

# AMENDED AGENDA

Additions are noted by ***Bold Italics***, Deletions are noted by ~~Strikethrough~~

## ***RIVERSIDE COUNTY TRANSPORTATION COMMISSION***

### **EXECUTIVE COMMITTEE SPECIAL MEETING**

**8:30 A.M.**

**WEDNESDAY, OCTOBER 10, 2012**

**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](http://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 – APRIL 11, 2012**
- 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. CALIFORNIA PUBLIC EMPLOYEES' PENSION REFORM ACT OF 2013**

***Overview***

This item is for the Committee to:

- 1) Review and discuss the impacts affecting current and new employees in response to the new California Public Employees' Pension Reform Act of 2013;
- 2) Reinstitute the biennial compensation review system; and
- 3) Approve a budget adjustment for \$120,000 for a compensation and organization study.

**6. *DISCUSSION OF ADMINISTRATIVE CODE RELATED TO APPOINTMENTS AND REAPPOINTMENTS***

***Overview***

***This item is for the Committee to discuss the Administrative Code as it relates to appointments and reappointments.***

**7. ADJOURNMENT**

# **AGENDA ITEM 3**

## **MINUTES**

# **RIVERSIDE COUNTY TRANSPORTATION COMMISSION**

## **EXECUTIVE COMMITTEE APRIL 11, 2012**

### **Minutes**

#### **1. CALL TO ORDER**

The meeting of the Executive Committee was called to order by Chair John J. Benoit at 8:50 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  
John J. Benoit  
Bob Buster  
Rick Gibbs  
Terry Henderson  
Darcy Kuenzi  
Greg Pettis  
Karen Spiegel  
John Tavaglione

#### **Commissioners Absent**

Ron Roberts  
Jeff Stone

#### **2. PUBLIC COMMENTS**

There were no requests to speak from the public.

#### **3. APPROVAL OF MINUTES**

**M/S/C (Kuenzi/Henderson) to approve the minutes of December 14, 2011 as submitted.**

#### **4. ADDITIONS/REVISIONS**

There were no additions or revisions to the agenda.

## **5. PERSONNEL POLICIES AND PROCEDURES MANUAL**

Michele Cisneros, Accounting and Human Resources Manager, presented the proposed revisions to the Commission's Personnel Policies and Procedures Manual.

At Commissioner Rick Gibbs' request, Anne Mayer, Executive Director, explained the purpose of the one-year prohibition for hiring former Commissioners as well as the reasons for the implementation of a dress code.

The Committee then started to discuss matters related to pension reform, which Anne Mayer stated would be addressed under Agenda Item 7.

**M/S/C (Pettis/Tavaglione) to:**

- 1) Approve the revised Personnel Policies and Procedures Manual (PPPM);**
- 2) Adopt Resolution No. 12-012 *"Resolution of the Riverside County Transportation Commission Adopting Revisions to Its Personnel Policies and Procedures Manual"*.**

## **6. REVISED AB 1234 REIMBURSEMENT POLICY**

Theresa Trevino, Chief Financial Officer, presented the revisions to the Commission's Legislative Body Reimbursement Policy related to AB 1234.

**M/S/C (Pettis/Spiegel) to:**

- 1) Approve the revisions to the Riverside County Transportation Commission Legislative Body Reimbursement Policy;**
- 2) Adopt Resolution No. 12-014, *"A Resolution of the Riverside County Transportation Commission Regarding the Revisions to the Riverside County Transportation Commission Legislative Body Reimbursement Policy"*; and**
- 3) Forward to the Commission for final action.**

## **7. ORAL REPORT ON THE STATUS OF STAFF RETENTION EVALUATION**

Anne Mayer provided an overview of employee benefits, recruitment challenges, upcoming organizational changes, and pension reform. She then proposed a cost of living increase for fiscal year 2012/13 and the reinstatement of a performance-based merit increase program and explained the basis for these recommendations.

At Chair Benoit's request, Anne Mayer discussed the specialized positions, noting the need to conduct a classification and compensation study as part of the upcoming organization restructure.

The Committee expressed consensus for the proposed changes by the executive director.

**8. ADJOURNMENT**

There being no other items to be considered, the Executive Committee meeting adjourned at 9:32 a.m.

