreeing to standard terms and conditions under which MTC may provide funding to the Authority.

### **Action Requested:**

Staff requests that the A&F Committee forward the draft Master Funding Agreement Supplement to the Board for approval.

### **Attachments:**

Attachment 1: Draft Master Funding Agreement Supplement between Metropolitan Transportation Commission and Central Contra Costa Transit Authority

SUPPLEMENT NO. 3 TO MASTER FUNDING AGREEMENT  
Between the METROPOLITAN TRANSPORTATION COMMISSION  
And CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
For MONUMENT CORRIDOR TRANSIT SPEED IMPROVEMENTS

This Supplement No. 3 to the Master Funding Agreement (“Supplement” or “Agreement”) is entered into this \_\_\_\_\_, by and between the Metropolitan Transportation Commission (“MTC”) and Central Contra Costa Transit Authority (“AGENCY”) and supplements the Master Funding Agreement, dated July 1, 2022, by and between MTC and AGENCY.

Pursuant to this Supplement, MTC agrees to provide an amount not to exceed three hundred eighty-five thousand eight hundred eighty-five dollars (\$385,885) in non-federal State Transit Assistance (STA) Revenue-Based Exchange funds to AGENCY to fund the Monument Corridor Transit Speed Improvements (as more fully described in Annex I hereto, the “Supplement Project”). The estimated budget and payment milestones for the Supplement Project scope of work is attached as Annex II hereto.

The Supplement Project work will commence on July 1, 2024 and be completed no later than September 30, 2026.

The clauses selected below and attached as exhibits to the Master Funding Agreement shall apply to AGENCY’s performance of the applicable Supplement Project scope of work hereunder:

- Exhibit B-1, Additional Terms and Conditions (General), Paragraph A
- Exhibit B-1, Additional Terms and Conditions (General), Paragraph B
- Exhibit B-2, Additional Terms and Conditions (Federally Required Clauses)
- Exhibit B-3, Additional Terms and Conditions (State Required Clauses)
- Exhibit B-4, Additional Terms and Conditions (Prevailing Wage Rates, Apprenticeships, and Payroll Records, Non-Federally-Funded Agreements)
- Exhibit B-5, Additional Terms and Conditions (Prevailing Wage Rates, Apprenticeships, and Payroll Records, Federally-Funded Agreements)
- Exhibit B-6, Additional Terms and Conditions (Regional Toll Funds including RM1, RM2, and AB1171)
- Exhibit B-7, Additional Terms and Conditions (Regional Discretionary Federal Funds including STP and CMAQ)

Funding for Monument Corridor Transit Speed Improvements is pursuant to BusAID program requirements listed in the BusAID Program Guidelines (MTC Resolution 4647 Attachment A).

The MTC Project Manager for the Supplement Project is Joel Shaffer, 415-778-5257, [jshaffer@bayareametro.gov](mailto:jshaffer@bayareametro.gov). The AGENCY Project Manager for the Supplement Project is Pranjal Dixit, 925-680-2036, [dixit@cccta.org](mailto:dixit@cccta.org).

This Supplement is supplemental to the Master Funding Agreement; all terms and conditions of the Master Funding Agreement, as may be amended, remain unchanged hereby.



Capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Master Funding Agreement.

**METROPOLITAN TRANSPORTATION  
COMMISSION**

**CENTRAL CONTRA COSTA TRANSIT  
AUTHORITY**

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Andrew B. Fremier, Executive Director

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Bill Churchill, General Manager

## **Annex I**

### **Project Description and Scope of Work**

Monument Boulevard goes through the city of Concord and has mostly medium-density residential, office, and retail land uses. This corridor serves a designated Equity Priority Community and SB 535 Disadvantaged Community and provides access to many essential services, including several ethnic grocery stores. The segment has significant passenger demand with nine bus routes serving the corridor, accounting for 6% of the systemwide weekday ridership and 8% of systemwide weekend ridership. This high volume leads to increased dwell times (passengers boarding/d disembarking) and reduced transit speeds. Seven stops are currently near-side stops, further contributing to inefficiencies. Accessibility improvements are needed to move these stops to the far side or consolidate them to balance stop spacing and streamline transit flow.

The project proposes a comprehensive plan to enhance bus service on Monument Boulevard. This includes:

- Moving seven stops to the far side of the street, streamlining traffic flow and reducing delays.
- Relocating one stop and eliminating another stop to balance stop spacing and improve overall efficiency.
- Implementing ADA accessibility improvements at three new stop locations, including bus pads at all three and a curb extension at one.
- Equipping 23 buses on nine routes with hardware for Transit Signal Priority (TSP), prioritizing bus movement at intersections.
- Utilizing subscription-based TSP for 10 years to assess its effectiveness and optimize signal timing.

