

**Summary Minutes
Administration & Finance Committee**

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

Wednesday, July 2nd, 2025, 9:00 a.m.

Directors: Sue Noack, Laura Hoffmeister, Jim Diaz, Don Tatzin
Staff: Bill Churchill, Ruby Horta, Amber Johnson, Kristina Martinez, Andy Smith,
Kyle Boehm, Karol McCarty
Ashley Baires from PARS (Public Agency Retirement Services)
Andrew Brown from PFM (Public Financial Management)

Call to Order: Meeting called to order at 9:00 a.m. by Director Noack.

1. Approval of Agenda

The Committee approved the agenda.

2. Public Communication

None.

3. Approval of Minutes of June 4, 2025

The Committee approved the minutes.

4. FY 2025-26 SB1 State of Good Repair Funds

Mr. Boehm reported that Senate Bill 1 (SB1), funded by vehicle registrations, provides over \$100 million to transit operators for eligible transit maintenance, rehabilitation, and capital projects. Based upon the latest State Controller's Office allocation estimate, the Authority is eligible to receive \$160,269 for FY 2025-26. Eligible projects include security equipment and systems as well as preventative maintenance. The Authority would use these funds towards the costs of onboard vehicle technology including radio, onboard computer, and computer-aided dispatch/automatic vehicle location (CAD/AVL) systems. A question arose during the discussion regarding the Authority's percentage of grant allocation, and this was answered by the end of the meeting with a printed report from Ms. Horta.

The Committee recommended the SB1 grant of \$160,269 be pursued and for the General Manager to apply and execute any agreements related to these State of Good Repair funds. This item shall be forwarded to the Board of Directors for approval.

5. Public Agency Retirement Services (PARS) Combination 115 Trust

Ms. Johnson reported that since June 2010, the Authority has participated in an Internal Revenue Code Section 115 trust for Other Post Employment Benefits (OPEB). Earning 4.81% annualized return on investment since inception using the PARS “moderately conservative (passive)” investment strategy, the current value of the OPEB fund is approximately \$6 million with no funds being withdrawn to-date to pay benefits.

In February 2023, the Board established a new Combination 115 Trust that now includes a pension sub-account. The pension trust has yielded 7.92% annualized return on investment since inception using the same PARS “moderately conservative (passive)” investment strategy. The current value of the pension fund is approximately \$1.7 million with no funds being withdrawn to-date to pay benefits.

Ms. Baires of Public Agency Retirement Services (PARS) presented an informative report on both the OPEB and Pension sub-accounts of the Authority’s Combination 115 Trust highlighting performance, contributions, earnings, and actuarial data. Mr. Brown of Public Financial Management (PFM), whose agency manages the funds, also presented a report and offered discussion about the portfolio mix of assets as well as variables that impact the trust’s returns.

A discussion about PERS funding liabilities was explored. The option to pre-fund pension with CalPERS adds volatility with variable and somewhat unpredictable rates of return compounded by occasional changes in PERS discount rates. The option to direct any pre-funding to the 115 Trust lends itself to the Authority having more control over investment strategy and to the use of these funds at any time to off-set costs. A question arose about the future, actuarial projections of PERS unfunded liability payments—especially in the years of 2029 and beyond when there is a spike in anticipated, employer contributions. A report with these estimated payments will be provided to the A&F Committee.

This was an information only item.

6. Disadvantaged Business Enterprise (DBE) Goal for FFY 2026-2028

Ms. Martinez reported that the Authority has had a Disadvantaged Business Enterprise (DBE) program since 1983 which has been revised intermittently with the most recent revision approved by the Board of Directors and submitted to the Federal Transit Administration (FTA) in February 2025. The regulations require a grantee to establish a three-year overall goal for DBE participation in FTA-assisted contracts. The Authority’s calculation resulted in a goal of 3.5% for FTA-assisted contracts during the fiscal years of 2026 to 2028. Prior to the August 1, 2025, submission, the Authority was required to publish a notice on its official website for 30 days; during this posting in May, there were no public comments or requests for information.

The Committee reviewed the information and recommended the 3.5% DBE goal for the three fiscal years of 2026-2028. This item will be forwarded to the Board of Directors for review and approval.

7. Employee Benefits Adjustments

Ms. Johnson reported that the Authority employees are organized into four groups:

- Transit Operators (represented by the Amalgamated Transit Union (ATU));
- Transit Supervisors (represented by the Teamsters Union);
- Mechanics and Maintenance Workers (represented by the Machinists Union); and
- Unrepresented Administrative Staff

The Maintenance Workers receive healthcare coverage through the Machinists Union while the other three groups have coverage through CalPERS (inclusive of active and retired employees).

The Public Employees' Medical & Hospital Care Act (PEMHCA) mandates a minimum employer contribution that must be applied equally to both retired and active employees, and this amount is referred to as Other Post Employment Benefit (OPEB). For active employees, the Authority contributes to a Cafeteria Plan in compliance with IRS Code Section 125.

CalPERS advised the Authority that the current OPEB contribution structure is no longer workable and requested that a simplified contribution structure be implemented. The Authority's labor negotiators have completed bargaining with the ATU and Teamsters regarding both OPEB and Cafeteria plan contributions. The financial impact of these changes will depend upon future CalPERS rates and employee/retiree plan selections. The current estimates include an annual increase of approximately \$250 thousand in healthcare costs and a one-time, lump-sum contribution of \$182,270 to retiree health savings plans. These costs are included in the FY 2026 budget. If ratified by the Board, the negotiated amounts will be applied to all three PEMHCA-covered groups (ATU, Teamsters and Administrative) and will take effect on January 1, 2026.

The Committee reviewed and discussed the negotiated changes to employer contributions and recommends it be forwarded to the Board of Directors for approval.

8. Review of Vendor Bills, May 2025

The Committee reviewed the vendor bills for May 2025.

9. Approval of Legal Services Statement, May 2025 General and Labor

The Committee approved the legal services statements for May 2025 General and Labor.

10. Next Scheduled Meeting

The next meeting is scheduled for Wednesday, September 3rd at 9:00 a.m.

11. Adjournment

The meeting was adjourned at 10:07 a.m.

Minutes prepared and submitted by: Karol McCarty, Manager of Accounting