

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
Minutes of Meeting
April 12, 2007

Members/Alternates Present

Malvern R. Butler (M) County of Goochland
Robert R. Cosby (M).....County of Powhatan
John E. Gordon, Jr. (M)County of Hanover
John C. Grier (M).....City of Richmond
Jerilynn T. “Jeri” Grigsby (M)..... County of Henrico
Harvey L. Hinson (A) County of Henrico
Michael L. Holmes (M), Treasurer County of Charles City
R. M. “Dickie” King, Jr. (M), Vice Chairman.....County of Chesterfield
David A. Kaechele (M)..... County of Henrico
Beverley C. Lacy (M)City of Richmond
Sherman W. Litton (M).....County of Chesterfield
Kelly E. Miller (M)County of Chesterfield
Elizabeth W. Moorhouse (M)County of Hanover
William J. Pantele (M), Secretary.....City of Richmond
Faye O. Prichard (M)Town of Ashland
George K. Roarty (M).....County of Chesterfield
Robert R. Setliff (M).....County of Hanover
Donald D. Sowder (M)County of Chesterfield
Stran L. Trout (M)..... County of New Kent
Arthur S. Warren (M)County of Chesterfield
David T. Williams (M)County of Powhatan

Members Absent

Thomas M. Branin (M) County of Henrico
Amy M. Cheeley (M).....County of Hanover
James B. Donati (M) County of Henrico
Richard W. Glover (M)..... County of Henrico
Kathy C. Graziano (M)City of Richmond
Frank M. Hartz (M).....County of Goochland
Russell E. Holland (M), ChairmanCounty of Powhatan
Renny B. Humphrey (M)County of Chesterfield
Delores L. McQuinn (M)City of Richmond
Patricia S. O’Bannon (M) County of Henrico
Ellen F. Robertson (M)City of Richmond
Brenda L. “Sam” Snyder (M) County of New Kent
Frank J. Thornton (M)..... County of Henrico

Others Present

John Amos RRPDC Legal Counsel
Chris W. Archer County of Henrico
George Homewood County of New Kent
Susan Keith Virginia Retirement System
Eugene A. Mason City of Richmond

Staff Present

Jo A. Evans Assistant Executive Director
Julie H. Fry Executive Secretary
Daniel N. Lysy Director of Transportation
Jackie S. Stewart Director of Planning/IS
Peter M. Sweetland Finance and Contracts Administrator

Call to Order

Vice Chairman King called the regularly scheduled April 12, 2007 RRPDC meeting to order at approximately 1:15 p.m. in the RRPDC conference room. He announced that Chairman Holland would not be attending today’s meeting. Vice Chairman King asked Mr. Butler to lead the Commission in the pledge of allegiance to the flag.

I. ADMINISTRATION

A. Certification by Commission Assistant Executive Director of Meeting Quorum

Ms. Evans certified that a quorum of 21 members/alternates was present.

B. Requests for Additions or Changes in Order of Business

Vice Chairman King asked if there were any changes or additions to the order of business. There were no changes.

C. Open Public Comment Period

Vice Chairman King asked if there was anyone from the public in attendance who wished to make a comment. As there were no requests from the public to address the Commission, Vice Chairman King closed the public comment period.

D. Approval of Minutes – March 8, 2007 Meeting

Mr. Pantele, Secretary, presented minutes of the RRPDC meeting held on March 8, 2007. On motion made by Mr. Pantele and seconded by Mr. Gordon, the minutes were unanimously approved as presented.

F. Approval of February 2007 Financial Report

Mr. Holmes presented the financial reports for February 2007. On motion made by Mr. Holmes and seconded by Mr. Butler, the February 2007 financial report was unanimously approved as presented and accepted for audit.

G. Chairman's Report

There was no report.