The project will be implemented in three phases:

#### **Phase 1: Stop Relocation and Accessibility Improvements (Completion by June 2025):**

Relocate bus stops to the far side of intersections, consolidate them for better spacing, and make them accessible to everyone (ADA compliant). This phase will be completed as part of the City's Pavement Rehabilitation project. Estimated to be completed by June 2025

#### **Task 1: Engineering and Design**

- Conduct detailed engineering surveys at each stop location scheduled for relocation or consolidation.
- Design bus stop layouts that meet federal ADA (Americans with Disabilities Act) accessibility standards, including sidewalks, ramps, and tactile paving.
- Prepare construction plans and specifications for bus stop infrastructure improvements, including bus pads, curb extensions, and signage.

#### **Task 2: Construction**

- Schedule construction activities with minimal disruption to traffic flow and bus service.
- Implement traffic control measures to ensure safety during construction.
- Conduct inspections to ensure construction adheres to plans and specifications.

### **Task 3: Service Change**

- Schedule service change to start operations at new stop locations.

### **Phase 2: Transit Signal Priority (TSP) Implementation (Completion by December 2025):**

In this phase, we will plan and implement Transit Signal Priority (TSP) along the corridor aimed at reducing wait times and improving overall travel time for buses. However, it requires a comprehensive traffic study and procurement of hardware, so it will be completed at a later stage. Estimated to be completed by December 2025.

### **Task 1: Traffic Signal Inventory and Analysis**

- Identify and inventory all traffic signals along the Monument Boulevard corridor.
- Analyze traffic signal timing patterns and identify opportunities for implementing TSP.

### **Task 2: TSP System Design**

- Develop a detailed TSP system design that prioritizes bus movement at intersections.
- Consider different TSP technologies (e.g., hardware installation, subscription-based services) and select the most cost-effective and reliable option.

### **Task 3: Procurement and Installation**

- Procure TSP equipment from vendor and install the TSP equipment at signalized intersections.
- Coordinate with the City's traffic department and selected vendor for equipment installation at intersections
- Coordinate with County Connection Maintenance and vendor for equipment installation on buses

### **Task 4: System Testing and Optimization**

- Conduct comprehensive testing of the TSP system to ensure proper functionality and integration with traffic signals.
- Monitor and analyze system performance data to optimize signal timing for maximum bus travel time reduction.
- Develop a plan for ongoing monitoring and adjustments to the TSP system as needed.

### **Task 5: Performance Evaluation:**

- Collect bus travel time data along the corridor before and after project implementation to measure travel time improvements including transit vehicle travel time, vehicle travel time variance, transit vehicle average stop dwell time, and on-time performance.
- Monitor traffic flow patterns at intersections with TSP to assess its effectiveness in prioritizing bus movement including number of TSP calls granted, percentage of TSP calls granted, and transit vehicle average travel speed, relative to auto average travel speed.
- Monitor and analyze TSP system data to identify any issues with functionality or unintended consequences on overall traffic flow.
- Present the project findings to stakeholders including the City of Concord, County Connection Board, and MTC

**Annex II**  
**Project Schedule, Budget and Payment**

**FIRM-FIXED PAYMENT**

Payment to AGENCY shall be due in the firm fixed amounts indicated below, upon acceptance by the MTC Project Manager of the following deliverables or milestones, described in detail in Attachment A:

#	Deliverable	Due Date:	Amount Due
1	Planning/Conceptual	December 31, 2024	\$8,850
2	Preliminary Engineering (PE/PA&ED)	March 31, 2025	\$11,310
3	Final Design (PS&E)	June 30, 2025	\$10,620
4	Construction (CON)	December 31, 2025	\$355,105
5	Evaluation (EVAL)	September 30, 2026	-
<b>TOTAL</b>			<b>\$385,885</b>

RECIPIENT shall submit an invoice identifying the project deliverable or milestone for which payment is sought no later than thirty (30) days after MTC's acceptance of such deliverable/milestone.

### **ANNEX III Insurance Requirements**

#### **1. INSURANCE**

A. Minimum Coverages. The insurance requirements specified in this section shall cover AGENCY's own liability and the liability arising out of work or services performed under this Agreement by any subconsultants, subcontractors, suppliers, temporary workers, independent contractors, leased employees, or any other persons, firms or corporations that AGENCY authorizes to work under this Agreement (hereinafter referred to as "Agents.") AGENCY shall, at its own expense, obtain and maintain in effect at all times during the life of this Agreement the following types of insurance against claims, damages and losses due to injuries to persons or damage to property or other losses that may arise in connection with the performance of work under this Agreement.

