

# Meeting Notice

1111 Broadway, Suite 800, Oakland, CA 94607 • PH: (510) 208-7400 • [www.AlamedaCTC.org](http://www.AlamedaCTC.org)

**Commission Chair**

Supervisor Scott Haggerty, District 1

**Commission Vice Chair**

Councilmember Rebecca Kaplan,  
City of Oakland

**AC Transit**

Director Elsa Ortiz

**Alameda County**

Supervisor Richard Valle, District 2  
Supervisor Wilma Chan, District 3  
Supervisor Nate Miley, District 4  
Supervisor Keith Carson, District 5

**BART**

Director Thomas Blalock

**City of Alameda**

Vice Mayor Marilyn Ezzy Ashcraft

**City of Albany**

Mayor Peggy Thomsen

**City of Berkeley**

Councilmember Laurie Capitelli

**City of Dublin**

Mayor Tim Sbranti

**City of Emeryville**

Councilmember Ruth Atkin

**City of Fremont**

Councilmember Suzanne Chan

**City of Hayward**

Councilmember Marvin Peixoto

**City of Livermore**

Mayor John Marchand

**City of Newark**

Councilmember Luis Freitas

**City of Oakland**

Vice Mayor Larry Reid

**City of Piedmont**

Mayor John Chiang

**City of Pleasanton**

Mayor Jerry Thome

**City of San Leandro**

Vice Mayor Michael Gregory

**City of Union City**

Mayor Carol Duffa-Vernaci

**Executive Director**

Arthur L. Dao

## Finance and Administration Committee

**Monday, October 14, 2013, 1:30 p.m.**

**1111 Broadway, Suite 800  
Oakland, CA 94607**

### Mission Statement

The mission of the Alameda County Transportation Commission (Alameda CTC) is to plan, fund and deliver transportation programs and projects that expand access and improve mobility to foster a vibrant and livable Alameda County.

### Public Comments

Public comments are limited to 3 minutes. Items not on the agenda are covered during the Public Comment section of the meeting, and items specific to an agenda item are covered during that agenda item discussion. If you wish to make a comment, fill out a speaker card, hand it to the clerk of the Commission, and wait until the chair calls your name. When you are summoned, come to the microphone and give your name and comment.

### Reminder

Please turn off your cell phones during the meeting. Please do not wear scented products so individuals with environmental sensitivities may attend the meeting.

### Glossary of Acronyms

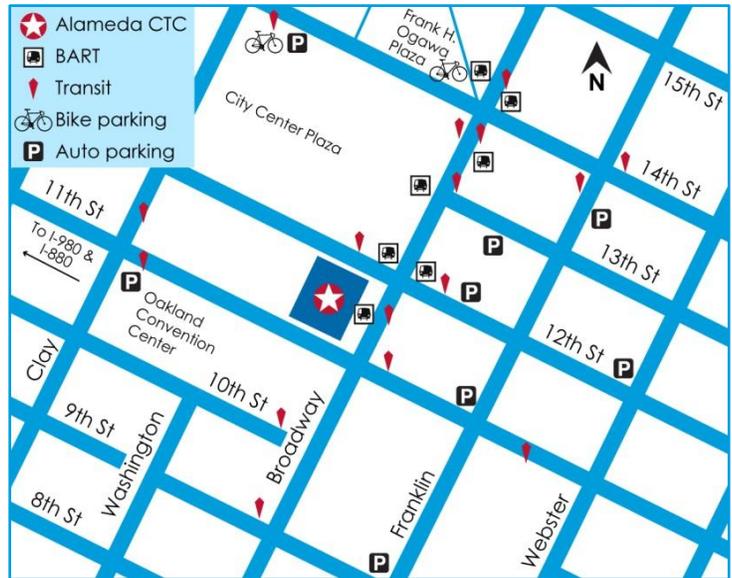
A glossary that includes frequently used acronyms is available on the Alameda CTC website at [www.AlamedaCTC.org/app\\_pages/view/8081](http://www.AlamedaCTC.org/app_pages/view/8081).

