



June 28, 2018  
1:00 p.m.

## AGENDA

**Board Executive Committee Meeting  
Riverside County Administration Center  
Board of Supervisors Conference Room C  
4080 Lemon Street, Fifth Floor  
Riverside, CA 92501**

Any person with a disability who requires a modification or accommodation in order to participate in this meeting, or any person with limited English proficiency (LEP) who requires language assistance to communicate with the Riverside Transit Agency Board of Directors during the meeting, should contact the Riverside Transit Agency Clerk of the Board, telephone number (951) 565-5044, no fewer than two business days prior to this meeting to enable the Riverside Transit Agency to make reasonable arrangements to assure accessibility or language assistance for this meeting.

Agenda item descriptions are intended to provide members of the public a general summary of business to be conducted or discussed. Posting of any recommended action on an agenda item does not indicate what action will be taken. The Board of Directors may take any action it believes is appropriate on the agenda item and is not limited in any way by the notice of any recommendation.

All documents related to any agenda item are available for public inspection at [www.riversidetransit.com](http://www.riversidetransit.com) or through the Clerk of the Board's office at the Riverside Transit Agency, 1825 Third Street, Riverside, CA 92507.

### ITEM

### RECOMMENDATION

1. CALL TO ORDER
2. SELF-INTRODUCTIONS

ITEM

RECOMMENDATION

**3. PUBLIC COMMENTS – NON-AGENDA ITEMS**

**RECEIVE COMMENTS**

Members of the public may address the Board regarding any item within the subject matter jurisdiction of the Board; however, no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to matters not listed on the agenda. Members of the public may comment on any matter listed on the agenda at the time that the Board considers that matter. Each person's presentation is limited to a maximum of three (3) minutes.

**4. APPROVAL OF MINUTES – MAY 24, 2018 EXECUTIVE COMMITTEE MEETING (P.3)**

**APPROVE**

**5. VEHICLE TRANSFER APPLICATIONS FOR CONSIDERATION TO BE PLACED ON THE RIVERSIDE TRANSIT AGENCY'S RETIRED VEHICLE RECIPIENT WAITLIST (P.5)**

**APPROVE**

**6. AUTHORIZATION TO REQUEST FUNDING FROM THE RIVERSIDE COUNTY TRANSPORTATION COMMISSION (RCTC) TO PAY DOWN THE CURRENT UNFUNDED LIABILITY OF THE AGENCY'S CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) PENSION OBLIGATION (P.7)**

**APPROVE**

**7. NEXT MEETING**

Thursday, July 26, 2018  
1:00 p.m.  
Riverside County Administration Center  
4080 Lemon St., 5<sup>th</sup> Floor  
Conference Room C  
Riverside, CA 92501

**8. MEETING ADJOURNMENT**

RTA BOARD EXECUTIVE COMMITTEE MEETING MINUTES  
Minutes  
May 24, 2018

**1. CALL TO ORDER**

Chair Art Welch called the Board Executive Committee meeting to order at 1:00 p.m. on May 24, 2018 in the Board of Supervisor's Conference Room C, 4080 Lemon St., Riverside, CA.

**2. SELF-INTRODUCTIONS**

Self-introductions were dispensed with.

**Committee Attendees**

1. Art Welch, City of Banning
2. Randon Lane, City of Murrieta
3. Linda Krupa, City of Hemet
4. Berwin Hanna, City of Norco
5. Maryann Edwards, City of Temecula
6. Nancy Carroll, City of Beaumont

**Committee Members Absent**

1. Tonya Burke, City of Perris
2. Andy Melendrez, City of Riverside

**RTA Staff**

1. Larry Rubio, Chief Executive Officer
2. Craig Fajnor, Chief Financial Officer
3. Vince Rouzaud, Chief Procurement & Logistics Officer
4. Jim Kneepkens, Director of Marketing
5. Eric Ustation, Government Affairs Manager

**Other Attendees**

1. James Donich, Agency General Counsel

**3. PUBLIC COMMENTS - NON-AGENDA ITEMS**

None.

Chairman Welch moved Items 4 and 5 to the end of the agenda prior to closed session.

Director Linda Krupa arrived at the meeting at 1:02 p.m.

Director Maryann Edwards arrived at the meeting at 1:03 p.m.

#### **6. DISCUSSION REGARDING ASSEMBLY BILL 1912**

Mr. Larry Rubio and Mr. James Donich led a discussion regarding Assembly Bill 1912.

#### **4. APPROVAL OF MINUTES - APRIL 26, 2018 EXECUTIVE COMMITTEE MEETING**

M/S/C (HANNA/LANE) approving the minutes of the April 26, 2018 Executive Committee meeting.

The motion carried unanimously.

#### **5. AUTHORIZATION TO RENEW AGREEMENT WITH DAVID TURCH AND ASSOCIATES FOR LEGISLATIVE ADVOCACY SERVICES**

M/S/C (LANE/EDWARDS) as to the following:

- Authorize staff to renew its agreement with David Turch and Associates for the period of July 1, 2018, through June 30, 2019 at a cost of \$60,000 per-year, plus reasonable and customary expenses.
- Authorize staff to file the appropriate forms with the FTA to ensure Agency compliance with federal lobbying provisions.