Respectfully submitted,

A handwritten signature in black ink that reads "Jennifer Harmon". The signature is written in a cursive style with a large, looped initial "J".

Jennifer Harmon  
Clerk of the Board

# **AGENDA ITEM 5**

***RIVERSIDE COUNTY TRANSPORTATION COMMISSION***

<b>DATE:</b>	October 10, 2012
<b>TO:</b>	Executive Committee
<b>FROM:</b>	Anne Mayer, Executive Director
<b>SUBJECT:</b>	California Public Employees' Pension Reform Act of 2013

**STAFF RECOMMENDATION:**

This item is for the Committee to:

- 1) Review and discuss the impacts affecting current and new employees in response to the new California Public Employees' Pension Reform Act of 2013;
- 2) Reinstitute the biennial compensation review system; and
- 3) Approve a budget adjustment for \$120,000 for a compensation and organization study.

**BACKGROUND INFORMATION:**

On September 12, 2012, Governor Brown signed pension reform Assembly Bill 340. AB 340 is the California Public Employees' Pension Reform Act of 2013 (PEPRA), which impacts most California retirement systems, including CalPERS effective January 1, 2013. In summary, the pertinent pension reform measures include: 1) equal sharing of the annual normal cost of benefits; 2) required reduced retirement formulas and increased retirement ages; 3) limitations on pensionable compensation; 4) anti-spiking provisions; 5) limitations on post-retirement employment; 6) forfeiture of pension benefits upon the conviction of certain felonies; 7) equal health benefits; and 8) prohibition of pension funding holidays.

While some of these pension reform measures will apply to all employees, most will only apply to what the PEPRA refers to as new members. Staff developed a matrix to help clearly identify the measures that will affect both current and new members. It is staff's intent to discuss the options available to the Commission and seek the Executive Committee's guidance and recommendations.

In terms of timing, changes for new employees to the PERS system automatically take place on January 1 when the new law takes effect and will require the establishment of a second tier of employee benefits. Issues affecting cost sharing by current employees and how to address the hiring of future employees who are already in the PERS system will require Executive Committee deliberation and direction.

**Need for Future Workforce Planning**

The Commission has undergone several significant organization changes in the past and is anticipating significant organizational changes in the future given the assumption of major new projects and new funding including toll operations. In response to the PEPR provisions and the comprehensive impacts affecting current and future employees, staff is exploring compensation and benefit options to help retain and attract qualified and talented employees while ensuring effective succession planning.

Staff recommends the Commission reinstitute the biennial compensation review system and issue a request for proposal to help assure that the Commission’s positions are assigned to appropriate job classifications and salary ranges given the anticipated changes in the organization structure, market practices, and in response to the new PEPR provisions. Staff estimates the cost of a full compensation and organization structure study at \$120,000 and is requesting a budget adjustment.

<b>Financial Information</b>					
In Fiscal Year Budget:	No	Year:	FY 2012/13	Amount:	\$120,000
Source of Funds:	Measure A, LTF, FSP, SAFE, TUMF			Budget Adjustment:	Yes
GL/Project Accounting No.:	P001001 65520 00000 0001 101 18 65520				
Fiscal Procedures Approved:	<i>Theresa Iervino</i>			Date:	10/02/12

Attachment: RCTC Summary AB 340 and the California Public Employees’ Pension Reform Act of 2013 (PEPRA)