## Location Map

### Alameda CTC

1111 Broadway, Suite 800  
Oakland, CA 94607

Alameda CTC is accessible by multiple transportation modes. The office is conveniently located near the 12th Street/City Center BART station and many AC Transit bus lines. Bicycle parking is available on the street and in the BART station as well as in electronic lockers at 14th Street and Broadway near Frank Ogawa Plaza (requires purchase of key card from bikelink.org).



Garage parking is located beneath City Center, accessible via entrances on 14th Street between 1300 Clay Street and 505 14th Street buildings, or via 11th Street just past Clay Street. To plan your trip to Alameda CTC visit [www.511.org](http://www.511.org).

## Accessibility

Public meetings at Alameda CTC are wheelchair accessible under the Americans with Disabilities Act. Guide and assistance dogs are welcome. Call 510-893-3347 (Voice) or 510-834-6754 (TTD) five days in advance to request a sign-language interpreter.



## Meeting Schedule

The Alameda CTC meeting calendar lists all public meetings and is available at [www.AlamedaCTC.org/events/upcoming/now](http://www.AlamedaCTC.org/events/upcoming/now).

## Paperless Policy

On March 28, 2013, the Alameda CTC Commission approved the implementation of paperless meeting packet distribution. Hard copies are available by request only. Agendas and all accompanying staff reports are available electronically on the Alameda CTC website at [www.AlamedaCTC.org/events/month/now](http://www.AlamedaCTC.org/events/month/now).

## Connect with Alameda CTC

[www.AlamedaCTC.org](http://www.AlamedaCTC.org)



[facebook.com/AlamedaCTC](https://facebook.com/AlamedaCTC)



[@AlamedaCTC](https://twitter.com/AlamedaCTC)



[youtube.com/user/AlamedaCTC](https://youtube.com/user/AlamedaCTC)



# Finance and Administration Committee Meeting Agenda

## Monday, October 14, 2013, 1:30 p.m.

1111 Broadway, Suite 800, Oakland, CA 94607 • 510.208.7400 • www.AlamedaCTC.org

**Chair:** Mayor John Chiang, City of Piedmont  
**Vice Chair:** Director Tom Blalock, BART  
**Commissioners:** Marilyn Ezy-Ashcraft, Peggy Thomsen, Richard Valle  
**Ex-Officio Members:** Scott Haggerty, Rebecca Kaplan  
**Staff Liaison:** Patricia Reavey  
**Executive Director:** Arthur L. Dao  
**Clerk:** Vanessa Lee

**1. Roll Call**

**2. Public Comment**

**3. Consent Calendar**

**3.1 [September 9, 2013 FAC Meeting Minutes](#)**

Recommendation: Approve the September 9, 2013 meeting minutes.

**Page A/I**

**1 A**

**4. Regular Matters**

**4.1. [Alameda CTC Contracting and Procurement Policies](#)**

Recommendation: Approve the Alameda CTC Contracting and Procurement Policies that consolidate contracting and procurement policies from ACCMA and ACTIA and include new policies to govern Alameda CTC’s contracting and procurement processes.

**3 A/I**

**4.2. [Declaration of Official Intent to Reimburse Certain Measure B Expenditures from Proceeds of Indebtedness](#)**

Recommendation: Approve a resolution of official intent to reimburse certain Measure B expenditures from proceeds of indebtedness.

**9 A**

**4.3. [CalPERS Resolution to Allow Tax Deferred Deductions for Service Credit Purchases in the Pension Plan](#)**

Recommendation: Approve the CalPERS resolution to allow tax deferred deductions for service credit purchase payments withheld from payroll.

