

# C/CAG

## City/County Association of Governments of San Mateo County

*Atherton • Belmont • Brisbane • Burlingame • Colma • Daly City • East Palo Alto • Foster City • Half Moon Bay • Hillsborough • Menlo Park  
Millbrae • Pacifica • Portola Valley • Redwood City • San Bruno • San Carlos • San Mateo • San Mateo County • South San Francisco • Woodside*

## C/CAG FINANCE COMMITTEE SPECIAL MEETING AGENDA

**Date:** Monday, October 18, 2021

**Time:** 2:00pm

On September 16, 2021, the Governor signed AB 361, which amended certain provisions of the Ralph M. Brown Act in order to allow for local legislative bodies to conduct their meetings remotely via telephonically or by other electronic means under specified circumstances. Thus, pursuant to Government Code section 54953(e), C/CAG Committee meetings will be conducted via remote conferencing. Members of the public may observe or participate in the meeting remotely via one of the options below.

**Join by Zoom:**

<https://us02web.zoom.us/j/82493812571?pwd=Q3BXSj93S0xZOWZVQXBKQ0ZWT0R4Zz09>

**Meeting ID: 824 9381 2571**

**Password: 613230**

**Join by Phone: 669-900-6833**

**Meeting ID: 824 9381 2571**

**Password: 613230**

Persons who wish to address the C/CAG Finance Committee on an item to be considered at this meeting, or on items not on this agenda, are asked to submit written comments to [kwever@smcgov.org](mailto:kwever@smcgov.org). Spoken public comments will also be accepted during the meeting through Zoom. Please see instructions for written and spoken public comments at the end of this agenda.

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|--|--------------|--------------|
| 1. CALL TO ORDER                                       | Chair Colson | No materials |
| 2. BRIEF OVERVIEW OF TELECONFERENCE MEETING PROCEDURES | Wever        | No materials |
| 3. PUBLIC COMMENT ON RELATED ITEMS NOT ON THE AGENDA   | Chair Colson | No materials |

*Note: Public comment is limited to two minutes per speaker.*

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|--|-------------|----------|
| 4. Approval of minutes of August 25, 2021 meeting. (Action)  | Wever       | Page 1-2 |
| 5. Discussion on potential increase of C/CAG membership fees (Information)   | Charpentier | Page 3-6 |
| 6. Discussion on the implementation of Committee's direction on strategy for addressing C/CAG's CALPERS Unfunded Accrued Liability (Information) | Charpentier | Page 7-8 |
| 7. ADJOURN   |             |          |

The next regularly scheduled meeting will be on December 1, 2021.

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**PUBLIC NOTICING:** All notices of C/CAG regular Finance Committee meetings, standing committee meetings, and special meetings will be posted at the San Mateo County Transit District Office, 1250 San Carlos Ave., San Carlos, CA, and on C/CAG's website at: <http://www.ccag.ca.gov>.

**PUBLIC RECORDS:** Public records that relate to any item on the open session agenda for a regular Finance Committee meeting, standing committee meeting, or special meeting are available for public inspection. Those public records that are distributed less than 72 hours prior to a regular Finance Committee meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members, of the Finance Committee. The Finance Committee has designated the City/County Association of Governments of San Mateo County (C/CAG), located at 555 County Center, 5th Floor, Redwood City, CA 94063, for the purpose of making public records available for inspection. Such public records are also available on C/CAG's website at: <http://www.ccag.ca.gov>. Please note that C/CAG's office is temporarily closed to the public; please contact Kim Wever at (650) 599-1451 to arrange for inspection of public records.

**PUBLIC PARTICIPATION DURING VIDEOCONFERENCE MEETINGS:** Persons with disabilities who require auxiliary aids or services to participate in this meeting should contact Kim Wever at (650) 599-1451, five working days prior to the meeting date.

Written comments should be emailed in advance of the meeting. Please read the following instructions carefully:

1. Your written comment should be emailed to [kwever@smcgov.org](mailto:kwever@smcgov.org).
2. Your email should include the specific agenda item on which you are commenting or note that your comment concerns an item that is not on the agenda.
3. Members of the public are limited to one comment per agenda item.
4. The length of the emailed comment should be commensurate with the two minutes customarily allowed for verbal comments, which is approximately 250-300 words.
5. If your emailed comment is received at least 2 hours prior to the meeting, it will be provided to the C/CAG Finance Committee members and made publicly available on the C/CAG website along with the agenda. We cannot guarantee that emails received less than 2 hours before the meeting will be made publicly available on the C/CAG website prior to the meeting, but such emails will be included in the administrative record of the meeting.