**RCTC Summary of AB 340 and the California Public Employees' Pension Reform Act of 2013 (PEPRA)**

Effective Date: January 1, 2013	Impacts to:		
Summary	Current Employees (Legacy) & Current Members	New Members	Commission Action
<p><b>Equal Sharing of Normal Cost</b></p> <ul style="list-style-type: none"> <li>➤ Current Employees GC §20516/.5: Allows an employer, effective on 1/1/2018*, to impose a contribution rate on legacy employees of the <u>lesser of</u> 50% of normal costs or 8% of compensation for miscellaneous members.</li> <li><i>*However, pursuant to GC §20691 an employer has the authority to periodically increase, reduce, or eliminate the Employer Paid Member Contribution (EPMC) by amending the employer's EPMC resolution accordingly.</i></li> <li>➤ New Member GC §7522.30: Requires the employee to contribute the greater of 50% of normal cost rate or current contribution.</li> </ul>	<b>X</b>	<b>X</b>	<p>A new resolution will be required to reflect the cost sharing agreement with legacy employees.</p> <p>Requires Executive Committee action and changes to Personnel Policies and Procedures Manual (PPPM).</p>
<p><b>Reduced Benefit Formulas and Increased Retirement Ages</b> GC §7522.20</p> <p>Creates a new defined benefit formula of 2% @ 62 with an early retirement at age 52 and a maximum benefit factor of 2.5% at age 67.</p>		<b>X</b>	<p>The new defined benefit formula is compulsory. CalPERS will begin amending existing contracts to recognize new formula, but it will not likely occur before the end of 2012.</p> <p>May require Executive Committee action depending on how CalPERS implements the new formula. Requires changes to PPPM.</p>
<p><b>Cap Compensation that Counts Towards Pension Benefits</b> GC §7522.10</p> <p>Caps the annual salary that counts towards pensionable compensation for all new employees at the 2013 Social Security wage base for employees that participate in Social Security or 120% of the forgoing wage base for those employees that do not participate in Social Security. Annual amount to be adjusted by CPI.</p>		<b>X</b>	<p>Payroll must monitor and report properly the new employee/ new member reportable compensation to CalPERS.</p>

**RCTC Summary of AB 340 and the California Public Employees' Pension Reform Act of 2013 (PEPRA)**

Effective Date: January 1, 2013	Impacts to:		
Summary	Current Employees (Legacy) & Current Members	New Members	Commission Action
<p><b>Federal Compensation Limit for Determining Retirement Benefits</b> GC §7522.42 Requires all public retirement systems in California to adhere to the federal compensation limit (401)(a)(17) when calculating retirement benefits for new members* and would prohibit a public employer from making contributions to any qualified retirement plan based on any portion of compensation that exceeds limit.</p> <p><i>*Note that the application of GC §7522.42 to new members only, the federal compensation limits apply to all employees, including legacy employees, unless those employees are grandfathered (i.e., persons who first became members of CalPERS before July 1, 1996).</i></p>		<b>X</b>	No action required by Commission.
<p><b>Require Three-Year Final Compensation</b> GC §7522.32 Requires that final compensation for new members of all California public agencies be defined as the highest average annual final compensation during a period of at least 36 consecutive months*, subject to the cap.</p> <p><i>*Note that if the employer already provides for a three (3) year final compensation period for employees hired before January 1, 2013, the employer will not be permitted to change that final compensation period to the single highest year after December 31, 2012.</i></p>		<b>X</b>	<p>A new resolution may be required to adopt new 36-month period unless CalPERS implements it automatically.</p> <p>May require Executive Committee action and required changes to PPM.</p>
<p><b>Prohibit Purchases of Airtime</b> GC §7522.46 Eliminates the ability of any public employee to purchase non-qualified service or “airtime”, unless an official application was received by the system prior to January 1, 2013 and is later approved.</p>	<b>X</b>	<b>X</b>	No action required by Commission.
<p><b>Prohibit Retroactive Pension Increases</b> GC §7522.44 Prohibits public employers from granting both current and future employees retroactive pension benefit enhancements that apply to service performed prior to the enhancement.</p>	<b>X</b>	<b>X</b>	No action required by Commission.
<p><b>Equal Benefit Vesting for Non-Represented and Represented Employees</b> GC §7522.40 Prohibits a public employer from providing a better benefit vesting period for excluded or exempt employees of that employer than for represented employees in the same retirement class.</p>	<b>X</b>	<b>X</b>	No action required by Commission.