The motion carried unanimously.

#### **7. NEXT MEETING**

Board Executive Committee Meeting  
Thursday, June 28, 2018, 1:00 p.m.  
Riverside County Administration Center  
Supervisors Conference Room C  
4080 Lemon Street  
Riverside, CA 92501

#### **8. MEETING ADJOURNMENT**

The meeting was adjourned at 1:30 p.m.

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA. 92507

June 28, 2018

TO: BOARD EXECUTIVE COMMITTEE  
THRU: Larry Rubio, Chief Executive Officer  
FROM: Tammi Ford, Clerk of the Board  
SUBJECT: Vehicle Transfer Applications for Consideration to be Placed on the Riverside Transit Agency's Retired Vehicle Recipient Waitlist

Summary: The Agency has a policy for transferring title of Retired Type II vehicles, Type VII vehicles, trolleys and service trucks (surplus vehicles) to registered 501c non-profit or service organizations, municipalities, county agencies and special districts. These surplus vehicles have surpassed their useful life according to Federal Transit Administration (FTA) guidelines.

In May 2017, the Board of Directors unanimously approved revisions to the Vehicle Transfer Policy which provides for the initial screening of Vehicle Transfer Applications to occur at staff level. Once staff has determined an application is complete and meets the minimum requirements for eligibility, the policy provides that the Board Executive Committee shall review the eligible applications and make a determination to recommend an applicant for final consideration and approval by the full Board of Directors. This review of applications shall take place quarterly or on an as needed basis.

During the past period, the Agency received eight (8) applications from organizations requesting to be placed on the recipient wait list for a retired vehicle. Staff reviewed each application for completeness, determination of site location within the Agency's service area and verification that each applicant is a registered 501c non-profit organization in good standing, municipality, county agency or special district. The following applicants were found to meet the minimum eligibility requirements as set forth in the policy:

- Bridging Community Gaps, Perris, CA
- Riverside County Black Chamber of Commerce, Riverside, CA
- C.H.A.N.G.E.D Church, Inc., Corona, CA
- St. Carrie's Center, Hemet, CA
- Veterans 360, Murrieta, CA

- Perris Valley Historical & Museum Association, Perris, CA
- Boys & Girls Club of Southwest County, Temecula, CA
- Imani Temple of Temecula C.O.G.I.C., Temecula, CA

One of the applicants, Riverside County Black Chamber of Commerce (Chamber), has asked the Agency for special consideration in expediting their request. The Chamber operates a program that targets under-served African American boys ranging in age from 11 – 14, along with their parents, and is designed to develop a positive self-image in the youth and to build a stronger economic and social environment in their community. The bus they currently use to facilitate the program was recently vandalized beyond their ability to repair it which has effectively put a stop to the program. The capability to transport the boys to the program is critical as there are often limited transportation options available to them.

Fiscal Impact:

Based on the current policy for transferring vehicles, there is no fiscal impact.

Recommendation:

Review and recommend this item to the full Board of Directors for their consideration as follows:

- Approve applicants that have met the minimum eligibility requirements for placement on the recipient wait list for a retired vehicle in accordance with the Agency's Vehicle Transfer Policy.

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

June 28, 2018

TO: BOARD EXECUTIVE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Craig Fajnor, Chief Financial Officer

SUBJECT: Authorization to Request Funding from the Riverside County Transportation Commission (RCTC) to Pay Down the Current Unfunded Liability of the Agency's California Public Employees' Retirement System (CalPERS) Pension Obligation

Summary: As part of the Agency's compensation package, it offers eligible employees a defined benefit plan (pension) under contract with the CalPERS. The Agency's Plan formulas are 2% @ 55 for Classic employees and 2% @ 62 for Public Employees' Pension Reform Act (PEPRA) employees. Classic employees are those hired before January 1, 2013 while PEPRA employees are those hired on or after January 1, 2013.

Until the current fiscal year, funding the pension obligation has historically occurred through employee contributions and employer contributions as a percent of payroll. The employee share is a fixed percentage while the employer share is determined actuarially by CalPERS each year. Staff has always collected these amounts through bi-weekly payroll processing and remitted them timely to CalPERS. Starting in FY18, in addition to the aforementioned payroll-oriented contributions, the Agency is now making a fixed payment each month as designated by CalPERS. Regardless of how CalPERS has requested the contributions to the Agency plan, we are current based on how it is designed.

Government Accounting Standards Board (GASB) pronouncement 68 became effective in fiscal year ending June 30, 2015. GASB 68 requires public entities who offer a pension benefit to regularly measure the funded status and unfunded liability of their plan and reflect them in their financial statements – both on the Balance Sheet as well as in Note Disclosures.

With the above background in mind, staff is aware of draft legislation (Assembly Bill 1912 – AB1912) being considered in the state legislature that would change the accountability of the pension obligations of Joint Powers Authorities (JPAs). In summary, the legislation proposes to add liability to each member of a JPA that offers a defined benefit plan to its employees. RTA's JPA currently has no such provision.