H. Executive Director's Report for March 2007

On behalf of Mr. Fisher, Ms. Evans presented the written staff status report, a copy having been included in the agenda, and urged the Commission members to read the report which details activities staff has undertaken in each of the localities over the past month. As a follow-up to last month's meeting, Mr. Kaechele had asked for information regarding the GRTC Capital Region Taxicab Advisory Board. An update had been received from GRTC, and the information is available from staff if anyone would like to have a copy.

II. OLD BUSINESS

A. Presentation of Resolutions of Appreciation

Vice Chairman asked Mr. Chris Archer and Mr. Eugene Mason to step forward to receive resolutions of appreciation from the Commission. He also asked Mr. Robert Setliff, MPO Chairman, to step forward to present a resolution of appreciation from the MPO to Mr. Mason for his service on that board. These resolutions had been previously presented to and approved by the Commission and MPO. Copies of the text of these resolutions will be filed with the appropriate minutes.

Mr. Archer and Mr. Mason both expressed thanks to the Commission members for the recognition.

B. Resolution Authorizing Purchase of Virginia Retirement System Service Credit

Vice Chairman King asked Ms. Evans to present this item for discussion and action.

As background, Ms. Evans stated the agency is covered under the Virginia Retirement System (VRS), which is a defined benefit plan, meaning that at retirement, the monthly benefit paid out is based on an employee's highest

consecutive 36-months of salary and number of years worked. Current law allows employees to purchase, or buy back, up to four (4) years of time worked with a VRS-covered employer. The Commission has been asked to pass a resolution to allow eligible employees to buy back all previous years worked with the Commission prior to its joining VRS in 2001. This would provide the same benefit offered by VRS-covered regional jurisdictions to their employees.

A review of the Commission's discussions on this issue show that it was included in the December 2006 budget proposal, which was approved by the Commission. In February 2007, the resolution was presented to the Commission for discussion and possible action. Through this discussion, a work session was requested to allow more in-depth discussion. Members of the Commission attended the work session, held on February 23, 2007, where Ms. Susan Keith, with VRS, addressed the concerns raised by Commission members. Ms. Keith is also in attendance today should additional questions arise.

Following the work session, additional research was completed by RRPDC legal counsel and staff in conjunction with VRS, and at the March Commission meeting, legal counsel offered a report on the issue. Draft minutes of the work session were also presented to the Commission members for their review. The Commission asked for the item to be deferred to the April meeting for further discussion and action.

Questions raised at the work session included whether RRPDC had been eligible to join VRS in 2001 stemming from the possibility of a previous relationship between VRS and RRPDC. It was determined that when the predecessor (Richmond Regional Planning Commission – RRPC) of RRPDC terminated its membership with VRS in 1969, this did not preclude membership in VRS by RRPDC.

A second question related to whether the buy back of previous service by resolution would be legal or create a situation for double retirement benefits to be paid.

The third question concerned cost to the RRPDC to allow this buy back to take place.

Findings by RRPDC legal counsel, John Amos, were reported to the Commission at its meeting in March. This report is also included in the April agenda book. His findings concluded, through review of available historical documents, that RRPDC had never been a member of VRS prior to 2001 so that joining VRS in 2001 was administratively and legally proper. Commission members had asked if there was anything in RRPDC historical documents that would verify RRPDC's decision not to join VRS at its inception in 1969. Staff has looked through minutes extensively and has not been able to find anything to that effect. There

was, however, a letter from the executive director of RRPDC to the director of VRS written in 1969 saying RRPDC would not join VRS.

From that point through approximately 1974, ongoing discussion was documented in meeting minutes, from the Administrative Policies Committee of the board, on whether any type of retirement plan would be offered to RRPDC employees. In 1975, a private retirement plan, not VRS, was offered.

As for the legality of the buy back, the issue is that prior to 2001 when RRPDC joined VRS, there was a defined contribution system retirement plan administered by International City/County Management Association (ICMA) in place for employees. This agency (RRPDC) paid 9.5% of employee salaries into the ICMA system. It is legal to take those funds and transfer them to VRS to effect the purchase of service. The revised resolution does include this language. This language had been reviewed and approved by both VRS and RRPDC legal counsels.

