

**SALEM AREA MASS TRANSIT DISTRICT
BOARD OF DIRECTORS**

~ WORK SESSION ~

Monday, October 07, 2019
5:30 pm
Courthouse Square – Senator Hearing Room 555
Court Street NE, Salem, Oregon 97301

AGENDA

- 1. CALL TO ORDER** (President Davidson)
 - a. “SAFETY MOMENT” Thought for the Day
 - b. Announcements

- 2. PRESENTATION** - None

- 3. DISCUSSION**
 - a. Review of Non-Bargaining District Retirement Programs
 - b. Board Response to Bus Stop Requests
 - c. Board Retreat Follow-up
 - d. Discussion on Sustainability Strategic Priorities

- 4. GENERAL MANAGER COMMENTS**
 - a. Draft Agenda for the October 24, 2019 Regular Meeting
 - b. Upcoming Board Agenda Items
 - c. Calendar Review

5. ADJOURN

This is an open and public meeting in a place that is ADA accessible. Auxiliary hearing aids and services, and alternate formats are available to individuals with limited English proficiency. Requests can be made directly to the Clerk of the Board by phone at 503-588-2424 or with the assistance of TTY: Oregon

Relay Services at 1-800-735-2900 (or 711). Please allow for a 48 hour notice Cherriots administration office hours are Monday-Friday from 8:00 AM to 5:00 PM.

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Para obtener una copia electrónica del paquete de la agenda de la Junta, vaya a www.cherriots.org/board.

Mission

Connecting people with places
through safe, friendly, and reliable public transportation services

Values

Safety – Service Excellence – Communication – Innovation – Accountability



WORK SESSION MEMO

Agenda Item WS.3.a

To: Board of Directors

From: Paula Dixon, Director of Administration

Thru: Allan Pollock, General Manager

Date: October 7, 2019

Subject: Reviews of District Non-Bargaining Retirement Programs


The District offers a pension benefit to its employees. For non-bargaining employees, there are two pension plans: a defined benefit and a defined contribution plan. The District pays the full cost of funding these plans.

A defined benefit pension offers a lifetime benefit to vested employees based on a formula. A defined contribution plan contributes a set amount that grows based on investment earnings and new contributions. The District plan also includes a “floor offset” option in which the funds in the defined contribution plan can be combined with the funds in the defined benefit plan to provide a higher monthly benefit.

Clark Williams serves as the District’s attorney for our pension plans. At the work session, he will discuss the existing plans offered to non-bargaining employees. Additional information regarding the plans is attached.



Memo

To: Paula Dixon, Salem Area Mass Transit District
From: Clark B. Williams 
Date: 9/26/2019
Re: Retirement Options – Non-Bargaining Defined Benefit Retirement Plan

I am looking forward to meeting with your Board on Monday October 7, 2019 to discuss the existing Defined Benefit Retirement Plan for Non-Bargaining Unit Employees (Plan 004).

Existing Plan Design.

The current plan guarantees a lifetime pension benefit to all employees, commencing at retirement at age 60 or thereafter, equal to 1.64% times their credited years of service times their “final average salary.” “Final Average Salary” is the average annual compensation during an employee’s highest five consecutive years of compensation. So, for an example, an employee retiring at age 60 with 25 credited years of service and a “final average salary” of \$45,000/year will receive a pension of $1.64\% \times 25 \text{ years} \times \$45,000/\text{year} = \$18,450/\text{year}$, payable monthly at \$1,537.50/month for his or her lifetime. The employee is also given the opportunity to elect a joint-and-survivor 50% or 100% annuity with his or her spouse, which would pay slightly less to start but which would continue after the employee’s death to the employee’s spouse at chosen percentage for the rest of the spouse’s lifetime.

An employee can retire as early as age 55 on a reduced basis (6% per year reduction). Or if the employee has at least 30 credited years of service, he or she can retire at age 55 or thereafter on an unreduced basis. An employee can work beyond age 60 and continue to earn credited years of service and potentially a higher “final average salary,” but there is no additional increase in the pension amount for later commencement.

Credited years are plan years (July 1 – June 30) where the employee performs at least 1,600 hours of service. An employee will receive a half credit for a plan year in which he or

she performs at least 800 hours but less than 1,600 hours of service. An employee must have at least five credited years to receive a pension at all (i.e., to be vested).