Spoken comments will be accepted during the meeting through Zoom. Please read the following instructions carefully:

1. The C/CAG Finance Committee meeting may be accessed through Zoom at the online location indicated at the top of this agenda.
2. You may download the Zoom client or connect to the meeting using an internet browser. If using your browser, make sure you are using a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer.
3. You will be asked to enter an email address and name. We request that you identify yourself by your name as this

will be visible online and will be used to notify you that it is your turn to speak.

4. When C/CAG Staff or Chair calls for the item on which you wish to speak, click on “raise hand”, and if you joined the meeting by phone, dial \*9 to raise hand. Staff will activate and unmute speakers in turn. Speakers will be notified shortly before they are called on to speak. When called, please limit your remarks to the time allotted.

*If you have any questions about this agenda, please contact Sean Charpentier at [scharpentier@smcgov.org](mailto:scharpentier@smcgov.org) or Kim Wever at [kwever@smcgov.org](mailto:kwever@smcgov.org)*

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS  
FINANCE COMMITTEE  
MEETING MINUTES  
August 25, 2021**

In compliance with Governor's Executive Order N-29-20, and pursuant to the Shelter-in-Place Order issued by the San Mateo County Health Officer, this meeting was conducted via remote conferencing

**Committee Members Attending:**

Marie Chuang (Town of Hillsborough)  
Davina Hurt (City of Belmont)  
Carlos Romero (City of East Palo Alto)  
Donna Colson (City of Burlingame)  
Adam Rak (City of San Carlos)

**Guests or Staff Attending:**

Carrie Tam – City of San Carlos Finance Staff  
Sean Charpentier, Kaki Cheung, Kim Wever – C/CAG Staff

**1. Call to order**

At 12:05 P.M. Chair Colson called the Finance Committee meeting to order.

**2. Brief overview of teleconference meeting procedures**

C/CAG staff Kim Wever described how the Finance Meeting would run virtually.

**3. Public comment on related items not on the agenda.**

There were no public comments regarding items not on the Agenda.

**4. Approval of minutes of May 12, 2021 meeting. (Action)**

*Motion – To approve the minutes of the May 12, 2021 Finance Committee meeting, Hurt/Romero. Roll Call was taken. Rak abstained. All other members in attendance voted to approve. Motion passed 4-1-0*

**5. Receive copies of monthly investment statements for April, May, and June 2021. (Information)**

The Finance committee members reviewed the investment statements, cash flow reports, and the new investment summary page.

Member Romero suggested flipping the summary page order to have the investment information before market summary.

**6. Review of the quarterly investment report and recommend modifications to the C/CAG investment portfolio as needed. (Action)**

Carrie Tam, City of San Carlos Finance Manager, provided a summary of the quarterly report.

*Motion – To recommend no change to the C/CAG investment portfolio. The Committee guided staff to continue monitoring the interest rates, Chuang/Rak. Roll call was taken. All members in attendance voted to approve. Motion passed unanimously 5-0.*

**7. Review and recommend approval of the C/CAG Investment Policy annual update. (Action)**

Carrie Tam, City of San Carlos Finance Manager, presented the two updates to the C/CAG Investment Policy to be consistent with the California Debt Advisory Commission. The changes include a new restriction that C/CAG does not invest in, and a terminology update for clarification.

*Motion – To recommend approval of the annual C/CAG Investment Policy update, Rak/Romero. Roll call was taken. All members in attendance voted to approve. Motion passed unanimously 5-0.*

**8. Receive a copy of the Actuarial Valuation of Other Post-Employment Benefit (OPEB) Programs as of July 1, 2020 and GASB 75 Report for the fiscal year ending June 30, 2022. (Action)**

Sean Charpentier, C/CAG Executive Director, provided a summary of the Actuarial Valuation of Other Post-Employment Benefit (OPEB) Programs as of July 1, 2020 and GASB 75 Report for the fiscal year ending June 30, 2022.

*Motion – To receive a copy of the Actuarial Valuation of Other Post-Employment Benefit (OPEB) Programs as of July 1, 2020 and GASB 75 Report for the fiscal year ending June 30, 2022, Chuang/Rak. Roll call was taken. All members in attendance voted to approve. Motion passed unanimously 5-0.*

**9. Discussion on Alternatives for CALPERS Unfunded Accrued Liability (UAL) (Information)**

Sean Charpentier, C/CAG Executive Director, provided a summary on the current CALPERS unfunded accrued liability. He also presented on a base case and three funding alternatives to pay down the liability.

The Finance committee discussed the alternatives and guided staff to investigate alternative #3 (make higher annual payments with a reduced amortization schedule directly to CALPERS). The Committee tasked staff to study implementation option.