The resolution also includes additional language that states should the amount of funds in the ICMA accounts not be sufficient to cover the cost of the buy back, the employees can use other means as established and authorized by VRS to finalize the purchase. This could include payroll deductions.

Mr. Hinson thanked staff for work done on this issue. He said changes in the resolution indicate the additional information that had been lacking in the original resolution. He asked how the additional amount of funds needed would be determined and what the exposure would be for RRPDC.

Ms. Evans stated there are two components to the cost: what is the general cost of being a VRS member and what is the cost as related to passing the resolution. Cost to be a member of VRS – employer contribution rate – is set by VRS every two years as determined by an actuary based on assumptions related to pay raises, mortality rates, retirement age, and returns on investments. Every two years, the agency is given this rate. A study is done every year to show rate trends, but the actual rate does not change for two years. The new rate the agency will pay in FY 09 will be based on actual experience of the employer in FY 07. Current law allows employees to buy back four (4) years of qualified service. Even if the proposed resolution does not pass, the agency will still be affected by current law.

The current rate for the agency is set at 7.32%. The rate will change if the resolution passes. The first part of the cost will be that paid by the employees to purchase the time (\$206,000+). The second part of the cost will be the amount paid by the employer. An actuarial study done at the request of RRPDC determined the rate will increase by 2.28%. This new rate is multiplied by projected payroll to determine agency costs, which are listed in the agenda book under Tab 5. The cost comes to approximately 1% of the total budget by FY 11.

Mr. Miller asked how many employees this will involve. Ms. Evans stated there are four employees, who also happen to be those longest employed by the agency. These employees have already purchased the four years allowed by current law. The budget impact amounts shown are total amounts for all four employees, not a cost per employee.

Mr. Hinson clarified the ICMA funds included contributions by the agency only and that no funds were contributed to these accounts by the employees. Ms. Evans stated that was why the ICMA funds must be rolled over to VRS to help purchase the prior service. This will eliminate a double retirement benefit being paid to the employees. Mr. Hinson stated the ICMA plan for these employees would then be dissolved. Ms. Evans verified this was true. When the employees joined VRS, the agency stopped all contributions on behalf of these employees to ICMA.

Mr. Hinson asked why, in the resolution, ICMA was not specifically named. Ms. Evans stated this could be changed and asked Ms. Keith if that would be a problem. Ms. Keith said stipulating the name of the benefit plan would be acceptable.

Mr. Amos asked if the \$206,000 amount assumed all four employees would decide to purchase all of their prior service. Ms. Evans said this was correct. Mr. Amos asked if the employees would make up the difference in funds if those in the ICMA account were not sufficient. Ms. Evans again stated this was correct. Mr. Amos said that could be a significant amount. Ms. Evans replied that was the reason for the “any other means” language in the resolution, to allow employees to use payroll deductions within restrictions set by VRS. This amount is not the amount of funds in the ICMA accounts; this is the total amount that will need to be paid by the employees. Funds in the ICMA accounts are about 50% of the \$206,000. The resolution allows the employees one year to decide if they want to purchase prior service.

Mr. Hinson asked what would happen to ICMA funds if they are not rolled over. He wanted to know if the employees did not choose to buy back service, could those funds be used to lower the agency rate paid to VRS. Ms. Evans stated if the employee chooses not to buy back prior service, there would be no double benefit paid because the time periods would not overlap. Mr. Hinson asked if the \$206,000 was the total in the ICMA accounts. Ms. Evans said the \$206,000 is the total of what it will cost the employees to buy back all prior service. What the agency paid into ICMA is about 50% of that total cost. He asked if the language included in the resolution would obligate the Commission to make up the difference. Ms. Evans stated the language indicates the employees have certain means allowed by law to make up the difference. He asked if the Commission would only have to pay the employer’s cost to cover the buy back. Ms. Evans said that would be correct.