**13 A**

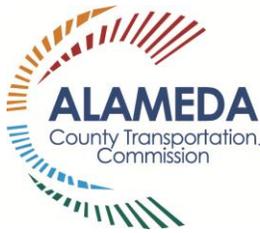
**5. Committee Member Reports (Verbal)**

**6. Staff Reports (Verbal)**

## 7. Adjournment

**Next Meeting:** November 4, 2013

All items on the agenda are subject to action and/or change by the Commission.



**1. Roll Call**

A roll call was conducted and a quorum was confirmed.

**2. Public Comment**

There were no public comments.

**3. Consent Calendar**

**3.1. July 08, 2013 FAC Meeting Minutes**

Commissioner Ezzy-Ashcraft requested that a correction be made to the minutes to reflect the correct next meeting date.

*Commissioner Blalock motioned to approve the Consent Calendar as amended. Commissioner Haggerty seconded the motion. The motion passed unanimously.*

**4. Regular Matters**

**4.1. Approval of Alameda CTC FY2012-13 Consolidated Year-End Investment Report**

Lily Balinton recommended that the Commission approve the unaudited Alameda CTC FY2012-13 Consolidated Year-End Investment Report. Lily updated the committee on key cash and investment information in the report and stated that the Alameda CTC has sufficient cash flow to meet expenditure requirements over the next six months

*Commissioner Blalock motioned to approve this item. Commissioner Ezzy-Ashcraft seconded the motion. The motion passed unanimously.*

**4.2. Alameda CTC Growing Responsibilities and Options to Fund Agency Core Functions Funding Shortfall**

Art Dao presented the Alameda CTC Growing Responsibilities and Options to Fund Agency Core Functions Funding Shortfall and recommended that the Commission approve Option 2. Art stated that over the last few years, the Alameda CTC has assumed additional responsibilities and functions to respond to the direction of the Commission and regional and state climate change mandates as well as to enhance its position among federal, state and local transportation partners. He stated that Option 2 has a small financial impact to the Measure B pass-through funding recipients.

Commissioner Valle wanted to know if staff had talked to each individual jurisdiction receiving Measure B pass-through funds. Art stated that staff has not conferred with jurisdictions because the final decision should be made at the Commission level.

Commissioner Haggerty questioned if there was any thought to doing a hybrid approach for future years. Art stated that staff looked very carefully at projections and could look at a hybrid approach at a future date.

*Commissioner Kaplan motioned to approve this item. Commissioner Blalock seconded the motion. The motion passed unanimously.*

#### **4.3. Approval of Revised Alameda CTC Staffing Plan and Salary Ranges**

Art Dao recommended that the Commission approve the Revised Alameda CTC staffing Plan and Salary Ranges. He stated that this approval would delete the following positions: 1) Deputy Director of Planning, 2) Deputy Director of Policy, Legislation, and Public Affairs 3) Contract Procurement Analyst, and 4) Contract Compliance and Outreach Analyst, and associated salary ranges. This approval would add the new position of Deputy Director of Planning and Policy, with a new salary range.

*Commissioner Ezzy-Ashcraft motioned to approve this item. Commissioner Kaplan seconded the motion. The motion passed unanimously.*

#### **5. Closed Session**

Pursuant to Government Code Section 54957: Public Employee Performance Evaluation: Executive Director, The Commission went to closed Session at 2:15pm.

##### **5.1. Report on Closed Session**

There was no report.

#### **5. Committee Member Reports**

There were no committee member reports.

#### **6. Staff Reports**

There were no staff reports.

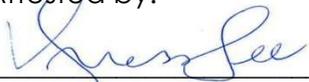
#### **7. Adjournment/ Next Meeting**

The meeting adjourned at 2:32 p.m. The next meeting is:

Date/Time: Monday, October 14, 2013 @1:30 p.m.