One important feature of this plan is that it is "offset" by the employee's account balance in the Salem Area Mass Transit District Non-Bargaining Unit Retirement Plan (Plan 002). That plan is a defined contribution plan into which the District contributes annually for all qualifying employees an amount equal to 10% of each employee's compensation. So each employee in the defined benefit plan also has an account balance in the defined contribution plan which is, presumably, is continually growing with investment earnings and new contributions.

At an employee's retirement, the plan actuary calculates the amount of a hypothetical annuity that would be equivalent in value to the employee's account balance in the defined contribution plan. The amount of the pension is then reduced by that hypothetical annuity amount. Or, at the employee's election, the employee can elect to release the defined contribution account in exchange for keeping the entire pension. This election is known as the "buy-back." So in my example above, if the employee's defined contribution account is \$100,000 at retirement and if the actuary determines that this amount is equivalent in value to an annuity of \$600/month, then the pension would be reduced from \$1,537.50/month to \$937.50/month. Or, at the employee's election, he or she could decline the \$100,000 and instead receive the full pension benefit of \$1,537.50/month.

If an employee dies before retirement, then the benefit earned by the employee is paid to his or her surviving spouse as an annuity for his or her lifetime, adjusted for any difference in life expectancy. If the employee has no spouse, then no pension is paid and all benefits revert to the plan.

Plan Cost

The District bears all of the cost of the plan. There are no employee contributions to this plan. Because the payments are promised now but paid later at retirement, the plan actuaries determine the "normal cost" of the plan each year. This "normal cost" is the present value, today, of the cost of the benefits that are promised to employees payable in the future. That normal cost is calculated each year depending number of qualifying employees, their ages and salaries, and their life expectancies. The "normal cost" also considers expected earnings on the funds in the plan between now and retirement for each employee. The District then contributes this normal cost to the plan.

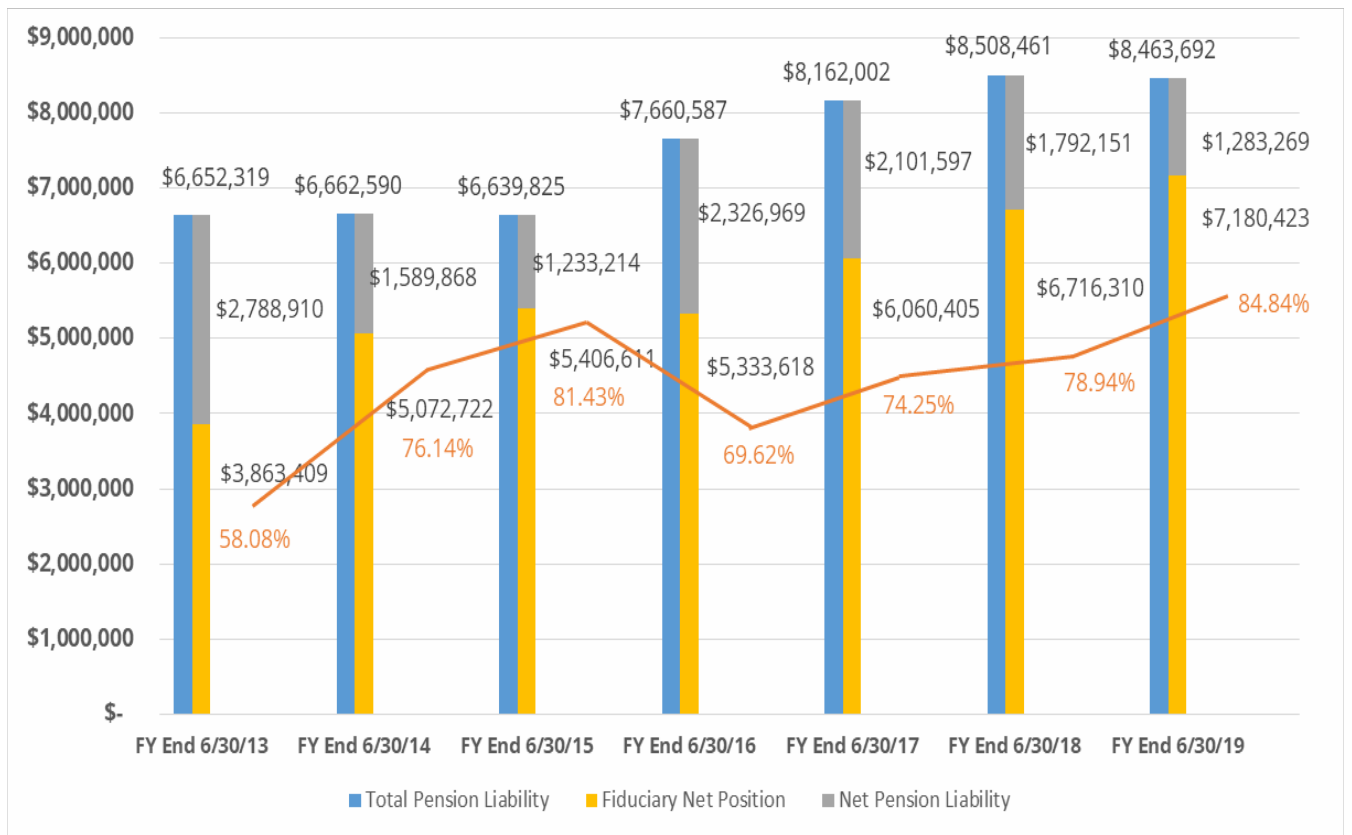
It is the District's obligation to meet the pension obligations, one way or another, at all times. The District bears the investment risk for the plan investments, and it also benefits from the good investment experience. If investment experience is better than expected in a particular year, then the funding obligation may be less. And likewise, if the investment experience is poorer than expected, the funding obligation may increase.