**10. Adjournment.**

The meeting adjourned at approximately 1:19 P.M.

## C/CAG AGENDA REPORT

Date: October 18, 2021

TO: C/CAG Finance Committee

From: Sean Charpentier, Executive Director

Subject: Discussion on potential increase of C/CAG Membership Fees

(For further information, contact Sean Charpentier at [scharpentier@smcgov.org](mailto:scharpentier@smcgov.org))

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### **RECOMMENDATION:**

That the Finance Committee discusses potential increase of C/CAG membership fees.

### **FISCAL IMPACT:**

There is not any fiscal impact related to this discussion item.

### **FUNDING SOURCES:**

C/CAG's membership fees are comprised of two components, including general fund and gas tax. Individual jurisdiction's share is based on population data that is adopted by C/CAG Board annually.

### **BACKGROUND:**

When the Committee reviewed the FY 2021/22 Budget in May 2021, a discussion took place regarding a potential increase of C/CAG member fees starting in FY 2022/23. C/CAG membership fees under General Fund category have stayed flat for the past six years, and the gas tax component has not changed for the past eight years.

The membership fees, by jurisdiction, in the current fiscal year are as shown in Attachment 1, *Fiscal Year 2021/22 Member Fees*.

In order to deal with the increase of operating costs due to inflation, the need to invest in new technology for online meetings in a post COVID-19 environment, the cost related to a new federal advocacy effort on behalf of the members, and administrative support, adjustments to the membership fees are necessary. For the Committee's review and discussion, *Table 1, Fee Increase Options*, summarizes a baseline and three potential options for fee increase. A few key assumptions include:

- The baseline option assumes no changes to the current fee schedule.
- The table shows the difference in fees over a 10-year period that escalates based on the current adopted schedule.
- The average Consumer Price Index (CPI) is assumed to be at 2%.
- CPI escalation options would include a not to exceed cap, to be determined by the Finance Committee.

- The table includes estimated changes for the current largest member (Daly City) and smallest member (Colma).

**Table 1: Fee Increase Options (10-year estimate)**

<b>Options</b>	<b>Baseline</b>	<b>1) One-time 5% increase every 5 years (2023 and 2028)</b>	<b>2) One-time “catch up” increase of 5% and then annual increase to match CPI (assumes 2%)</b>	<b>3) Annual Increase to match CPI (assumes 2%)</b>
Overall increase to C/CAG Budget in year 10	\$0	Increase of \$70k	Increase of \$175k	Increase of \$150k
Increase cost per jurisdiction in year 10	\$0	Ranges from \$160 to \$10k. Reflects a 10% increase in fees over 10 years	Ranges from \$400 to \$25k. Reflects a 25% increase in fees over 10 years	Ranges from \$340 to \$21k. Reflects a 22% increase over 10 years
Advantages	Keeping membership fees constant	Consistent past increases	Ensures fees keep up with inflation; More level annual increases	Allow the agency to catch up on membership fees, while indexing it to inflation for the future
Considerations	May not be able to provide the same level and quantity of service to member agencies	Risk of falling behind; Increases are not smoothed over time	CPI varies every year, so a minimal level of administrative work will be necessary to approve the increase annually; Will include a “cap” on CPI	CPI varies every year, so a minimal level of administrative work will be necessary to approve the increase annually; Will include a “cap” on CPI

Staff is recommending option 2, which allows C/CAG to adjust its membership fees to reflect current costs, as the fee structure has not been changed for the past eight years. At an ongoing basis, an increase to match the cost of inflation seems reasonable. Staff will present this discussion item at the Committee meeting. Attachment 2 has the details informing these options.