AGENCY is also required to assess the risks associated with work to be performed by Agents under subcontract and to include in every subcontract the requirement that the Agent maintain adequate insurance coverage with appropriate limits and endorsements to cover such risks. To the extent that an Agent does not procure and maintain such insurance coverage, AGENCY shall be responsible for said coverage and assume any and all costs and expenses that may be incurred in securing said coverage or in fulfilling AGENCY's indemnity obligation as to itself or any of its Agents in the absence of coverage.

In the event AGENCY or its Agents procure excess or umbrella coverage to maintain certain requirements outlined below, these policies shall also satisfy all specified endorsements and stipulations, including provisions that AGENCY's insurance be primary without right of contribution from MTC. Prior to beginning work under this contract, AGENCY shall provide MTC with satisfactory evidence of compliance with the insurance requirements of this section.

The insurance listed hereunder shall be considered minimum requirements and any and all insurance proceeds in excess of the requirements shall be made available to MTC. If the AGENCY maintains broader coverage and/or higher limits than the minimum limits shown hereunder, MTC shall be entitled to the broader coverage and/or higher limits maintained by the AGENCY.

1. Workers' Compensation Insurance with Statutory limits, and Employer's Liability Insurance with a limit of not less than \$1,000,000 per employee and \$1,000,000 per accident, and any and all other coverage of AGENCY's employees as may be required by applicable law. Such policy shall contain a Waiver of Subrogation in favor of MTC. Such Workers' Compensation & Employer's Liability may be waived, if and only for as long as AGENCY is a sole proprietor or a corporation with stock 100% owned by officers with no employees.

2. Commercial General Liability Insurance for Bodily Injury and Property Damage liability, covering the premises and operations, and products and completed operations of AGENCY and

AGENCY's officers, agents, and employees and with limits of liability which shall not be less than \$1,000,000 per occurrence with a general aggregate liability of not less than \$4,000,000, a products/completed operations aggregate liability limit of not less than \$2,000,000 and Personal & Advertising Injury liability with a limit of not less than \$1,000,000. Such policy shall contain a Waiver of Subrogation or "Waiver of Transfer of Rights of Recovery Against Others to Us" provision included in the policy language or by endorsement in favor of MTC.

Products and completed operations insurance shall be maintained for three (3) years following termination of this Agreement.

MTC and those entities listed in Part 3 of this Attachment E (if any), and their commissioners, directors, officers, representatives, and employees are to be named as additional insureds for ongoing and completed operations. The additional insured endorsements shall be at least as broad as Insurance Service Office (ISO) Form Number CG 20 38 04 13 for ongoing operations and Insurance Service Office (ISO) Form Number CG 20 37 04 13 for completed operations. Such insurance shall be primary and non-contributory, and contain a Separation of Insureds Clause as respects any claims, losses or liability arising directly or indirectly from AGENCY's operations.

3. Business Automobile Insurance for all automobiles owned (if any), used or maintained by AGENCY and AGENCY's officers, and employees, including but not limited to owned (if any), leased (if any), non-owned and hired automobiles, with limits of liability which shall not be less than \$1,000,000 combined single limit per accident.

4. Excess or Umbrella Insurance in the amount of \$4,000,000 providing excess limits over Employer's Liability, Automobile Liability, and Commercial General Liability Insurance. Such umbrella coverage shall be following form to underlying coverage including all endorsements and additional insured requirements.

5. Errors and Omissions Professional Liability Insurance for errors and omissions and the resulting damages, including, but not limited to, economic loss to MTC and having minimum limits of \$2,000,000 per claim.

The policy shall provide coverage for all work performed by AGENCY and any work performed or conducted by any subcontractor/consultant working for or performing services on behalf of AGENCY. No contract or agreement between AGENCY and any subcontractor/consultant shall relieve AGENCY of the responsibility for providing this Errors & Omissions or Professional Liability coverage for all work performed by AGENCY and any subcontractor/consultant working on behalf of AGENCY on the project.

6. Property Insurance. Property Insurance covering AGENCY'S own business personal property and equipment to be used in performance of this Agreement, materials or property to be

purchased and/or installed on behalf of MTC (if any), and builders risk for property in the course of construction (if applicable). Coverage shall be written on a "Special Form" policy that includes theft, but excludes earthquake, with limits at least equal to the replacement cost of the property. Such policy shall contain a Waiver of Subrogation or "Transfer of Rights of Recovery Against Others to Us" provision included in the policy language or by endorsement in favor of MTC.