Location: Alameda CTC Offices, 1111 Broadway, Suite 800, Oakland, CA 94607

Attested by:



Vanessa Lee,  
Clerk of the Commission



# Memorandum

4.1

1111 Broadway, Suite 800, Oakland, CA 94607 • PH: (510) 208-7400 • www.AlamedaCTC.org

**DATE:** October 7, 2013

**SUBJECT:** Alameda CTC Contracting and Procurement Policies

**RECOMMENDATION:** Approve the Alameda CTC Contracting and Procurement Policies that consolidate contracting and procurement policies from the Alameda County Congestion Management Agency (ACCMA) and the Alameda County Transportation Improvement Authority (ACTIA) and include new policies to govern Alameda CTC's contracting and procurement processes.

## Summary

The contracting and procurement policy recommendations aim to streamline contracting efforts and expand local business participation. The Alameda CTC's contracting and procurement policy includes the following objectives:

- **Foster a vibrant, livable Alameda County:** Contract to deliver transportation congestion relief, mobility, and accessibility through effective planning, programming, and delivery of transportation programs and projects.
- **Deliver voter expectations:** Contract to support transportation programs and projects to fulfill the voter-approved sales tax measures and the Vehicle Registration Fee, Measure F (2010), in Alameda County.
- **Enhance delivery excellence:** Implement high-quality, effective transportation programs, projects, and services by contracting with firms and jurisdictions committed to delivery of the best available resources to benefit the traveling public.
- **Support local and small, local businesses:** Alameda CTC is committed to contracting with businesses in Alameda County to encourage retention and attraction of local business enterprises, employ residents of Alameda County, and to spend funds on goods and services within Alameda County.
- **Equal opportunity and non-discrimination:** Alameda CTC does not and shall not discriminate on the basis of race, color, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, sexual orientation, or military status, in any of its activities or operations.

## Background

The Alameda CTC contracts for administrative, professional, and construction services to deliver transportation investments throughout the County. To most effectively deliver transportation investments and optimize delivery of projects, programs, and administrative services related to transportation, Alameda CTC awards contracts using a mix of funding sources, including local sales tax revenues, vehicle registration fees, other local funds, and regional, state, and federal funding.

The agency follows federal contracting procedures and its own Local Business Contract Equity Program to achieve equity in contracting:

- **Caltrans Disadvantaged Business Enterprise (DBE) Program:** For contracts funded by federal funds that must follow federal requirements, Alameda CTC must comply with the California Department of Transportation (Caltrans) DBE Program adopted in accordance with federal regulations contained in 49 C.F.R. Part 26, as amended from time to time. Note: A DBE is a for-profit small business registered as a DBE with the California Department of Transportation that:
  - 1) Is at least 51 percent owned by one or more individuals who are both socially and economically disadvantaged, or in the case of a corporation, 51 percent of stock is owned by one or more such individuals; and
  - 2) Has management and daily business operations controlled by one or more of the socially and economically disadvantaged individuals who own it.
- **ACTIA's Local Business Contract Equity (LBCE) Program:** For contracts funded by local funds, Alameda CTC applies the LBCE program that was adopted by ACTIA to contracts that receive local sales tax funds (Measure B). This program encourages businesses to locate and remain in Alameda County and to employ residents of Alameda County. This program applies to contracts funded solely by Measure B funds or a combination of Measure B and local funds. Contracts that include state and federal funds are excluded from the LBCE Program, but must adhere to state and federal requirements.

Prior to merger proceedings which began in June 2010, ACCMA and ACTIA followed separate procurement policies and procedures. The previously adopted policies and procedures include:

- *ACCMA Administrative Services Procurement Policy (April 2007)*
- *ACCMA Project Delivery Administration Guide (February 2007)*
- *ACCMA Small Business Enterprise Policy and Local Business Enterprise Policy (2006)*
- *Alameda County Transportation Authority (ACTA) and ACTIA Local Business Contract Equity Program (January 2008)*
- *ACTIA Procurement Policy (July 2006)*—ACTIA also developed *Draft Construction Contract Administration Procedures* in July 2007.