**ATTACHMENT**

1. Table 2 Fiscal Year 2021/22 Member Fees
2. Options for Escalation

## ATTACHMENT 1

**Table 2 Fiscal Year 2021/22 Member Fees**

<b>Agency</b>	<b>Population<sup>1</sup></b>	<b>% of Population</b>	<b>General Fund</b>	<b>Gas Tax</b>	<b>C/CAG Member Fees (General Fund + Gas Tax)</b>
Atherton	7,031	0.909%	\$ 2,506	\$ 3,732	\$ 6,239
Belmont	26,813	3.468%	\$ 9,558	\$ 14,233	\$ 23,791
Brisbane	4,633	0.599%	\$ 1,652	\$ 2,459	\$ 4,111
Burlingame	30,118	3.895%	\$ 10,737	\$ 15,987	\$ 26,724
Colma	1,729	0.224%	\$ 616	\$ 918	\$ 1,534
Daly City	109,142	14.115%	\$ 38,908	\$ 57,935	\$ 96,842
East Palo Alto	30,794	3.982%	\$ 10,978	\$ 16,346	\$ 27,324
Foster City	33,033	4.272%	\$ 11,776	\$ 17,535	\$ 29,310
Half Moon Bay	12,431	1.608%	\$ 4,431	\$ 6,599	\$ 11,030
Hillsborough	11,418	1.477%	\$ 4,070	\$ 6,061	\$ 10,131
Menlo Park	35,254	4.559%	\$ 12,568	\$ 18,713	\$ 31,281
Millbrae	22,832	2.953%	\$ 8,139	\$ 12,120	\$ 20,259
Pacifica	38,331	4.957%	\$ 13,664	\$ 20,347	\$ 34,011
Portola Valley	4,607	0.596%	\$ 1,642	\$ 2,445	\$ 4,088
Redwood City	86,754	11.219%	\$ 30,927	\$ 46,051	\$ 76,977
San Bruno	45,454	5.878%	\$ 16,204	\$ 24,128	\$ 40,332
San Carlos	30,145	3.899%	\$ 10,746	\$ 16,002	\$ 26,748
San Mateo	103,087	13.332%	\$ 36,749	\$ 54,720	\$ 91,470
South San Francisco	67,879	8.778%	\$ 24,198	\$ 36,031	\$ 60,229
Woodside	5,676	0.734%	\$ 2,023	\$ 3,013	\$ 5,036
San Mateo County	66,083	8.546%	\$ 23,558	\$ 35,078	\$ 58,636
<b>Total</b>	<b>773,244</b>	<b>100%</b>	<b>\$ 275,650</b>	<b>\$ 410,453</b>	<b>\$ 686,103</b>

*1) Individual jurisdiction's share is based on new population data from Dept of Finance, 1/1/2020, adopted by C/CAG Resolution 21-09.*



## ATTACHMENT 2

### Options for Escalation

	Periodic Increase	5.0%											
	CPI Assumption	2.0%	Assumption										
	Highest % Daly City	14.12%	2022 Budget										
	Lowest % Colma	0.22%	2022 Budget										
				1	2	3	4	5	6	7	8	9	10
		<b>Adopted 2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	
<b>Baseline Do Nothing</b>	Combined Membership Fee	\$686,103	\$686,103	\$686,103	\$686,103	\$686,103	\$686,103	\$686,103	\$686,103	\$686,103	\$686,103	\$686,103	
	Daly City (Highest)	\$96,843	\$96,843	\$96,843	\$96,843	\$96,843	\$96,843	\$96,843	\$96,843	\$96,843	\$96,843	\$96,843	
	Colma (lowest)	\$1,537	\$1,537	\$1,537	\$1,537	\$1,537	\$1,537	\$1,537	\$1,537	\$1,537	\$1,537	\$1,537	
<b>Option 1: 5% Increase Every 5 Years (2023 &amp; 2028)</b>	Combined Membership Fee	\$686,103	\$720,408	\$720,408	\$720,408	\$720,408	\$720,408	\$756,429	\$756,429	\$756,429	\$756,429	\$756,429	
	\$\$ Increase from Baseline	\$0	\$34,305	\$34,305	\$34,305	\$34,305	\$34,305	\$70,326	\$70,326	\$70,326	\$70,326	\$70,326	
	% Increase from Baseline	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	10.3%	10.3%	10.3%	10.3%	10.3%	
	Daly City (Highest)	\$96,843	\$101,686	\$101,686	\$101,686	\$101,686	\$101,686	\$106,770	\$106,770	\$106,770	\$106,770	\$106,770	
	Increase from Baseline-Daly City	\$0	\$4,842	\$4,842	\$4,842	\$4,842	\$4,842	\$9,926	\$9,926	\$9,926	\$9,926	\$9,926	
	Colma (lowest)	\$1,537	\$1,614	\$1,614	\$1,614	\$1,614	\$1,614	\$1,694	\$1,694	\$1,694	\$1,694	\$1,694	
Increase from Baseline-Colma	\$0	\$77	\$77	\$77	\$77	\$77	\$158	\$158	\$158	\$158	\$158		
<b>Option 2: One Time catch up of 5% and then annual CPI</b>	Combined Membership Fee	\$686,103	\$720,408	\$734,816	\$749,513	\$764,503	\$779,793	\$795,389	\$811,297	\$827,523	\$844,073	\$860,954	
	\$\$ Increase from Baseline	\$0	\$34,305	\$48,713	\$63,410	\$78,400	\$93,690	\$109,286	\$125,194	\$141,420	\$157,970	\$174,851	
	% Increase from Baseline	0%	5%	7%	9%	11%	14%	16%	18%	21%	23%	25%	
	Daly City (Highest)	\$96,843	\$101,686	\$103,719	\$105,794	\$107,910	\$110,068	\$112,269	\$114,515	\$116,805	\$119,141	\$121,524	
	Increase from Baseline-Daly City	\$0	\$4,842	\$6,876	\$8,950	\$11,066	\$13,224	\$15,426	\$17,671	\$19,961	\$22,297	\$24,680	
	Colma (lowest)	\$1,537	\$1,614	\$1,646	\$1,679	\$1,712	\$1,747	\$1,782	\$1,817	\$1,854	\$1,891	\$1,929	
Increase from Baseline-Colma	\$0	\$77	\$109	\$142	\$176	\$210	\$245	\$280	\$317	\$354	\$392		
<b>Option 3: Annual CPI Escalation</b>	Combined Membership Fee	\$686,103	\$699,825	\$713,822	\$728,098	\$742,660	\$757,513	\$772,663	\$788,117	\$803,879	\$819,957	\$836,356	
	\$\$ Increase from Baseline	\$0	\$13,722	\$27,719	\$41,995	\$56,557	\$71,410	\$86,560	\$102,014	\$117,776	\$133,854	\$150,253	
	% Increase from Baseline	0%	2%	4%	6%	8%	10%	13%	15%	17%	20%	22%	
	Daly City (Highest)	\$96,843	\$98,780	\$100,756	\$102,771	\$104,826	\$106,923	\$109,061	\$111,243	\$113,468	\$115,737	\$118,052	
	Increase from Baseline-Daly City	\$0	\$1,937	\$3,912	\$5,928	\$7,983	\$10,080	\$12,218	\$14,399	\$16,624	\$18,893	\$21,208	
	Colma (lowest)	\$1,537	\$1,568	\$1,599	\$1,631	\$1,664	\$1,697	\$1,731	\$1,765	\$1,801	\$1,837	\$1,873	
Increase from Baseline-Colma	\$0	\$31	\$62	\$94	\$127	\$160	\$194	\$229	\$264	\$300	\$337		
Avg Annual Increase 10YRS	Daly City	Colma											
Option 1	\$993	\$16											
Option 2	\$2,468	\$39											
Option 3	\$2,121	\$34											