7. Employee Dishonesty/Crime Insurance

Not applicable

8. Contractors' Pollution Liability Insurance. Contractors' Pollution Liability insurance for bodily injury and property damage coverage for bodily injury and property damage of at least \$2,000,000 per occurrence or claim and a general aggregate limit of at least \$2,000,000. This insurance shall include coverage for, but not be limited to sudden and accidental discharges; gradual discharges, clean-up of pollutants and disposal thereof; and, mold, asbestos or lead, if an abatement contract. If AGENCY disposes of Hazardous Materials under this Agreement, AGENCY shall designate the disposal site and provide a certificate of insurance from the disposal facility to MTC.

AGENCY's Business Automobile Liability coverage shall also be extended to cover pollution liability during loading; unloading and while in transit including, but not limited to, the perils of collision and upset. Coverage may be provided by endorsement to the general liability and automobile policies or by a separate policy.

Such policy shall contain a Waiver of Subrogation in favor of MTC.

MTC (and those entities listed in Part 3, ADDITIONAL INSUREDS, of this Attachment E (if any), and their commissioners, directors, officers, representatives, agents and employees are to be named as additional insureds. Such insurance shall be primary and contain a Separation of Insureds Clause as respects any claims, losses or liability arising directly or indirectly from AGENCY's operations.

9. Aviation Liability Insurance.

Not applicable

B. Acceptable Insurers. All policies will be issued by insurers, generally with a Best's Rating of A- or better with a Financial Size Category of VII or better, or an A rating from a comparable rating service.

C. Self-Insurance. AGENCY's obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance, upon evidence of financial capacity satisfactory to MTC.

D. Deductibles and Retentions. AGENCY shall be responsible for payment of any deductible or retention on AGENCY's policies without right of contribution from MTC. Deductible and retention

provisions shall not contain any restrictions as to how or by whom the deductible or retention is paid. Any deductible or retention provision limiting payment to the Named Insured is unacceptable.

In the event that MTC seeks coverage as an additional insured under any AGENCY insurance policy that contains a deductible or self-insured retention, AGENCY shall satisfy such deductible or self-insured retention to the extent of loss covered by such policy, for any lawsuit arising from or connected with any alleged act of AGENCY, subconsultant, subcontractor, or any of their employees, officers or directors, even if AGENCY or subconsultant is not a named defendant in the lawsuit.

E. Claims Made Coverage. If any insurance specified above is written on a “Claims-Made” (rather than an “occurrence”) basis, then in addition to the coverage requirements above, AGENCY shall:

- (1) Ensure that the Retroactive Date is shown on the policy, and such date must be before the date of this Agreement or the beginning of any work under this Agreement;
- (2) Maintain and provide evidence of similar insurance for at least three (3) years following project completion, including the requirement of adding all additional insureds; and
- (3) If insurance is cancelled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the Agreement effective date, AGENCY shall purchase “extended reporting” coverage for a minimum of three (3) years after completion of the work.

F. Failure to Maintain Insurance. All insurance specified above shall remain in force until all work or services to be performed are satisfactorily completed, all of AGENCY’s personnel, subconsultants, subcontractors, and equipment have been removed from MTC’s property, and the work or services have been formally accepted. AGENCY must notify MTC if any of the above required coverages are non-renewed or cancelled. The failure to procure or maintain required insurance and/or an adequately funded self-insurance program will constitute a material breach of this Agreement.

G. Certificates of Insurance. Prior to commencement of any work hereunder, AGENCY shall deliver to Ebix, MTC’s authorized insurance consultant, insurance documentation (including Certificates of Liability Insurance, Evidences of Property Insurance, endorsements, etc.) verifying the aforementioned coverages. Such evidence of insurance shall make reference to all provisions and endorsements referred to above and shall be signed by the authorized representative of the Insurance Company shown on the insurance documentation. **The Project name shall be clearly stated on the face of each Certificate of Liability Insurance and/or Evidence of Property Insurance.**



AGENCY shall submit certificates of insurance to:

**Metropolitan Transportation Commission**  
**Insurance Compliance**  
**P.O. Box 100085-M8**  
**Duluth, GA 30096**  
**or**  
**Email to [MTC@Ebix.com](mailto:MTC@Ebix.com)**  
**or**  
**Fax to 1-888-617-2309**

MTC reserves the right to require copies of all required policy declarations pages or insurance policies, including endorsements, required by these specifications, at any time.

2. FINANCIAL SECURITY (BONDS)

Not applicable

3. ADDITIONAL INSUREDS

The following entities are to be named as Additional Insureds under applicable sections of this Attachment E and as MTC Indemnified Parties, pursuant to Article 9 of the Agreement.