Section 3.48 of the Alameda CTC Administrative Code specifically states that pre-merger ACCMA policies apply to ACCMA projects and pre-merger ACTIA policies apply to ACTIA projects until the Alameda CTC adopts its own policies.

The purpose of Alameda CTC's new agencywide procurement policies are to establish policies, guidelines, and procedures to govern the procurement of goods and services, including administrative, engineering, professional, construction, and other services, to deliver effective and efficient transportation investments while supporting businesses in Alameda County. In addition, these policies will govern other contracts and agreements that Alameda CTC executes including cooperative agreements with partners and grant agreements with grant fund recipients.

### **Proposed Contracting and Procurement Policies**

The following policies are recommended for approval to be adopted as the Alameda CTC Contracting and Procurement Policies.

- **Executive Director contracting authority up to and including \$75,000:** Under the adopted ACTIA and ACCMA procurement policies, the Executive Director is currently authorized to execute contracts in amounts up to \$50,000, subject to certain requirements regarding solicitation of proposals or quotes. It should be noted that Public Utilities Code Section 180514, which applies to all contracts using 2000 Measure B funds, contains language implying that any contract over \$10,000 utilizing such funds for services, supplies, equipment, and materials must be awarded by competitive bidding. However, pursuant to other applicable statutes and case law, this contracting limit does not apply where the person or firm must be "specially trained and experienced and competent to perform the special services required." Given the type of services generally required by Alameda CTC, this limit applies to a small portion of the agency's contracting opportunities. Based on the experience of Alameda CTC and its predecessors, staff recommends increasing the Executive Director's contracting authority from \$50,000 to \$75,000, subject to the following requirements:
  - 1) Contracts exceeding \$75,000 require a formal request for proposal (RFP) process and approval by the Commission.
  - 2) Contracts over \$50,000 and up to and including \$75,000 require solicitation of at least three competing bids, a formal agreement with the successful bidder, and approval by the Executive Director.
  - 3) Contracts of \$50,000 or less require one informal quote, documentation of the contract, and approval by the Executive Director.
  - 4) Contracts over \$10,000 using any amount of 2000 Measure B funds for goods and services which do not require any special skills or training (e.g., paper products, cleaning services, etc.) require solicitation of at least three

competing bids, an agreement with the successful bidder, and approval by the Executive Director.

This recommendation applies to the purchase of equipment and goods, and administrative, engineering, professional, and other services. It does not apply to construction contracts, which go through a formal process requiring competitive bids.

- **Executive Director authority to authorize contract time extension amendments:** Staff recommends authorizing the Executive Director to amend an existing, approved contract for a one-time only extension of up to 12 months, if a time extension will not compromise contract deliverables. Any subsequent time extensions must be approved by the Commission.

Other contract changes, such as a business or name change, or substitution of a consultant's key personnel, can be documented by written approval from the Executive Director without a full contract amendment or Commission action.

- **Renewal timeframe for administrative and professional services agreements:** ACCMA and ACTIA each adopted procurement policies that generally limited service contracts (excluding construction-related contracts) to a period of five years. The agencies were then allowed the right to enter into new contracts with the providers after the expiration of the five-year period, except for contracts for auditing services as noted below. Staff recommends adoption of a similar policy for Alameda CTC service contracts. After the request for proposals process, Alameda CTC may renew contracts for a total time period of up to five years, by requesting a proposal, negotiating with the proposer, and executing a new contract. Although the agencies' adopted policies permitted five-year contracts, current practices have been to request approval from the Commission for each annual renewal. Staff recommends authorizing the Executive Director the flexibility to enter into multi-year contracts with such firms and to renew contracts within the five-year contract period limitation, subject to any restrictions included as part of the original Commission action approving the contract. Staff recommends continuation of the ACTIA policy regarding auditors, pursuant to which incumbent auditors will not be eligible to re-bid after five (5) continuous years of auditing services in the immediate subsequent competitive bid solicitation process. This restriction, however, may be waived to maintain continuity if there is a significant turnover in the Finance Department, or other circumstances justifying the waiver, at the discretion of the Commission.
- **Application of the ACTIA Local Business Contract Equity Program (LBCE) to all locally funded contracts.** Alameda CTC strives to spend Alameda CTC funds for goods and services within the county. Small and local businesses not only provide economic and social vitality to our communities, they also help the Alameda CTC accomplish its purchasing objectives. ACTIA established an LBCE Program to benefit Local Business Enterprise (LBE), Small Local Business Enterprise (SLBE), and Very Small Local Business Enterprise (VSLBE) firms. Currently, the LBCE Program applies only to Measure B-funded