Mr. Miller asked how many years of prior service were involved. Ms. Evans stated that one employee had worked 24 years, less the four years of service already purchased, which would make 20 years of prior service that could be purchased. The employees in question have worked for the agency almost their entire professional lives. If they cannot buy back prior service, then their VRS retirement benefits will be very small. The difference between the two plans is that with VRS, the paid benefit is based on the highest consecutive 36-months' salary and years of service. The ICMA plan is tied to performance of investments as chosen by the employees.

Ms. Evans summarized by saying all local governments participating in VRS have adopted similar resolutions. This will give the employee a more stable retirement benefit. The budget adopted in December included this cost, so that no additional funds will need to be added. At a previous meeting, the Executive Committee had recommended the resolution be passed by the Commission.

Vice Chairman King thanked Ms. Evans for her presentation. He asked if there was any further discussion on the resolution. He asked Mr. Hinson, given Henrico County's interest in this issue, if a 30-day deferral would be needed. Mr. Hinson said the county was in agreement to move on with the issue. He said there was still one item that remained unresolved and that was the fund balance of \$419.08 that had been left in the VRS account of RRPC and whether this money had been returned to RRPDC. He said VRS has said they were sure the funds were returned, but there has been no documentation found to verify that.

Vice Chairman King stated he thought Ms. Evans could address that. Ms. Evans said Ms. Keith had spoken with the CFO of VRS who indicated since the employer (RRPC) was no longer eligible to participate with VRS and since there were no retirees to receive the money, VRS could not keep the contributions and it would have been required that the funds be refunded to the agency. There are only summaries of financial reports in historical records of RRPDC; no actual ledger books exist. RRPDC staff had also looked at audit reports from the years in question, and no records of the specific refund had been found.

Mr. Miller asked what the liability would be to the Commission after 2011. Ms. Evans replied that to determine long range payroll projections, staff assumes a 4% increase in salaries per year. Mr. Miller asked what variables could impact those projections. Ms. Evans stated should a staff member leave and a replacement be hired in at a higher salary, that could inflate the costs. In the case of the current executive director who is retiring, it is assumed for the budget that his replacement will be hired at a lower salary, which could lower the costs. Should there not be full staffing for a year, that could impact the costs as well.

Mr. Warren remarked that the Commission can dictate the number of employees and salaries. Mr. Setliff asked for clarification on how the impact amounts were figured. Ms. Evans stated it was based on the 2.28% difference multiplied by the

total payroll. He asked if the VRS rate could ever be reduced as opposed to rising as it has over the past few years and why the rate would go up if prior service was purchased.

Ms. Evans stated the rate will go up because the actuarial liability, as in the amounts being paid out to the retired employees, will be greater.

Mr. Hinson asked if Ms. Keith could clarify if the resolution could apply to any current employee or any future employees. Ms. Evans replied the resolution specified the employee must have been employed with the agency on July 1, 2001. While there are some employees currently employed who were with the agency on that date, they have chosen not to join VRS and would not be eligible. Mr. Hinson asked if under the resolution, any new employee would be able to buy back all prior service. Ms. Evans said they would not be able to buy back prior service because they would not have been employed with the Commission on July 1, 2001. They would only be able to buy up to four years as allowed by current law if they were eligible to do so.

Mr. Hinson asked if retired military could buy back all previous military service. Ms. Evans said they would be restricted to only the four years as allowed by current law. Ms. Keith clarified that retired military personnel could not buy back any previous service because benefits would be paid by the military.

Mr. Miller asked if the liability for the Commission past 2011 is an unknown amount. Ms. Evans stated it could be up to 4% based on previous salary increases, but as Mr. Warren had said, the Commission could set the salary increase at less than 4%.