Not applicable

## INTER OFFICE MEMO

**To:** Administration & Finance Committee

**Date:** 06/28/2024

**From:** Amber Johnson, Chief Financial Officer

**Reviewed by:** WC.

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**SUBJECT: Income Statements for the Nine Months Ended March 31, 2024**

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### **Background:**

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

### **Summary:**

The unaudited County Connection Income Statements for the third quarter of Fiscal Year (FY) 2024 are presented for review. Actual revenues and expenses are presented as compared to the adopted budget. The combined expenses of Fixed Route and Paratransit for the period were \$34.6 million (*Schedule 1*), which represents 69.6% of the budget of \$49.7 million.

### **Fixed Route:**

Overall Fixed Route revenues and expenses are presented on *Schedule 2*. Expenses and revenues for the period were \$26.9 million, representing 66.9% of the total budget.

Fare revenues have exceeded budgetary estimates, with actual receipts representing 101.7% of the fare amounts anticipated for the year. Receipts of non-operating revenues, such as investment income (\$942k) and asset disposal (\$200k), have far exceeded what was anticipated to come in for the year, representing 932.5% of the budget for this category. Most of these non-operating revenues are considered discretionary and will be transferred to the Operating and Capital Reserve at fiscal year-end.

The primary driver of the expense budget is salaries and wages. Actual expenditures on salaries and wages utilized 69.3% of the annual budget for this category. *Schedule 4* provides additional details of various components specific to operator wages only. All other Fixed Route expenditures are tracking as expected at this point in the year.

### **Paratransit:**

Paratransit revenues and expenses are presented on *Schedule 3*. Expenses and revenues for the period were \$7.7 million, representing 81.0% of the total budget.

Purchased transportation expenses are the primary driver of the paratransit budget. Actual expenditures on purchased transportation for the Authority's paratransit service has utilized 81.6% of the budget. Purchased transportation expenses for paratransit services operated on behalf of our partners have been budgeted to a separate line, and these expenditures have utilized 85.6% of the budget. It is expected that purchased transportation costs will cause the paratransit expenses to exceed the budget for the fiscal year, but this amount can be absorbed by savings on the fixed route side.

**Statistics:**

*Schedule 5* provides select statistical information for FY 2024 as compared to this same period in FY 2023 and FY 2022.

In the third quarter of FY 2022, the fixed route farebox recovery ratio was 7.6%, and the cost of service per passenger was \$16.98. This improved to a farebox recovery ratio of 9.4% and cost per passenger of \$14.20 in FY 2023 as ridership improved post-pandemic. In the most recent Q3 of FY 2024, the farebox recovery ratio continues to show modest improvement to 9.6%, with a cost per passenger of \$13.88.

Paratransit has also experienced recovery at the farebox, and in the cost per passenger. The farebox recovery ratio of 3.3% in FY 2022 improved to 4.4% in FY 2023 and 6.2% in FY 2024. The cost of service per passenger of \$124.19 in FY 2022 decreased to \$70.10 in FY 2023 and has come up slightly to \$89.45 in FY 2024.

**Financial Implications:**

There are no financial implications associated with this report.

**Recommendation:**

Staff recommends that the A&F Committee review the report for approval.

**Action Requested:**

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

**Attachments:**

Attachment 1: CCCTA Income Statements for FY2024 Q3 (Schedules 1 through 5)

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**Combined Fixed Route and Paratransit Income Statement**  
**FY 2024 Year to Date - Comparison of Actual vs. Budget**  
**For the Nine Months Ended March 31, 2024**