Ideally, there should always be a close match between value of the plan assets and the present value of the future liabilities payable to the employees. However, often due various factors including poor investment performance, unexpected retirements or increased payroll, the plan assets will not match the present value of the future pension liabilities. And that difference is known as an "unfunded actuarial accrued liability," or UAAL. The UAAL does not have to be made up in one year. Rather, it can be made up over a number of years, in a process known as "smoothing." And the UAAL will be recalculated every year and might decrease if, for example, investment earnings are greater than expected in a particular year.

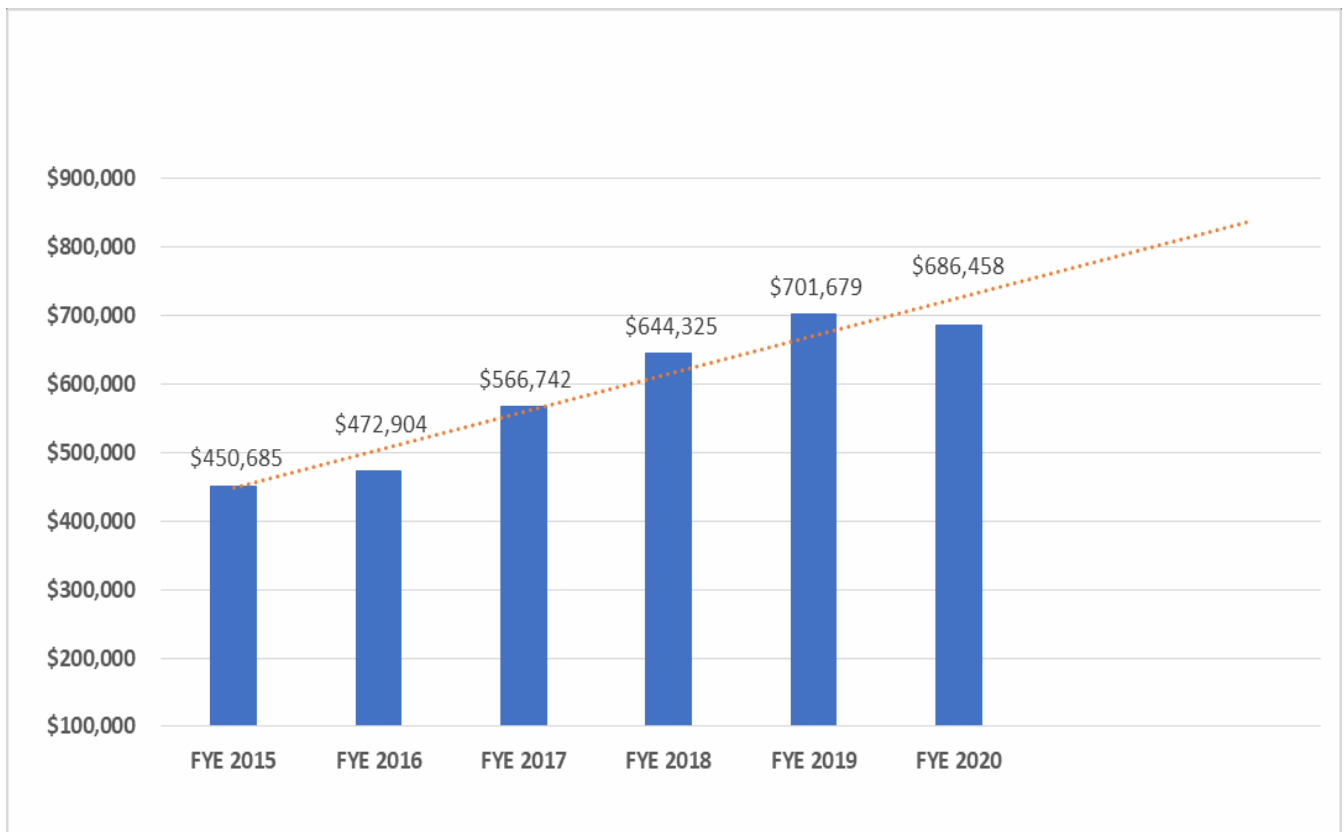
The actuarial report for the plan year ending June 30, 2017 shows that the plan assets totaled \$6,115,000 and that the present value of the liabilities was \$8,538,000. So at that time, the plan had a UAAL of the difference of \$2,423,000. The actuarial report proposes "smoothing" this UAAL over a 12-year period. And that liability, along with "normal cost" for the current year, resulted in a recommendation by the actuary to fund the plan in the coming year at the rate of 15.5% of compensation of all participants. That was a combination of the "normal cost" of 2.7% of compensation and the "smoothing" of the UAAL over 12 years equal to 12.8% of compensation.

On November 8, 2018, the actuary prepared an Addendum Letter to the July 1, 2017 report which reduced the UAAL "smoothing" contribution by almost half, from 12.8% to 6.9% of compensation. And that, with the "normal cost" still of 2.7%, resulted in a recommended total contribution rate to 9.6% of compensation. That is much better. The Addendum Letter explains the adjustment is a matter of recalculating the "smoothing" process. This may also be the result of increased asset values and a lower UAAL, because as of June 30, 2019 the plan assets stood at \$7,180,000.

Defined Benefit Trends – Non-Bargaining FY2013 – FY2019



Defined Benefit Trend – Employer Contributions Non-Bargaining





WORK SESSION MEMO

Agenda Item WS.3.c

To: Board of Directors

From: Allan Pollock, General Manager

Date: October 7, 2019

Subject: Board Retreat Follow Up Activities

During the September 21st board retreat several “follow-up” items were identified for follow up discussion by the Board. Those items are listed below:

- Establish ad hoc committees for the following activities
 - Develop a strategic plan process
 - Develop performance oversight, monitoring and reporting plan
 - Develop the 2021 legislative agenda (Davidson, Busch, Carney)
 - Revise board by-laws and code of conduct (executive committee)

- Board Meetings
 - Beginning January 2020 move work sessions to before board meetings
 - Only provide electronic board packets unless request is made for hard copy
 - Electronic board packets to be put into power point format or in form to allow indexing format
 - Put board packets on meeting invites for the board
 - Board packets need some consistency and reports need more analysis and discussion of trends

- Other items or questions
 - Indemnification and is there a need to have D&O insurance?
 - Weekly report – put some “meat on the bones” of meeting s GM attends when discussing in weekly report
 - Provide board members with a journal for centralized note keeping
 - GM to work with each board member for scheduling one-on-one meetings
 - Schedule Del Webb visits for new board members
 - Relook at work session topics for proper scheduling to allow an earlier look to discuss before fully baked



WORK SESSION MEMO

Agenda Item WS.3.d

To: Board of Directors

From: Allan Pollock, General Manager

Date: October 7, 2019

Subject: District Strategic Priority: Be an Environmentally Responsible Organization

During the September 26th Board meeting Director Davidson requested that an agenda item pertaining to the District's strategic priority titled "Be an Environmentally Responsible Organization" be added to the October work session agenda.

The District's strategic plan has identified five strategic priorities including "Be an Environmentally Responsible Organization." The STRATEGIC plan defines this priority as ensuring our daily practices and transportation services will support environmentally responsible stewardship. The priority goal is to minimize our impact on the environment, including our services, public spaces and facilities.

In support of this priority the District has established an employee committee to lead our sustainability efforts. In addition, the District is a Marion County Earthwise Certified organization and has signed on to the America Public Transportation Association Sustainability Commitment.

The Board has adopted two policies that support sustainability. They are Policy 106: Vehicle Acquisition Policy and Policy 120: Environmental Sustainability Policy Statement. Both are attached for your review.

Director Davidson will lead a discussion on this strategic priority.

SALEM AREA MASS TRANSIT DISTRICT

GENERAL ADMINISTRATIVE MANUAL

Policy:

VEHICLE ACQUISITION POLICY

Number: 106

Resolution #13-01 adopted by the SAMTD Board of Directors on 01-24-13; amended by Resolution #2017-07 on 06-12-17

Effective Date: 06/12/17

Page 1 of 2

1. APPLICATION

For all matters related to future vehicle purchases by Salem Area Mass Transit District (SAMTD).

2. PURPOSE

To set clear guidelines to facilitate the decision making process when selecting vehicles for future purchase.

3. DEFINITIONS

Pertains to all vehicles purchased by SAMTD including:

- Fixed Route
- Paratransit
- Rural Transportation Senior and Disabled Non Revenue Vehicles
- Maintenance Support Vehicles
- Operations Support Vehicles Administrative Vehicles

4. GENERAL RULES

1. When determining all future vehicle purchases, a fleet combination of at least two different fuel types should be utilized whenever possible and practical.
 - a. If diesel fueled vehicles are selected, the usage should be biodiesel with a minimum BS rating.
 - b. Maintaining a fleet that uses two (2) different fuel types will reduce the risks and impacts when there are fuel shortages, price increases, unfavorable economic conditions and natural disasters that may affect fuel availability.
2. Additional factors to consider when determining all vehicle purchases, revenue and non-revenue will include, but are not limited to:
 - a. Environmental Protection and Sustainability- Before beginning the vehicle procurement process, SAMTD staff will meet with Agency stakeholders to analyze vehicle needs. During the analysis, staff will consider Low and No Emissions vehicles as an addition to the fleet to ensure alignment with the District's commitment to being an environmentally responsible organization.

i

Policy:**VEHICLE ACQUISITION POLICY****Number: 106**

Resolution #13 01 adopted by the SAMTD Board of Directors on 01-24-13; amended by Resolution #2017-07 on 06-12-17

Effective Date: 06/12/17

Page 2 of 2

- b. Bus Use Demands - The vehicle type chosen will consider the needs of SAMTD to include passenger capacity, vehicle length and how these options would best integrate with the services provided by SAMTD.
- c. Fuel Economy - Determine which fuel type would have the least financial impact as measured in cost per mile.
- d. Reliability of the Vehicle - An analysis will be performed using references from other agencies operating similar vehicles under similar conditions. In the event unproven technology is being pursued, all efforts will be made to research developmental data.
- e. Infrastructure Needs - If a technology is selected that differs from the technology currently in place, the costs of implementing and supporting the new technology will be factored into the overall cost.
- f. Fuel Availability & Cost - When selecting vehicles by fuel type the accessibility and frequencies of fuel deliveries will be considered, and when possible the future costs of the proposed fuel.
- g. Training Requirements - Consideration will be made concerning additional training required to proficiently operate and maintain selected vehicles.
- h. Employee Support - Staff will provide the necessary education, tools, and support to all SAMTD employees and those working on SAMTD's behalf in order to successfully carry out this policy in their daily responsibilities and work functions.
- i. Vehicle Support - The availability of parts and service should be a consideration in the decision making process.
- j. Air Quality - The quantity of greenhouse gases created during the production and use of alternative fuel vehicles should be factored.

Adopted by:**Date:**

June 12, 2017

SALEM AREA MASS TRANSIT DISTRICT

ENVIRONMENTAL SUSTAINABILITY POLICY STATEMENT	Number: 120
Adopted by the Board of Directors: on April 25, 2019 by Resolution No. 2019-04	Page: 1 of 2

120.01 PURPOSE

To provide guidance to the District to implement environmentally supportive actions, behaviors, and activities.

120.02 INTRODUCTION

The Mission of Salem Area Mass Transit District (District) is *Connecting people with places through safe, friendly, and reliable public transportation services*. For this mission to be achieved, the District understands that it is necessary to create a culture of environmental stewardship and to promote sustainability in the community we serve by incorporating sustainable concepts into all functions of District activities.

