

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
4	08/24/15	Open	Action	08/17/15

Subject: Approving the Second Amendment to the Contract for Legal Services for Public Sector Pension Plan Reform with Hanson Bridgett, L.L.P.

## ISSUE

Approving the Second Amendment to the Contract for Legal Services for Public Sector Pension Plan Reform with Hanson Bridgett, L.L.P.

## RECOMMENDED ACTION

Adopt Resolution No. 15-08-\_\_\_\_, Approving the Second Amendment to the Contract for Legal Services for Public Sector Pension Plan Reform with Hanson Bridgett, L.L.P.

## FISCAL IMPACT

Budgeted:	Yes	This FY:	\$
Budget Source:	Local	Next FY:	\$
Funding Source:	Operating	Annualized:	\$
Total Budget:	See below	Total Amount:	\$

<u>Work Order (WO) Summary</u>	<u>Amount</u>	<u>Contract Summary</u>	<u>Amount</u>
WO No. 1:	\$25,000	Original 3-Year Total:	\$100,000
WO No. 1 First Amendment:	\$50,000	First Amendment:	\$100,000
WO No. 1 Second Amendment:	\$25,000	This Second Amendment:	\$100,000
WO No. 1 Third Amendment:	\$30,000	New Total Consideration:	\$300,000
New Total WO No. 1:	\$130,000		
WO No. 2	\$40,000		
Total WO's issued:	\$170,000		

## DISCUSSION

In an effort to develop a comprehensive pension reform plan to help control pension costs, Sacramento Regional Transit District released an RFP in 2012 soliciting the assistance of a law firm specializing in pension law to assist RT in identifying potential pension reforms, developing a pension reform plan, drafting plan provisions incorporating agreed upon pension modifications, and securing determination letters for each of RT's plans from the Internal Revenue Service, among other tasks. On September 13, 2012, RT entered into a contract with Hanson Bridgett LLP to provide the services sought under the RFP. Shortly after RT and Hanson Bridgett entered into the agreement, the State of California enacted the Public Employee Pension Reform Act (PEPRA) which went into effect on January 1, 2013. In October of 2013, the State implemented a temporary exemption for public transit agencies, including RT. While Hanson Bridgett had begun drafting pension plan provisions intended to implement PEPRA, Hanson Bridgett ceased all PEPRA related activities when the exemption was enacted and shifted their focus towards helping RT negotiate plan amendments through labor negotiations.

Approved:

Presented:

Final 08/17/15

General Manager/CEO

Deputy Chief Counsel

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The issue of whether implementation of PEPPRA violates RT's obligations under 49 U.S.C. 5333(b), also known as Section 13(c) of the Federal Transit Act, was brought by the State of California and RT to the Federal District Court when the parties filed suit against the United States Department of Labor (USDOL). On December 30, 2014, the Federal District Court issued its ruling finding that the USDOL had abused its discretion in determining that in implementing PEPPRA, RT violated its obligations under 13(c) of the Federal Transit Act. The effect of the ruling was that the PEPPRA exemption was lifted and RT was once again required to implement PEPPRA. Hanson Bridgett has been working on drafting plan provisions aimed at incorporating PEPPRA into RT's applicable plan documents.

In addition to assisting RT with revising its plan documents to incorporate negotiated plan changes and PEPPRA provisions, Hanson Bridgett will also be working with RT over the next year on securing RT's IRS determination letters for each of RT's retirement plans which RT must secure every three years. Hanson Bridgett's legal expertise in pension law, statutes and regulations is needed to guide RT in its current and future pension related decisions related to effectuating pension plan changes. Any changes to RT's retirement plans must be accomplished through collective bargaining with the affected Unions.

The Request for Proposals (RFP) called for a 3-year term Contract with the option to renew for two 1-year periods. The original 3-year term will expire in mid-September 2015 and staff desires to continue using Hanson Bridgett for two additional 1-year periods by exercising the option years provision of the Contract. The services will be requested, as needed, over a two-year period on a Work Order basis.

The total consideration of the contract is currently at \$200,000 but over the next two years, more work is anticipated including having Hanson Bridgett assist with securing its IRS Determination Letters; therefore, staff requests that the total consideration be increased to allow work orders in amounts of less than \$100,000 to be executed at the General Manager/CEO's authority. Any work orders exceeding \$100,000 will be brought before the Board for approval.

Staff recommends approving the Second Amendment to the principal agreement for Legal Services for Public Sector Pension Plan Reform with Hanson Bridgett, L.L.P. to extend the term for two additional 1-year periods and to increase the total consideration by \$100,000 from \$200,000 to \$300,000.

RESOLUTION NO. 15-08-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

August 24, 2015

**APPROVING THE SECOND AMENDMENT TO THE CONTRACT FOR LEGAL SERVICES FOR PUBLIC SECTOR PENSION PLAN REFORM WITH HANSON BRIDGETT, L.L.P.**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Second Amendment to the Contract for Legal Services for Public Sector Pension Plan Reform between Sacramento Regional Transit District, therein referred to as "RT," and Hanson Bridgett, L.L.P., therein referred to as "Consultant," wherein RT exercises its option to extend the Contract for two additional 1-year terms, commencing on September 12, 2015, and terminating 2 years later, and the total consideration is increased by \$100,000 from \$200,000 to \$300,000, is hereby approved.

THAT, the Chair and General Manager/CEO are hereby authorized and directed to execute the Second Amendment.

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JAY SCHENIRER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary