

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

EXECUTIVE COMMITTEE

(COMMISSIONERS STEVE ADAMS, MARION ASHLEY, BOB BUSTER,
MARY CRATON, TERRY HENDERSON, BOB MAGEE, JEFF STONE,
JOHN TAVAGLIONE, ROY WILSON)

9:00 A.M.

WEDNESDAY, JANUARY 14, 2009

**County of Riverside Administrative Center
Conference Room A
4080 Lemon Street, Third Floor, Riverside**

In compliance with the Brown Act and Government Code Section 54957.5, agenda materials distributed 72 hours prior to the meeting, which are public records relating to open session agenda items, will be available for inspection by members of the public prior to the meeting at the Commission office, 4080 Lemon Street, Third Floor, Riverside, CA, and on the Commission's website, www.rctc.org.

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if you need special assistance to participate in an Executive Committee meeting, please contact the Clerk of the Board at (951) 787-7141. Notification of at least 48 hours prior to meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting.

- 1. CALL TO ORDER**
- 2. PUBLIC COMMENTS**
- 3. APPROVAL OF MINUTES – DECEMBER 10, 2008**
- 4. ADDITIONS/REVISIONS** - *The Committee may add an item to the Agenda after making a finding that there is a need to take immediate action on the item and that the item came to the attention of the Committee subsequent to the posting of the agenda. An action adding an item to the agenda requires 2/3 vote of the Committee. If there are less than 2/3 of the Committee members present, adding an item to the agenda requires a unanimous vote. Added items will be placed for discussion at the end of the agenda.*

5. PROPOSAL TO AMEND THE RIVERSIDE COUNTY TRANSPORTATION COMMISSION'S CALPERS CONTRACT

Overview

This item is for the Committee to:

- 1) Discuss the proposal to amend the Riverside County Transportation Commission's (Commission) CalPERS contract to include a provision for the option to exercise the two years additional service credit in accordance with Government Code Section 20903;
- 2) Adopt Resolution No. 09-001, *"Resolution of Intention to Amend Commission Contract with CalPERS"*;
- 3) Make public the future annual costs and savings of the proposed contract amendment at a public meeting scheduled for Monday, January 26, 2009 in accordance with Government Code Section 7507; and
- 4) Present the final resolution at the Commission's February 11, 2009 meeting for final adoption.

6. ADJOURNMENT

The next Executive Committee meeting is scheduled to be held at **9:00 a.m., Wednesday, February 11, 2009**, 4080 Lemon Street, Third Floor, Conference Room A, Riverside.

AGENDA ITEM 3

MINUTES

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

EXECUTIVE COMMITTEE

December 10, 2008

Minutes

1. CALL TO ORDER

The meeting of the Executive Committee was called to order by Chair Jeff Stone at 8:45 a.m. in Conference Room A at the County of Riverside Administrative Center, 4080 Lemon Street, Third Floor, Riverside, California, 92501.

Commissioners Present

Marion Ashley
Bob Buster
Mary Craton
Terry Henderson
Bob Magee
Jeff Stone
John Tavaglione
Roy Wilson

Commissioners Absent

Steve Adams

2. PUBLIC COMMENTS

There were no requests to speak from the public.

3. APPROVAL OF MINUTES

M/S/C (Wilson/Ashley) to approve the minutes of May 14 and September 10, 2008, as submitted.

4. ADDITIONS/REVISIONS

There were no additions or revisions to the agenda.

5. ORDINANCE NO. 08-002 TO AMEND THE COMMISSION'S ADMINISTRATIVE CODE

John Standiford, Deputy Executive Director, presented the proposed change to the Executive Committee structure. He also noted the other housekeeping changes to the Commission's Administrative Code.

M/S/C to (Ashley/Henderson) adopt Ordinance No. 08-002, "An Ordinance Amending the Riverside County Transportation Commission's Administrative Code Related to the Composition of the Executive Committee and Other Housekeeping Items".

6. CLOSED SESSION – EXECUTIVE DIRECTOR

6A. Public Employee Performance Evaluation

Title: Executive Director

6B. Conference with Labor Negotiations Pursuant to Section 54957.6

Agency Representative: Chair

Employee: Executive Director

There were no announcements from closed session items.