projects. This recommendation includes continuing the existing LBCE Program and applying it to Vehicle Registration Fee-funded projects, similar to Measure B capital projects.

- **Adoption of local participation preference on federally funded non-construction contracts:** Alameda CTC supports local participation for federally funded contracts, to the extent permitted by applicable law. Under current federal laws and regulations, where a need for local knowledge and skills has been established, a locality preference of no more than 10 percent can be used. On a project-by-project basis for architectural, engineering, and other contracts requiring similar skills funded with federal funds, Alameda CTC recommends using a point preference system as part of its scoring criteria that gives up to 10 percent of total points to firms for being local.
- **Annual presentation of contract goal attainment:** Each year, staff presents to the Commission an analysis of contract goal attainment on the LBCE program and an update on DBE participation for contracts funded with federal dollars. Per a previous Commission action on September 27, 2012, staff recommends that this reporting be presented on an annual basis, rather than a semi-annual basis. This recommendation would reflect an annual reporting requirement in the LBCE program.

If approved, these recommendations will streamline contracting efforts and become the Alameda CTC Contracting and Procurement Policies.

### **Fiscal Impact**

There is no fiscal impact.

### **Staff Contact**

[Tess Lengyel](#), Deputy Director of Planning and Policy

[Seung Cho](#), Contracting, Administration, and Fiscal Resource Manager

*This page intentionally left blank*



# Memorandum

4.2

1111 Broadway, Suite 800, Oakland, CA 94607 • PH: (510) 208-7400 • www.AlamedaCTC.org

**DATE:** October 7, 2013

**SUBJECT:** Declaration of Official Intent to Reimburse Certain Measure B Expenditures from Proceeds of Indebtedness

**RECOMMENDATION:** Approve a resolution of official intent to reimburse certain Measure B expenditures from proceeds of indebtedness.

## Summary

Staff is requesting Commission's approval of a resolution of official intent to use proceeds from an upcoming bond issuance or external financing to reimburse the Alameda CTC for Measure B expenditures that have already been, or may be, paid prior to the issuance of the debt. This resolution will establish compliance with section 1.150-2 of the Treasury regulations.

## Background

Under federal treasury regulation section 1.150-2, the proceeds of bonds may be allocated to a prior capital expenditure if a formal declaration of reasonable intention to reimburse the expenditure with the proceeds of a borrowing (a "declaration of official intent") has been properly made. This declaration of official intent is commonly made via a reimbursement resolution adopted by the Commission. Once a declaration of official intent has been made, bond proceeds may be allocated to expenditures previously paid no earlier than sixty (60) days prior to the date of adoption of the declaration of intent.

Based on current cash flow projections, it is possible that some of the Measure B capital expenditures that the Alameda CTC intends to be financed through the upcoming debt issuance process may need to be reimbursed to project sponsors before the closing of the debt issuance process. This resolution allows the Alameda CTC the flexibility to pay those costs, as needed, out of Measure B capital funds and reimburse the Measure B capital fund for the expenditure from bond proceeds once the debt financing is finalized.