	Actual	Total Budget	Variance	% Budget
<b>Revenues</b>				
Passenger fares	2,267,133	2,331,000	(63,867)	97.3%
Special fares	719,618	586,014	133,604	122.8%
<b>Total Fare Revenue</b>	<b>2,986,751</b>	<b>2,917,014</b>	<b>69,737</b>	<b>102.4%</b>
Advertising	227,083	340,000	(112,917)	66.8%
Other revenue	1,223,458	131,200	1,092,258	932.5%
Federal operating	4,455,621	5,888,000	(1,432,379)	75.7%
TDA earned revenue	10,685,817	21,757,021	(11,071,204)	49.1%
STA revenue	3,412,803	7,316,145	(3,903,342)	46.6%
Measure J	9,104,974	7,480,709	1,624,265	121.7%
Fees from LAVTA and One Seat partners	1,618,797	1,900,000	(281,203)	85.2%
Other operating assistance	874,263	1,947,800	(1,073,537)	44.9%
<b>Total Other Revenue</b>	<b>31,602,816</b>	<b>46,760,875</b>	<b>(15,158,059)</b>	<b>67.6%</b>
<b>Total Revenue</b>	<b>34,589,567</b>	<b>49,677,889</b>	<b>(15,088,322)</b>	<b>69.6%</b>
<b>Expenses</b>				
Wages	12,021,466	16,845,204	(4,823,738)	71.4%
Fringe Benefits	9,172,131	13,773,608	(4,601,477)	66.6%
<b>Total Wages and benefits</b>	<b>21,193,597</b>	<b>30,618,812</b>	<b>(9,425,215)</b>	<b>69.2%</b>
Services	1,879,093	3,482,880	(1,603,787)	54.0%
Materials & Supplies	2,532,320	3,656,900	(1,124,580)	69.2%
Utilities	316,872	439,000	(122,128)	72.2%
Insurance	867,243	1,343,231	(475,989)	64.6%
Taxes	274,691	368,015	(93,324)	74.6%
Leases and Rentals	50,430	68,500	(18,070)	73.6%
Miscellaneous	187,236	283,000	(95,764)	66.2%
Purchased Transportation	5,645,449	6,997,551	(1,352,102)	80.7%
Purchased Transportation - for partners	1,642,636	1,920,000	(277,364)	85.6%
<b>Operations Expenses</b>	<b>13,395,971</b>	<b>18,559,077</b>	<b>(5,163,107)</b>	<b>72.2%</b>
Contingency	-	500,000	(500,000)	0.0%
<b>Total Expenses</b>	<b>34,589,567</b>	<b>49,677,889</b>	<b>(15,088,322)</b>	<b>69.6%</b>
<b>Net Income (Loss)</b>	<b>-</b>	<b>-</b>		

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**Fixed Route Income Statement**  
**FY 2024 Year to Date - Comparison of Actual vs. Budget**  
**For the Nine Months Ended March 31, 2024**

	Actual	Total Budget	Variance	% Budget
<b>Revenues</b>				
Fare revenue	1,871,198	1,961,000	(89,802)	95.4%
Special service revenue	719,618	586,014	133,604	122.8%
<b>Total Fare Revenue</b>	<b>2,590,816</b>	<b>2,547,014</b>	<b>43,802</b>	<b>101.7%</b>
Advertising revenue	227,083	340,000	(112,917)	66.8%
Non-Operating rev	1,223,458	131,200	1,092,258	932.5%
STA Population and Revenue Measure J	3,026,468	6,275,000	(3,248,532)	48.2%
TDA 4.0	6,457,781	5,708,451	749,330	113.1%
Federal Operating Funds	9,610,988	19,420,757	(9,809,769)	49.5%
Low Carbon Transit Ops Prog	3,076,344	4,088,000	(1,011,656)	75.3%
BART Express Funds	461,605	600,000	(138,395)	76.9%
Other State Grants	90,953	640,531	(549,578)	14.2%
Dougherty Valley Dev Fees	69,153	134,731	(65,578)	51.3%
Other Local Grants/Contributions	69,637	200,000	(130,363)	34.8%
RM 2/Other- Express	24,533	5,000	19,533	490.7%
	(9,679)	117,538	(127,217)	-8.2%
<b>Total Other Revenue</b>	<b>24,328,324</b>	<b>37,661,208</b>	<b>(13,332,884)</b>	<b>64.6%</b>
<b>Total Revenue</b>	<b>26,919,141</b>	<b>40,208,222</b>	<b>(13,289,082)</b>	<b>66.9%</b>
<b>Expenses</b>				
Wages	11,779,190	16,525,369	(4,746,178)	71.3%
Fringe benefits	9,053,543	13,542,777	(4,489,233)	66.9%
<b>Total Wages and benefits</b>	<b>20,832,734</b>	<b>30,068,145</b>	<b>(9,235,411)</b>	<b>69.3%</b>
Services	1,793,217	3,373,880	(1,580,663)	53.2%
Materials and supplies	2,531,102	3,652,900	(1,121,798)	69.3%
Utilities	279,169	382,000	(102,831)	73.1%
Casualty and liability	867,243	1,325,231	(457,989)	65.4%
Taxes	274,691	368,015	(93,324)	74.6%
Leases and rentals	50,430	68,500	(18,070)	73.6%
Miscellaneous	186,339	263,000	(76,661)	70.9%
Purchased transportation	104,215	206,551	(102,336)	50.5%
<b>Total Other Expenses (non-wages)</b>	<b>6,086,407</b>	<b>9,640,077</b>	<b>(3,553,670)</b>	<b>63.1%</b>
Contingency	-	500,000	(500,000)	0.0%
<b>Total Expenses</b>	<b>26,919,141</b>	<b>40,208,223</b>	<b>(13,289,082)</b>	<b>66.9%</b>
<b>Net Income (Loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**Paratransit Income Statement**  
**FY 2024 Year to Date - Comparison of Actual vs. Budget**  
**For the Nine Months Ended March 31, 2024**