7. EXECUTIVE DIRECTOR – EMPLOYMENT CONTRACT

M/S/C (Buster/Craton) to:

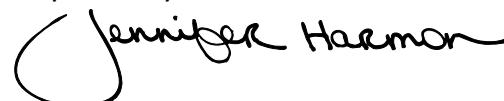
- 1) Approve an amendment to the Executive Director's employment contract; and**
- 2) Direct legal counsel to work with the Chair to finalize the amendment and authorize the Chair to execute the amendment on behalf of the Commission.**

Oppose: Ashley and Wilson

8. ADJOURNMENT

There being no other items to be considered, the Executive Committee meeting adjourned at 9:30 a.m.

Respectfully submitted,



Jennifer Harmon
Clerk of the Board

AGENDA ITEM 5

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

DATE:	January 14, 2009
TO:	Executive Committee
FROM:	Michele Cisneros, Accounting and Human Resources Manager
THROUGH:	Anne Mayer, Executive Director
SUBJECT:	Proposal to Amend the Riverside County Transportation Commission's CalPERS Contract

STAFF RECOMMENDATION:

This item is for the Committee to:

- 1) Discuss the proposal to amend the Riverside County Transportation Commission's (Commission) CalPERS contract to include a provision for the option to exercise the two years additional service credit in accordance with Government Code Section 20903;
- 2) Adopt Resolution No. 09-001, *"Resolution of Intention to Amend Commission Contract with CalPERS"*;
- 3) Make public the future annual costs and savings of the proposed contract amendment at a public meeting scheduled for Monday, January 26, 2009 in accordance with Government Code Section 7507; and
- 4) Present the final resolution at the Commission's February 11, 2009 meeting for final adoption.

BACKGROUND INFORMATION:

Although we are in a deepening global financial crisis, the local economic challenges facing the Commission have certainly not been as deep as those facing our local jurisdictions. In spite of our relatively healthy financial condition, declining sales tax revenues require Commission management to look at alternatives to save costs and reduce administrative overhead. The management team will be considering alternatives during the annual budget preparation process, with one option warranting early consideration. Staff proposes amending the Commission's CalPERS contract to include a provision under government code section 20903, to provide two-years additional service credit to eligible retirement-age members when impending overall reduction in the work force is warranted.

By providing this provision in the Commission's CalPERS contract, the Commission has the flexibility to only exercise this option at its discretion. The intent of the amendment is to allow those eligible for the early retirement incentive to exercise

this option during a designated period, thus providing the Commission with enough annual savings to pay for the additional service credit benefits and ultimately ongoing future savings. The costs to the Commission to pay for the benefits would be included in the Commission’s annual CalPERS valuation report for the fiscal year that begins two years after the end of the designated period. In turn, the Commission would be able to reassess vacant positions created by the early retirements under this provision and reorganize the Commission’s positions to take full advantage of the Commission’s remaining talented and skilled staff.

The estimated two-year savings under this provision that the Commission would realize is as follows:

Total Estimated Additional CalPERS Employer Contribution ¹	Estimated RCTC Budgeted Salaries/Benefits ¹	Total Estimated Two-Year Savings	Increase in CalPERS Employer Contribution Rate
\$ 3,213,494	\$ 3,635,304	\$ 421,810	4.09%

¹ Estimate based on 13 eligible employees over a two-year period

The only immediate costs that the Commission would realize if every eligible employee opted to take advantage of the early retirement incentive would be the benefit accrual on the payroll records as of the eligible employee’s designated retirement date. The payout of these benefit accruals would be in accordance with the Commission’s Personnel Policies and Procedures Manual. The estimated cost of these benefits is \$175,000.

It is uncertain how many, if any, eligible employees would accept an early retirement incentive if offered. Regardless of that uncertainty, the management team thinks that this is a viable option to reduce costs should even one employee opt into the program. Staff recommends immediate implementation following final resolution adoption so that the scope of this program’s impact is known during the budget preparation process.

If the Executive Committee approves the action to adopt the Resolution of Intention to amend the CalPERS contract, staff is required to disclose the future annual costs of the proposed contract amendment for the increase in retirement benefits at a public meeting at least two weeks prior to the adoption of the final resolution. The public meeting is currently scheduled for Monday, January 26, 2009 during the Budget and Implementation Committee. Pursuant to Government Code Section 20471, the final resolution must have a 20-day period between the adoption of the Resolution of Intention and the adoption of the Final Resolution. Therefore, staff will bring back to the Commission the final resolution on February 11, 2009 for final adoption in accordance with Government Code Section 20903. At that time,

staff will outline the specific steps required in order for eligible employees to opt into the early retirement incentive program during the designated period.