If enacted as currently drafted, AB1912 creates the requirement that each member entity of RTA's JPA would be required to acknowledge an amount of the Agency's unfunded pension liability on their books. The individual member amount would be determined by the RTA Board of Directors. In the event the RTA Board could not agree on the amount for each member, the CalPERS Board would determine the amount assigned to each member based on either the share of service it receives from RTA or by the population of the member. Given the current size and disparate nature of the members of RTA's JPA, this legislation could hamper the financial condition of member entities of the JPA.

Regardless of whether the pending AB1912 legislation becomes law, the financial health of the Agency must be maintained. With that in mind, the Board Executive Committee directed staff to investigate and evaluate the Agency's options with respect to paying down the unfunded liability of its CalPERS pension plan.

The Agency's most recent pension liability actuarial valuation, performed and provided by CalPERS, indicates the Agency's plan is 78% funded with a current unfunded liability of \$22.1 million. This actuarial valuation is as of June 30, 2017 and was provided to staff in draft form in May 2018. It is not expected to change materially prior to receipt of the final version in early FY19.

As the Agency does not carry excess fund balances other than for programmed activities and projects, staff would need to seek funding from RCTC to pay-down this unfunded pension liability obligation if so desired and directed. In reserve for transit operators, RCTC holds Western County Bus Allocated Unclaimed Local Transportation Funds (LTF) in the amount of \$64 million (per their audited FY17 Consolidated Annual Financial Report or CAFR). Thus, if funds were to be requested, an ample amount is available to handle this request.

Attached to the staff report are two items. The first is a summary of the Agency's pension plan, which includes a recap of contribution levels and the recent financial history of the Agency's pension plan.

The second is a comparison of the current unfunded liability lump sum payment amount to the required annual payments to the plan



beyond payroll contributions if the full lump sum payment amount is not made. The comparison identifies the resultant savings realized if the full lump sum payment amount is made.

Fiscal Impact:

Paying off the current \$22.1 million Unfunded Liability of the Agency's CalPERS Pension Plan would save the Agency over \$27 million over 28 years based on the current draft actuarial valuation. Further, the funded status would be 100% subject to future actuarial valuations.

In addition to paying down this liability to improve the Agency's financial posture, an added benefit is that there would be no adverse impact to farebox recovery ratio. As this is a Balance Sheet transaction, it would not impact operating expenses in the year it takes place. Further, it improves farebox recovery in the future as it reduces the future pension (operating) expenses that would be avoided due to the improved funded status of the plan.

Recommendation:

Direct staff to request \$22.1 million in Western County Bus Allocated Unclaimed LTF in order to pay off the Agency's current Unfunded Liability in its CalPERS Pension Plan.

Direct staff to work with CalPERS to provide a one-time payment of \$22.1 million to pay off the current Unfunded Liability of the Agency's pension plan.

**Riverside Transit Agency  
Pension Plan Status & Recap**

	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Classic Employee Benefit: 2% @ 55					
Classic Employee Contribution	7.00%	7.00%	7.00%	7.00%	7.00%
Classic Employer Contribution	9.98%	11.09%	8.02%	8.34%	8.68%
PEPRA Employee Benefit: 2% @ 62					
PEPRA Employee Contribution	6.25%	6.25%	6.25%	7.00%	7.00%
PEPRA Employer Contribution	9.98%	11.09%	8.02%	8.34%	8.68%
Fixed Annual Contribution	\$ -	\$ -	\$ 768,000	\$ 1,084,000	\$ 1,431,276
Funded Status Percentage	83%	87%	82%	76%	78%
Unfunded Liability	\$ 11,730,361	\$ 10,097,143	\$ 14,983,137	\$ 21,637,309	\$ 22,097,610

**Riverside Transit Agency  
Pension - Unfunded Liability**

**Current Unfunded Liability (Lump Sum Payment)** \$ 22,097,610

**Current Unfunded Liability (Payment Schedule)**

Fiscal Year	Payment Amount
2019-20	\$ 1,431,276
2020-21	\$ 1,647,444
2021-22	\$ 1,892,375
2022-23	\$ 2,074,016
2023-24	\$ 2,142,603
2024-25	\$ 2,204,201
2025-26	\$ 2,267,571
2026-27	\$ 2,332,765
2027-28	\$ 2,399,835
2028-29	\$ 2,468,829
2029-30	\$ 2,539,807
2030-31	\$ 2,612,825
2031-32	\$ 2,494,117
2032-33	\$ 2,404,495
2033-34	\$ 2,153,406
2034-35	\$ 2,041,720
2035-36	\$ 1,855,612
2036-37	\$ 1,657,111
2037-38	\$ 1,576,330
2038-39	\$ 1,489,531
2039-40	\$ 1,458,186
2040-41	\$ 1,523,718
2041-42	\$ 1,259,048
2042-43	\$ 1,257,290
2043-44	\$ 1,224,961
2044-45	\$ 593,599
2045-46	\$ 271,302
2046-47	\$ 192,072
<b>Total</b>	<span style="border: 1px solid black; padding: 2px;"><b>\$ 49,466,045</b></span>

**Lump Sum Payment Option Savings** **\$ 27,368,435**