	Actual	Total Budget	Variance	% Budget
<b>Revenues</b>				
Fare revenue	372,096	350,000	22,096	106.3%
Fare revenue - LAVTA	23,839	20,000	3,839	119.2%
<b>Total Fare Revenue</b>	<b>395,935</b>	<b>370,000</b>	<b>25,935</b>	<b>107.0%</b>
Special service - One Seat Ride	278,307	600,000	(321,693)	46.4%
LAVTA Fees	1,340,490	1,300,000	40,490	103.1%
FTA Section 5307	1,379,277	1,800,000	(420,723)	76.6%
TDA 4.5	753,594	1,161,778	(408,184)	64.9%
TDA 4.0	321,234	1,174,486	(853,251)	27.4%
Measure J	2,647,192	1,772,258	874,934	149.4%
STA Paratransit & Rev based	386,335	1,041,145	(654,810)	37.1%
BART ADA Service/Other	168,061	250,000	(81,939)	67.2%
<b>Total Other Revenue</b>	<b>7,274,492</b>	<b>9,099,667</b>	<b>(1,825,175)</b>	<b>79.9%</b>
<b>Total Revenue</b>	<b>7,670,426</b>	<b>9,469,667</b>	<b>(1,799,240)</b>	<b>81.0%</b>
<b>Expenses</b>				
Wages	242,275	319,835	(77,560)	75.8%
Fringe benefits	118,588	230,831	(112,244)	51.4%
<b>Total Wages and benefits</b>	<b>360,863</b>	<b>550,667</b>	<b>(189,804)</b>	<b>65.5%</b>
Services	85,876	109,000	(23,124)	78.8%
Materials and supplies	1,218	4,000	(2,782)	30.4%
Utilities	37,703	57,000	(19,297)	66.1%
Liability	-	18,000	(18,000)	0.0%
Miscellaneous	897	20,000	(19,103)	4.5%
Purchased transportation	5,541,234	6,791,000	(1,249,766)	81.6%
Purchased transp - for partners	1,642,636	1,920,000	(277,364)	85.6%
<b>Total Other Expenses (non-wages)</b>	<b>7,309,564</b>	<b>8,919,000</b>	<b>(1,609,436)</b>	<b>82.0%</b>
<b>Total Expenses</b>	<b>7,670,426</b>	<b>9,469,667</b>	<b>(1,799,240)</b>	<b>81.0%</b>
<b>Net Income (Loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**Breakdown of Operator Wages**  
***For the Nine Months Ended March 31, 2024***

	<b>Amount</b>	<b>% of Total Operator Wages</b>
Platform/report/turn in	5,614,831	84.7%
Guarantees	211,165	3.5%
Overtime	261,818	4.3%
Spread	103,114	1.5%
Protection	230,409	3.8%
Travel	8,312	0.1%
Training	109,353	1.7%
Other Misc	21,669	0.3%
	<hr/> <b>6,560,670</b>	

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**FY 2024 Year to Date - Statistical Comparisons**  
**For the Nine Months Ended March 31, 2024**

	Actual FY 2024 through Q3	Actual FY 2023 through Q3	Variance FY 2024 to FY 2023	Actual FY 2022 through Q3	Variance FY 2024 to FY 2022
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**Fixed Route**

Fares	\$ 1,871,198	\$ 1,763,835	6.1%	\$ 1,383,177	35.3%
Special Fares	719,618	618,161	16.4%	363,678	97.9%
<b>Total Fares</b>	<b>\$ 2,590,816</b>	<b>\$ 2,381,996</b>	<b>8.8%</b>	<b>\$ 1,746,855</b>	<b>48.3%</b>
<b>Farebox recovery ratio</b>	<b>9.6%</b>	<b>9.4%</b>	<b>2.9%</b>	<b>7.6%</b>	<b>26.8%</b>
Operating Exp (Less leases)	\$ 26,919,141	\$ 25,455,474	5.7%	\$ 23,019,223	16.9%
<b>Revenue Hours</b>	<b>142,012</b>	<b>141,925</b>	<b>0.1%</b>	<b>141,765</b>	<b>0.2%</b>
<b>Cost per Rev Hour</b>	<b>\$ 189.55</b>	<b>\$ 179.36</b>	<b>5.7%</b>	<b>\$ 162.38</b>	<b>16.7%</b>
<b>Passengers</b>	<b>1,940,012</b>	<b>1,792,909</b>	<b>8.2%</b>	<b>1,355,377</b>	<b>43.1%</b>
<b>Cost per Passenger</b>	<b>\$ 13.88</b>	<b>\$ 14.20</b>	<b>-2.3%</b>	<b>\$ 16.98</b>	<b>-18.3%</b>
<b>Passengers per Rev Hr</b>	<b>13.66</b>	<b>12.63</b>	<b>8.1%</b>	<b>9.56</b>	<b>42.9%</b>