Financial Information					
In Fiscal Year Budget:	No	Year:	FY 2008/09	Amount:	\$175,000
Source of Funds:	Measure A, LTF, SAFE, FSP			Budget Adjustment:	Yes
GLA No.:	101 10 61000				
Fiscal Procedures Approved:	<i>Theresa Trevino</i>			Date:	01/06/2009

Attachments:

- 1) PERS-CON29 Two Years Additional Service Credit Government Code Section 20903
- 2) PERS-CON3 PA Procedures for Calculation of Estimated Employer Cost
- 3) Resolution No. 09-001 Resolution of Intention to Approve an Amendment to Contract
- 4) PERS-CON-12 Certification of Governing Body's Action
- 5) 2Yr Certification-PA Certification of Compliance with Government Code Section 20903
- 6) PERS-CON-12A Certification of Compliance with Government Code Section 7507

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Actuarial and Employer Services Branch

Public Agency Contract Services

(888) CalPERS (225-7377)

TWO YEARS ADDITIONAL SERVICE CREDIT GOVERNMENT CODE SECTION 20903

A public agency may amend its contract to provide two years additional service credit to a retiring member because of an impending mandatory transfer, demotion or layoff.

The agency will need to:

1. Designate the job classification(s), department(s), or unit(s) eligible for this benefit (e.g. miscellaneous or safety employees, fire, police, secretaries, Finance Department, Human Resources Unit, etc.). Anyone employed in the designated unit or classification is eligible for the two years service credit if all other requirements are met. (The benefit cannot be provided on the basis of employee organization or unrepresented groups.)
2. Designate a time period of 90 to 180 days during which an eligible member must retire to receive the additional service credit. Because the member must be in employment status and retire during the designated period, the retirement date may not be the first day of the designated period. The designated period may begin as early as one day after the effective date of the initial contract to provide the two years additional service credit or, if providing an additional designated period as early as one day after the effective date of the Resolution adopted by the governing body.
3. Certify the governing body determined that because of an impending curtailment of, or change in the manner of performing service, the best interests of the agency would be served by granting such additional service credit.
4. Certify the governing body is electing to become subject to the provisions of Section 20903 because of impending mandatory transfers, demotions, and layoffs that constitute at least 1% of the designated job classification, department, or organizational unit resulting from the curtailment of, or change in the manner of performing its services.
5. Certify that it is the governing body's intention at the time Section 20903 becomes operative that any vacancies created by retirements under this section or at least one vacancy in any position in any department or other organizational unit shall remain permanently unfilled thereby resulting in an overall reduction in the work force of such department or organizational unit.
6. Certify each member's eligibility to receive the additional service credit and non-receipt of unemployment insurance payments during the specified period.

GENERAL PROCEDURES

1. The enclosed procedures and factors can be used to calculate the approximate cost to the agency.
2. If the agency wishes to proceed with an amendment to the contract to provide Section 20903, or if the contract has been amended and the agency wishes to provide an additional designated period, contact Public Agency Contract Services to request the necessary documents.
3. After the expiration of the designated period, the agency is required to submit a list of members eligible to receive the additional service credit who retired during the designated period and also certify the agency has checked against those reported to have applied for unemployment insurance payments. Any such retired member receiving unemployment insurance payments should be reported to CalPERS, Benefit Services Division.
4. The additional service will be credited to each eligible member after he/she is receiving a monthly retirement allowance. The adjustment to the member's allowance will include an increase for the additional service credit and a one-time payment for the allowance due retroactive to the effective date of retirement. (Questions concerning the adjustment should be directed to Benefit Services Division.)
5. The added cost to the retirement fund for all eligible employees who retire during the specified period will be included in the contracting agency's annual valuation report for the fiscal year that begins two years after the end of the designated period.

Attachment: COST FACTORS (CON3-PA)

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Employer Services Division
Public Agency Contract Services
(888) CalPERS (225-7377)

TWO YEARS ADDITIONAL SERVICE CREDIT Section 20903

PROCEDURES FOR CALCULATION OF ESTIMATED EMPLOYER COST

The cost of providing the two years additional service credit is calculated based on the member's annual reportable compensation, the cost factor and whether the agency's contract provides the Post-Retirement Survivor Allowance (Survivor Continuance) and/or an increased Cost-of-Living Allowance of 3%, 4% or 5%.