NOTE- Numbers referenced in TABLE 1 are Highlighted in Yellow

**C/CAG AGENDA REPORT**

Date: October 18, 2021

TO: C/CAG Finance Committee

From: Sean Charpentier, Executive Director

Subject: Discussion on the implementation of Committee's direction on strategy for addressing C/CAG's CALPERS Unfunded Accrued Liability

(For further information, contact Sean Charpentier at [scharpentier@smcgov.org](mailto:scharpentier@smcgov.org))

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**RECOMMENDATION:**

That the Finance Committee discusses the implementation of Committee's direction on strategy for addressing C/CAG's CALPERS Unfunded Accrued Liability.

**FISCAL IMPACT:**

The fiscal impact will depend on the annual budget limitations for addressing the CALPERS UAL.

**FUNDING SOURCES:**

To be determined.

**BACKGROUND:**

C/CAG contracts with Redwood City for employment services of two C/CAG employees: the Executive Director and the Clerk of the Board. Redwood City is part of the CALPERS pension plan, and therefore C/CAG is a member of the CALPERS retirement system. CALPERS prepares annual actuarial reports that designate the required minimum annual member contribution and expected future contributions to amortize the unfunded accrued liability (UAL).

As of July 2020, C/CAG's UAL is \$603,000. The current assumed interest rate is 7% and CALPERS staff has signaled that this is likely to decline in the future. CALPERS provided staff with data that estimated the cost savings of paying off the UAL in a shorter time frame. The actuarial study prepared by CALPERS showed several amortization alternatives, including continuing with the estimated minimum payment for 23 years until 2044; paying a large lump sum today to eliminate all future interests; making higher annual payment to accelerate the amortization schedule; and making annual payments using a CALPERS 115 trust.

At the August 25<sup>th</sup> Finance Committee meeting, Committee members reviewed and discussed the various funding alternatives. The Committee favored the option of making higher annual payments to CALPERS and directed staff to implement the option. C/CAG staff recommends working with the Finance Committee annually during the budget process to identify the extra payment amount. Once the Committee approves, staff would include the amount in the Agency budget and seek Board adoption.

At the October 18<sup>th</sup> meeting, staff will present on implementation of the Committee's direction to reduce C/CAG's CALPERS unfunded liability. The Committee can provide additional guidance if necessary.

**ATTACHMENT**

None.