It is our goal to carry out the mission in a way that establishes the District as a local, regional, and industry leader in environmental and sustainable practices. We will do this by planning, constructing, operating, and maintaining the District's equipment, facilities, and services in a way that protects both the mission and the environment.

This policy statement represents a commitment of the Salem Area Mass Transit District Board of Directors, Management, Employees, and its service contractors to be responsible stewards of our environment and natural resources.

120.03 General Guidelines

To demonstrate this commitment, the District will:

- A. Look for opportunities to minimize pollution and reduce greenhouse gas emissions
- B. Work to utilize natural resources more efficiently

SALEM AREA MASS TRANSIT DISTRICT

ENVIRONMENTAL SUSTAINABILITY POLICY STATEMENT	Number: 120
Adopted by the Board of Directors: on April 25, 2019 by Resolution No. 2019-04	Page: 2 of 2

- C. Explore and utilize new technologies when available
- D. Strive to build and operate our system with the utilization of sustainable features and practices
- E. Seek Leadership in Energy and Environmental Design (LEED) certifications and/or equivalent whenever possible
- F. Comply with, and when possible, exceed all local, state, and federal laws, ordinances, and regulations concerning environmental management
- G. Provide necessary training, education, and information to all employees, contractors, and volunteers working on behalf of the District to successfully carry out this policy
- H. Maintain a commitment to the continual reduction of the District's environmental impact
- I. Lead by example and encourage community partners and other jurisdictions to enhance their sustainability commitment

Adopted By:

President, SAMTD Board of Directors

5/13/19
Date

Work Session	Board Meeting
<p>October 07, 2019 Packets due to GM office: September 27</p> <ul style="list-style-type: none"> • Review of Non-Bargaining District Retirement Programs • Board Response to Bus Stop Requests • Board Retreat Follow-up • Discussion on Sustainability Strategic Priorities 	<p>October 24, 2019 Packets due to GM office: October 10</p> <ul style="list-style-type: none"> • Budget Committee Appointments • Approval of FY2021 Budget Calendar (C) • GM FY2020 Work Plan • Bus Stops III Approval
<p>November 12, 2019 Tuesday Packets due to GM office: November 1</p> <ul style="list-style-type: none"> • STIFAC/CAC/ STFAC Updates for Dec meeting <ul style="list-style-type: none"> ○ Member Appointments ○ Chairs & Vice-Chairs Appointments 	<p>November - No Board meeting</p>
<p>December - No work session</p>	<p>December 12, 2019 Packets due to GM office: November 27 (Wed)</p> <ul style="list-style-type: none"> • CONSENT CALENDAR: <ul style="list-style-type: none"> ○ Committee Appointments-STFAC/CAC ○ Appoint Chair & Vice-Chair CAC • Approval of PTASP Policy, Resolution #2019-xx • January Service Change Briefing • Q1 Finance, Trip Choice, Perf Report
<p>January 13, 2020 Packets due to GM office: January 3</p> <ul style="list-style-type: none"> • Present Draft 2020 Legislative Agenda 	<p>January 23, 2020 Packets due to GM office: January 16</p> <ul style="list-style-type: none"> • Adoption of 2020 Legislative Agenda
<p>February 10, 2020 Packets due to GM office: January 31</p>	<p>February 27, 2020 Packets due to GM office: February 13</p> <ul style="list-style-type: none"> • Q2 Finance, Trip Choice, Performance Report



TO: SAMTD BOARD OF DIRECTORS
FROM: ALLAN POLLOCK, GENERAL MANAGER
SUBJECT: CALENDAR OF SCHEDULED MEETINGS

UPDATED: September 27, 2019

Meetings are held in the Senator Hearing Room at Courthouse Square, 555 Court St NE, unless otherwise noted

• **OCTOBER 2019**

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- 1 Tue 3:00 PM Special Transportation Fund Advisory Committee

 - 7 Mon 5:30 PM SAMTD Board Work Session
13-16 APTA's TRANSform Conference 2019 (fka APTA Annual Meeting)
New York, NY

 - 24 Thu 6:30 PM SAMTD Board of Directors Meeting
27-30 Oregon Public Transportation Conference
 - Seaside Civic & Convention Center

• **NOVEMBER 2019**

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- 3 Sun 2:00 AM **DAYLIGHT SAVING TIME ENDS** – Fall Back
 - 5 Tue 3:00 PM Special Transportation Fund Advisory Committee
 - 12 Tue 5:30 PM SAMTD Board Work Session
-