The employer cost may be estimated as follows:

1. Determine all individuals who meet the minimum eligibility for retirement and who are employed in the designated classification, department or organizational unit.
2. Determine the annual pay rate for each person. "Pay Rate" indicates that amount of compensation a member is paid for a full unit of time. Always use the member's FULL TIME pay rate.
3. Determine the age for each person and locate the appropriate factor on the Cost Factor Chart.
4. Multiply the annual pay rate by the cost factor.
5. Determine whether your agency's contract provides for the Post-Retirement Survivor Allowance. If yes, proceed to step #7.
6. If your agency's contract does not provide for the Post-Retirement Survivor Allowance, multiply the value determined in step #4, above, by 0.95.
7. Determine whether your agency's contract provides for the increased Cost-of-Living Allowance of 3%, 4% or 5%. If not, no further calculations are needed.
8. If your agency's contract provides the 3%, 4%, or 5% cost-of-living allowance, multiply the value determined above by 1.09 to estimate the cost of providing the additional service credit.

COST FACTOR CHART

TWO YEARS ADDITIONAL SERVICE CREDIT

MISCELLANEOUS MEMBERS

	<u>2% @ 60</u> <u>formula</u>	<u>2% @ 55</u> <u>formula</u>	<u>2.5% @ 55</u> <u>formula</u>	<u>2.7% @ 55</u> <u>formula</u>	<u>3% @ 60</u> <u>formula</u>
Ages	<u>All</u>	<u>All</u>	<u>All</u>	<u>All</u>	<u>All</u>
50-54	0.35	0.47	0.63	0.65	0.63
55-59	0.44	0.56	0.67	0.72	0.72
60-64	0.55	0.57	0.61	0.66	0.73
65+	0.53	0.53	0.54	0.59	0.65

SAFETY MEMBERS

	<u>2% @ 55</u> <u>formula</u>	<u>2% @ 50</u> <u>formula</u>	<u>3% @ 55</u> <u>formula</u>	<u>3% @ 50</u> <u>formula</u>
Ages	<u>All</u>	<u>All</u>	<u>All</u>	<u>All</u>
50-54	0.48	0.66	0.77	0.87
55-59	0.55	0.74	0.82	0.82
60-64	0.50	0.68	0.75	0.75
65+	0.45	0.61	0.68	0.68

**RESOLUTION OF INTENTION
TO APPROVE AN AMENDMENT TO CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
BOARD OF COMMISSIONERS
RIVERSIDE COUNTY TRANSPORTATION COMMISSION**

WHEREAS, the Public Employees' Retirement Law permits the participation of public agencies and their employees in the Public Employees' Retirement System by the execution of a contract, and sets forth the procedure by which said public agencies may elect to subject themselves and their employees to amendments to said Law; and

WHEREAS, one of the steps in the procedures to amend this contract is the adoption by the governing body of the public agency of a resolution giving notice of its intention to approve an amendment to said contract, which resolution shall contain a summary of the change proposed in said contract; and

WHEREAS, the following is a statement of the proposed change:

To provide Section 20903 (Two Years Additional Service Credit) for local miscellaneous members.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the above agency does hereby give notice of intention to approve an amendment to the contract between said public agency and the Board of Administration of the Public Employees' Retirement System, a copy of said amendment being attached hereto, as an "Exhibit" and by this reference made a part hereof.

By: _____
Presiding Officer

Title

Date adopted and approved




EXHIBIT

California
Public Employees' Retirement System



AMENDMENT TO CONTRACT

Between the
Board of Administration
California Public Employees' Retirement System
and the
Board of Commissioners
Riverside County Transportation Commission



The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective September 3, 1977, and witnessed August 25, 1977, and as amended effective September 4, 1986, June 22, 1989, November 10, 1994, September 13, 2000 and November 28, 2002 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 12 are hereby stricken from said contract as executed effective November 28, 2002, and hereby replaced by the following paragraphs numbered 1 through 12 inclusive:
 1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for local miscellaneous members.