**Fiscal Impact:** There is no fiscal impact.

## **Attachments**

- A. Declaration of Official Intent of Alameda CTC to Reimburse Certain Expenditures from Proceeds of Indebtedness

## **Staff Contact**

[Trish Reavey](#), Director of Finance



## ALAMEDA COUNTY TRANSPORTATION COMMISSION

### RESOLUTION 13-010

#### Commission Chair

Supervisor Scott Haggerty, District 1

#### Commission Vice Chair

Councilmember Rebecca Kaplan,  
City of Oakland

#### AC Transit

Director Elsa Ortiz

#### Alameda County

Supervisor Richard Valle, District 2  
Supervisor Wilma Chan, District 3  
Supervisor Nate Miley, District 4  
Supervisor Keith Carson, District 5

#### BART

Director Thomas Blalock

#### City of Alameda

Vice Mayor Marilyn Ezzy Ashcraft

#### City of Albany

Mayor Peggy Thomsen

#### City of Berkeley

Councilmember Laurie Capitelli

#### City of Dublin

Mayor Tim Sbranti

#### City of Emeryville

Councilmember Ruth Atkin

#### City of Fremont

Councilmember Suzanne Chan

#### City of Hayward

Councilmember Marvin Peixoto

#### City of Livermore

Mayor John Marchand

#### City of Newark

Councilmember Luis Freitas

#### City of Oakland

Vice Mayor Larry Reid

#### City of Piedmont

Mayor John Chiang

#### City of Pleasanton

Mayor Jerry Thorne

#### City of San Leandro

Vice Mayor Michael Gregory

#### City of Union City

Mayor Carol Dutra-Vernaci

#### Executive Director

Arthur L. Dao

### Declaration of Official Intent To Reimburse Certain Expenditures from Proceeds of Indebtedness

**WHEREAS**, the Alameda County Transportation Commission, a joint powers authority duly organized and existing under the laws of the State of California (the "Issuer"), intends to construct and acquire certain transportation improvements within the County of Alameda, such transportation improvements being more fully described in the Alameda County 20-Year Transportation Expenditure Plan adopted by the Board of Supervisors of Alameda County and approved by the voters of Alameda County as Measure B at an election held on November 7, 2000, as amended from time to time pursuant to its terms (such transportation improvements being hereinafter collectively referred to as the "Project");

**WHEREAS**, the Issuer has paid certain expenditures and/or expects to pay certain other expenditures (the "Reimbursement Expenditures") in connection with the Project prior to the incurrence of indebtedness for the purpose of financing costs associated with the Project on a long-term basis;

**WHEREAS**, Section 1.150-2 of the Treasury Regulations requires the Issuer to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

**WHEREAS**, the Issuer reasonably expects that debt obligations in an amount not expected to exceed \$165,000,000 will be incurred and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

**WHEREAS**, the governing body of the Issuer desires to declare its reasonable intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

**NOW, THEREFORE BE IT RESOLVED**, that the governing body of the Issuer declares:

**Section 1.** The foregoing recitals are true and correct.

**Section 2.** This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the Issuer to make any expenditure, incur any indebtedness, or proceed with the Project.

**Section 3.** The governing body of the Issuer hereby declares its official intent to use proceeds of indebtedness to reimburse the Issuer for Reimbursement Expenditures.

**Section 4.** This declaration shall take effect from and after its adoption.

Duly passed and adopted by the Alameda County Transportation Commission at the regular meeting of the Commission held on Thursday, October 24, 2013 in Oakland, California by the following votes:

**AYES:**            **NOES:**            **ABSTAIN:**        **ABSENT:**

**SIGNED:**

**ATTEST:**

\_\_\_\_\_  
Scott Haggerty, Chairperson

\_\_\_\_\_  
Vanessa Lee, Clerk of the Commission



# Memorandum

4.3

1111 Broadway, Suite 800, Oakland, CA 94607 • PH: (510) 208-7400 • www.AlamedaCTC.org

**DATE:** October 7, 2013

**SUBJECT:** CalPERS Resolution to Allow Tax Deferred Deductions for Service Credit Purchases in the Pension Plan

**RECOMMENDATION:** Approve the CalPERS resolution to allow tax deferred deductions for service credit purchase payments withheld from payroll

## Summary

CalPERS requires the Alameda CTC to adopt a resolution which allows the deductions made from payroll for service credit purchases in the CalPERS pension plan to be made on a pretax basis. The former agencies had this resolution on file. In order for new requests for deductions to be made on a pretax basis, CalPERS is requiring that the Alameda CTC have this resolution on file.