Mr. Butler asked for clarification that there were people on staff who were not going to join VRS, who were still in ICMA, and there are four current employees who might want to take advantage of this option. Ms. Evans said that was correct, and as pointed out by Mr. Amos, if their financial situation is such that they cannot afford to purchase prior service, then they may choose not to participate. Mr. Butler asked what would happen if these four employees opt to have money deducted from their paychecks to pay for the purchase, and they still owed money at the time of their retirement. Ms. Evans said VRS has procedures in place that would not allow this situation; there are stop-gaps to prevent this situation. Ms. Keith said the employee would not be given credit for service that had not been purchased at the time of retirement. Mr. Butler asked how much money the employees would need to pay in order to buy back all of their time. Ms. Evans said the amounts ranged from about \$90,000 down, and the ICMA funds would need to be applied to the cost also.

Vice Chairman King asked if there was any more discussion. As there was no further discussion, Mr. Warren moved that the resolution as amended, to show the

“defined contribution account” to be the ICMA plan, be accepted. The motion was seconded by Mr. Setliff and passed unanimously.

III. NEW BUSINESS

A. Authorization to File and Execute FY 08 Federal and State Grant Applications and Agreements on Behalf of the Commission and the Richmond Area MPO’s FY 08 Unified Work Program

Vice Chairman King asked Mr. Lysy to review this item of business. Mr. Lysy stated this is an action that is required each year to allow grant applications to be submitted to VDOT for FHA PL grant and state matching funds and to the VDRPT for Federal Transit Administration Section 5303 planning grant funds and the Commonwealth Mass Transit matching funds. There are two resolutions that can be authorized in one motion. The Federal Transit Administration grant must be filed by April 25, and the PL funds application in early May.

Mr. Butler moved that both resolutions be passed as presented. The motion was seconded by Mr. Pantele and passed unanimously.

IV. OTHER BUSINESS

A. Personnel and Operating Policies Committee

Vice Chairman King asked Mr. Pantele if he had any additional remarks to make regarding this item.

Mr. Pantele reported that a summary of the November 2005 work session facilitated by Dr. Mike Chandler had been included under Tab 7 of the agenda book for the Commission’s information. As the committee begins its search for a new executive director, it had been determined this would be an opportunity to reshape the priorities and activities of the agency. The committee, along with elected voting members of the MPO, has met twice to discuss this. During the last meeting, several of the area CAOs and/or their designees joined in this discussion.

It was agreed during the last committee meeting that these summary notes should be distributed to Commission members for feedback during the May 10 Commission meeting, which the committee will use at its next meeting. The committee would like for the Commission members to give their ideas on what the core tasks of the agency should be or if there are any tasks that should not be handled by the agency. Input on the value-added services of the agency that make the agency worthwhile should also be identified. The RRPDC charter is flexible enough so that the agency can do whatever the members deem necessary.

Any ideas should be communicated to Ms. Evans, who will compile them for discussion during the May meeting.

B. Announcements

There were no announcements.

C. For Your Information

Vice Chairman King noted in this section there is a copy of a letter Chairman Holland had written to Governor Kaine inviting him to address the Commission on transportation issues. Chairman Holland had given the Governor a choice of the next four Commission meeting dates. The Governor had replied that his schedule would not permit him to meet with the Commission on any of the four dates provided. Vice Chairman King suggested that perhaps the new chairman should submit another invitation for the Governor to meet with the Commission.

Mr. Butler noted that during one of the transportation round table meetings held by the Governor, the Governor had indicated that he would like to meet with PDCs and MPOs around the state.

Mr. Setliff recommended that another letter should be written to the Governor listing all Commission meeting dates and offer to alter the Commission schedule to accommodate the Governor's schedule. Vice Chairman King asked staff to draft such a letter and convey the information to Chairman Holland.

V. ADJOURNMENT

There being no further business to come before the Commission, on motion duly made by Mr. Pantele and seconded by Ms. Prichard, Vice Chairman King adjourned the meeting at approximately 2:10 p.m.

Jo A. Evans
Assistant Executive Director

R.M. "Dickie" King, Jr.
Vice Chairman