**Paratransit**

Fares	\$ 372,096	\$ 207,105	79.7%	\$ 186,115	99.9%
<b>Farebox recovery ratio</b>	<b>6.2%</b>	<b>4.4%</b>	<b>41.4%</b>	<b>3.3%</b>	<b>86.6%</b>
Operating Exp (Less Partners)	\$ 6,027,790	\$ 4,745,637	27.0%	\$ 5,625,767	7.1%
<b>Revenue Hours</b>	<b>46,292</b>	<b>35,281</b>	<b>31.2%</b>	<b>35,162</b>	<b>31.7%</b>
<b>Cost per Rev Hour</b>	<b>\$ 130.21</b>	<b>\$ 134.51</b>	<b>-3.2%</b>	<b>\$ 160.00</b>	<b>-18.6%</b>
<b>Passengers</b>	<b>67,386</b>	<b>67,694</b>	<b>-0.5%</b>	<b>45,300</b>	<b>48.8%</b>
<b>Cost per Passenger</b>	<b>\$ 89.45</b>	<b>\$ 70.10</b>	<b>27.6%</b>	<b>\$ 124.19</b>	<b>-28.0%</b>
<b>Passengers per Rev Hr</b>	<b>1.46</b>	<b>1.92</b>	<b>-31.8%</b>	<b>1.29</b>	<b>13.0%</b>



**To:** Administration & Finance Committee

**Date:** 07/02/2024

**From:** William Churchill, General Manager

**Reviewed by:**

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**SUBJECT:** Establishment of a 401(a) Plan

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### Background:

A 401(a) plan is an employer-sponsored money-purchase retirement plan that is available to employees of governmental agencies. Employers use these plans to create incentive programs for employee retention. The employer can form multiple 401(a) plans, and determines the distinct eligibility criteria, contribution limits, and the vesting schedule.

Last month, the General Manager engaged the Committee in a discussion regarding the establishment of an employer-sponsored 401(a) plan that would expand the available compensation structures. During this meeting, staff was directed to bring a proposed 401(a) plan structure back to the committee for further discussion and action.

### 401(a) Plan Proposal:

Staff's initial concept for a 401(a) plan was for the executive team to forgo a cost-of-living adjustment (COLA) for a single year in exchange for a comparable contribution to the 401(a) plan. At the June Board of Directors meeting, a 4% COLA was approved for non-represented employees effective July 1, 2024.

Staff has been working with the benefits arm of the Authority's legal counsel to understand the regulations around the structure of a 401(a) plan. During this process, it was discovered that the California Public Employees' Pension Reform Act (PEPRA) restricts the amounts that governmental employers in California may contribute to these plans. After discussing these restrictions with the legal team and discussing general plan rules with the administrator of the Authority's other deferred compensation plans, staff is proposing the following plan structure:

- Eligibility: Executive team members
- Contribution: 2% of base salary, or the legal limit<sup>1</sup>, whichever is lesser
- Vesting: No vesting period

Since PEPRA limitations prohibit the Authority from contributing the full 4% COLA to the 401(a) plan, the remaining 2% would be provided to the executive team as regular pay. The addition of the proposed 401(a) plan would be cost neutral to the Authority as the executive team would be shifting a portion of their approved COLA to the retirement plan.

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<sup>1</sup> As defined by PEPRA

**Financial Implications:**

The cost of the proposed new compensation structure is within the amount of the COLA and merit pool item that was approved by the Board last month and is included in the approved fiscal year 2024-2025 budget. There would be nominal savings to the Authority as the value shifted to the 401(a) plan would not be considered when calculating the Authority's PERS contribution.

**Recommendation:**

Staff recommends the establishment of an employer-sponsored 401(a) retirement plan for the executive team that moves 2% of the previously approved 4% COLA to the plan this year and either 2% or the legal limit for each subsequent year.

**Action Requested:**

Staff respectfully requests the committee forward this item to the Board to give the General Manager authority to establish a 401(a)-retirement plan for the executive team and fund the plan with 2% of the tams base salary and preserve 2% COLA wage increase.

**Attachments:**

None.