**RCTC Summary of AB 340 and the California Public Employees' Pension Reform Act of 2013 (PEPRA)**

Effective Date: January 1, 2013	Impacts to:		
Summary	Current Employees (Legacy) & Current Members	New Members	Commission Action
<p><b>Prohibit Pension Holiday</b> GC §7522.52 The combined employer and employee contributions, in any fiscal year must cover that year's normal cost.</p>	<b>X</b>	<b>X</b>	No action required by Commission. The Commission already adheres to this provision.
<p><b>Calculate Benefits Based on Regular, Recurring Pay to Stop Spiking</b> GC §7522.34 Requires that compensation for all new members be defined as the normal rate of regular, recurring pay, excluding special bonuses, overtime, payouts for unused vacation or sick leave, and other special pay.</p>		<b>X</b>	No action required by Commission. The Commission already adheres to this provision.
<p><b>Limit Post-Retirement Public Employment</b> GC §7522.56</p> <ul style="list-style-type: none"> <li>• Generally a retiree cannot be employed by an employer in the same public retirement system from which the retiree receives his or her pension without reinstatement.</li> <li>• Limited exceptions allow retirees to be employed without reinstatement in the event of an emergency or because the retiree possesses specialized skills needed by the employer, but these appointments cannot exceed 960 hours per year for all CalPERS employers and the pay rate cannot be more or less than what is paid to employees performing similar duties.</li> <li>• Would require a 180-day "sit-out" period between retirement and employment as a retiree except under certain circumstances, no exceptions if the retiree accepted a retirement incentive (e.g. a golden handshake).</li> <li>• Precludes employment of a retiree if the retiree received unemployment benefits during the preceding twelve (12) month period attributable to prior employment subject to these restrictions.</li> </ul>	<b>X</b>	<b>X</b>	No action required by Commission.

**RCTC Summary of AB 340 and the California Public Employees' Pension Reform Act of 2013 (PEPRA)**

Effective Date: January 1, 2013	Impacts to:		
Summary	Current Employees (Legacy) & Current Members	New Members	Commission Action
<p><b>Benefit Replacement Plans</b> GC §7522.43</p> <ul style="list-style-type: none"> <li>Prohibits a public employer from offering a benefits replacement plan for any new member or survivor who is subject to the federal limit on benefits established by Internal Revenue Code §415.</li> <li>Allows a public retirement system to continue to administer a benefit replacement plan for employees first hired prior to 1/1/2013.</li> <li>An employer that did not offer a benefits replacement plan prior to 1/1/2013 may not offer such plan to any employees on or after 1/1/2013.</li> </ul>	X	X	No action required by Commission.
<p><b>Felony Forfeiture:</b> GC §7522.72/74</p> <ul style="list-style-type: none"> <li>Applies to all public employees and elective officials who commit job related felonies, including felonies against or involving minors.</li> <li>Forfeiture applies to any benefits earned from the earliest date of a commission of a felony to the date of conviction. Benefits earned prior to the felony commission date shall remain in the retirement system.</li> <li>Any contributions on earnings made to the retirement system after the earliest date of commission of felony shall be returned to the felon without interest upon occurrence of a distribution event, as defined, unless otherwise ordered by the court.</li> <li>This section includes notification requirements applicable to prosecuting agencies, public employers, and convicted public employees.</li> <li>If a conviction is reversed, the employee may regain rights to forfeited benefits.</li> </ul>	X	X	No action required by Commission.
<p><b>Contracting Agency Liability for Excessive Compensation</b> GC §20791</p> <p>Requires CalPERS to define a significant increase in actuarial liability due to excessive compensation paid to an employee and to develop a plan to require the employer that created the increased liability to be responsible for it.</p>	X	X	No action required by Commission.

**RCTC Summary of AB 340 and the California Public Employees' Pension Reform Act of 2013 (PEPRA)**

<b>Effective Date: January 1, 2013</b>	<b>Impacts to:</b>		
<b>Summary</b>	<b>Current Employees (Legacy) &amp; Current Members</b>	<b>New Members</b>	<b>Commission Action</b>

**Definitions:**

**“New Member”**

- An individual hired on or after 1/1/2013 and who has never been a member of a public retirement system.
- An individual hired on or after 1/1/2013 and was previously a member of another retirement system but not subject to reciprocity.
- An individual who moved between public employers within the same retirement system after a break in service of more than six (6) months.

**“New Employee”**

- An individual hired on or after 1/1/2013 and who was not previously employed by another public employer.
- An individual hired on or after 1/1/2013 who was previously employed by another public employer but was not subject to reciprocity.

**“Legacy Member”**

- An employee who does not meet the definition of “New Member”.

**“Normal Cost”**

- Actuary’s determination of the present value of future benefits derived from this year’s service. Normal cost does not include unfunded liability or accrual of excess assets and is determined in the annual valuation by the system actuary.

**“Normal Cost Rate”**

- Normal cost expressed as a percentage of payroll.