## Background

Since Assembly Bill 340 became law (the Pension Reform Act) in September 2012 which disallowed service credit purchases if formal requests were not submitted by December 31, 2012, many Alameda CTC employees reviewed their pension plan status and submitted formal requests to purchase service credits before the deadline. CalPERS has begun to catch up on the processing of these many requests and has sent paperwork for the Alameda CTC to begin payroll deductions for some of the service credit purchase requests. According to CalPERS, the Alameda CTC is required to begin these deductions on an after tax basis until the approved resolution to allow tax deferred deductions for service credit purchases to be treated as they historically have been, as pretax deductions, is submitted.

**Fiscal Impact:** There is no fiscal impact.

## Attachments

- A. Employer Resolution Tax Deferred Deduction Plan for Service Credit Purchases

## Staff Contact

[Trish Reavey](#), Director of Finance

*This page intentionally left blank*

**EMPLOYER RESOLUTION  
TAX DEFERRED DEDUCTION PLAN  
FOR SERVICE CREDIT PURCHASES**

WHEREAS, the Board of Administration of the California Public Employees' Retirement System (CalPERS) at the April 1996 meeting approved a Tax-Deferred payroll deduction plan for service credit purchases under Internal Revenue Code (IRC) section 414(h)(2); and

WHEREAS, the Alameda County Transportation Commission has the authority to implement the provisions of IRC section 414(h)(2) and has determined that even though implementation is not required by law, the tax benefit offered by this section should be provided to those employees who are members of CalPERS; and

WHEREAS, the Alameda County Transportation Commission elects to participate in the Tax-Deferred payroll deduction plan for all employees in the following CalPERS employee groups or classifications (i.e., miscellaneous, safety, police, fire, etc.):

All Miscellaneous Employees

NOW, THEREFORE, BE IT RESOLVED:

- I. That the Alameda County Transportation Commission will implement the provisions of IRC section 414(h)(2) by making employee contributions for service credit purchases pursuant to the California State Government Code on behalf of its employees who are members of CalPERS and who have made a binding irrevocable election to participate in the Tax-Deferred payroll deduction plan. "Employee contributions" shall mean those contributions reported to CalPERS which are deducted from the salary of employees and are credited to individual employee accounts for service credit purchases, thereby resulting in tax deferral of employee contributions.
- II. That the contributions made by the Alameda County Transportation Commission to CalPERS, although designated as employee contributions, are being paid by the Alameda County Transportation Commission in lieu of contributions by the employees who are members of CalPERS.
- III. That the employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the Alameda County Transportation Commission to CalPERS.
- IV. That the Alameda County Transportation Commission shall pay to CalPERS the contributions designated as employee contributions from the same source of funds as used in paying salary, thereby resulting in tax deferral of employee contributions.
- V. That the effective date for commencement of the Tax-Deferred payroll deduction plan cannot be any earlier than the date the completed resolution is received and approved by CalPERS.

VI. That the governing body of the Alameda County Transportation Commission shall participate in and adhere to requirements and restrictions of the Tax-Deferred payroll deduction plan by reporting Tax-Deferred payroll deductions when authorized by CalPERS for those employees of the above stated employee groups or classifications who have elected to participate in this plan.

**PASSED AND ADOPTED** by the governing body of the Alameda County Transportation Commission  
this 24<sup>th</sup> day of October, 2013.

BY \_\_\_\_\_

(Signature of Official)

Scott Haggerty, Chairperson

(Title of Official)