PLEASE DO NOT SIGN HERE

2. Public Agency shall participate in the Public Employees' Retirement System from and after September 3, 1977 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.
3. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
 - a. Employees other than local safety members (herein referred to as local miscellaneous members).
4. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:
 - A. SAFETY MEMBERS.**
5. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment before and not on or after November 28, 2002 shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Full).
6. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment on or after November 28, 2002 shall be determined in accordance with Section 21354.5 of said Retirement Law (2.7% at age 55 Full).
7. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Section 21573 (Third Level of 1959 Survivor Benefits).
 - b. Sections 21624, 21626 and 21628 (Post-Retirement Survivor Allowance).
 - c. Section 20042 (One-Year Final Compensation).
 - d. Section 20965 (Credit for Unused Sick Leave).

STATE OF CALIFORNIA
GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

- e. Section 21151 (Industrial Disability Retirement For Local Miscellaneous Members).
 - f. Section 21335 (3% Cost-of-Living Allowance, base year 1999).
 - g. Section 20903 (Two Years Additional Service Credit).
8. Public Agency, in accordance with Government Code Section 20834, shall not be considered an "employer" for purposes of the Public Employees' Retirement Law. Contributions of the Public Agency shall be fixed and determined as provided in Government Code Section 20834, and such contributions hereafter made shall be held by the Board as provided in Government Code Section 20834.
 9. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members of said Retirement System.
 10. Public Agency shall also contribute to said Retirement System as follows:
 - a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21573 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members.
 - b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
 - c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.
 11. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.

12. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the _____ day of _____, _____.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF COMMISSIONERS
RIVERSIDE COUNTY
TRANSPORTATION COMMISSION

BY _____
LORI MCGARTLAND, CHIEF
EMPLOYER SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest:

Clerk

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Actuarial and Employer Services Branch
Public Agency Contract Services
P.O. Box 942709
Sacramento, CA 94229-2709
(888) CalPERS (225-7377)

CERTIFICATION OF GOVERNING BODY'S ACTION

I hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the
Board of Commissioners of the
(governing body)
Riverside County Transportation Commission
(public agency)

on _____
(date)

Clerk/Secretary

Title

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Actuarial and Employer Services Branch

Public Agency Contract Services

P.O. Box 942709

Sacramento, CA 94229-2709

(888) CalPERS (225-7377)

**CERTIFICATION OF COMPLIANCE WITH
GOVERNMENT CODE SECTION 20903**

In accordance with Government Code Section 20903 and the contract between the Public Employees' Retirement System, the Board of Commissioners of the Riverside County Transportation Commission hereby certifies that:

1. Because of an impending curtailment of, or change in the manner of performing service, the best interests of the agency will be served by granting such additional service credit.
2. The added cost to the retirement fund for all eligible employees who retire during the designated window period will be included in the contracting agency's employer contribution rate for the fiscal year that begins two years after the end of the designated period.
3. It has elected to become subject to Section 20903 because of impending mandatory transfers, demotions, and layoffs that constitute at least 1 percent of the job classification, department or organizational unit, as designated by the governing body, resulting from the curtailment of, or change in the manner of performing, its services.
4. Its intention at the time Section 20903 becomes operative is to keep all vacancies created by retirements under this section or at least one vacancy in any position in any department or other organizational unit permanently unfilled thereby resulting in an overall reduction in the work force of such department or organizational unit.

THEREFORE, the Board of Commissioners of the Riverside County Transportation Commission hereby elects to provide the benefits of Government Code Section 20903 to all eligible members who retire within the designated period,

2/12/2009 through 5/11/2009.

**BOARD OF COMMISSIONERS
OF THE
RIVERSIDE COUNTY TRANSPORTATION
COMMISSION**

By: _____
Presiding Officer

Attest:

Clerk/Secretary

Date

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Actuarial and Employer Services Branch
Public Agency Contract Services
P.O. Box 942709
Sacramento, CA 94229-2709
(888) CalPERS (225-7377)

**CERTIFICATION OF COMPLIANCE WITH
GOVERNMENT CODE SECTION 7507**

I hereby certify that in accordance with Section 7507 of the Government Code the future annual costs as determined by the System Actuary for the increase in retirement benefit(s) have been made public at a public meeting of the

_____ Board of Commissioners _____ of the
(governing body)

_____ Riverside County Transportation Commission _____
(public agency)

on _____ which is at least two weeks prior to the adoption of the
(date)

Resolution / Ordinance.

Clerk/Secretary

Title

Date _____