

**Solano Local Agency Formation Commission**

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Staff Report

DATE: October 20, 2014

TO: Local Agency Formation Commission

THRU: Elliot Mulberg, Executive Officer

FROM: Marc Fox, Solano County Director of Human Resources

SUBJECT: Implementing the Personnel Salary Resolution

RECOMMENDATION:

In order to fully implement the revised Personnel Salary Resolution, the Solano County Director of Human Resources recommends that

1. The Commission makes a technical correction and readopts Resolutions regarding the Commission's payment of CalPERS Employer Paid Member Contributions. The actions are:
 - A. Adopt a Resolution of the Commission for paying and reporting the value of the Employer Paid Member Contributions by reducing to 0% the value reported as additional compensation effective August 17, 2014; and
 - B. Adopt a Resolution of the Commission reducing the Employer Paid Member Contribution from 8% to 4% effective August 17, 2014; and
 - C. Adopt a Resolution of the Commission reducing the Employer Paid Member Contribution from 4% to 0% effective February 15, 2015.
2. The Commission adopts a Resolution electing to contract with CalPERS for health insurance under the Public Employees' Medical and Hospital Care Act.

BACKGROUND:

On August 11, 2014 the Commission adopted amendments to the Personnel and Salary Resolution (PSR). The amended PSR included changes to the value of the California Public Employees' Retirement System (CalPERS) Employer Paid Member Contributions (EPMC) that are reported as additional pensionable compensation, and reducing the EPMC paid by the employer.

The Commission's Personnel and Salary Resolution (PSR) also provides that employees have the option of becoming members of the Public Employees' Medical and Hospital Care Act (PEMHCA), which provides health insurance benefits for the individual employee and the employee's eligible dependents. The proposed action finalizes the contract provisions between the Commission and CalPERS for participation in PEMHCA. Unfortunately, the CalPERS resolutions with regard to EPMC and the resolution to participate in PEMHCA were not included with the August 11 agenda packet.

DISCUSSION:

The PSR stops reporting the value of the CalPERS EPMC as additional CalPERS pensionable compensation effective August 17, 2014. The PSR also reduced, then eliminates, the employer's payment of the EPMC on behalf of employees. While the PSR language is correct, the CalPERS resolutions were not included with the agenda packet presented at the August 11, 2014 Commission meeting. This agenda item corrects that oversight.

The Commission's adopted Personnel and Salary Resolution provides in Section 4.8, Insurance and Service Plans:

A. Medical Insurance

Employees in regular or limited term positions have the option of becoming members of the Public Employees' Medical and Hospital Care Act ("PEMHCA" or "PERS Health") insurance program. LAFCo's monthly contribution to provide health insurance benefits for the individual employee and the employee's eligible dependents shall be adjusted in accordance with the Minimum Employer Contribution ("MEC") established by PEMHCA.

B. Retiree Medical Insurance

All employees who have concurrently retired from LAFCo and from the California Public Employees' Retirement System ("PERS") may participate in the PERS Health insurance program at their own expense. LAFCo shall contribute the Minimum Employer Contribution ("MEC") established by PERS.

C. Cafeteria Plan

LAFCo's contribution toward the cafeteria plan shall be set at 75% of the 2014 PEMHCA Bay Area Kaiser Permanente family rate minus the PEMHCA MEC. Effective

with coverage effective January 1, 2015, LAFCo's contribution toward the health plan shall be set at 75% of the 2015 PEMHCA Bay Area Kaiser Permanente family rate minus the PEMHCA MEC.

The attached CalPERS-mandated resolution adopts the Commission's contributions toward health insurance and retiree health insurance.

For employees, the Commission's health insurance contribution effective for January 2015 coverage will be \$122.00 per month, which is the amount prescribed by CalPERS under Government Code Section 22892(b). Additionally, the Commission's cafeteria plan contribution effective for January 2015 coverage will be \$1,393.18 per month. The \$122.00 health insurance contribution plus the \$1,271.18 cafeteria plan contribution equals \$1,393.18, which is 75% of the Bay Area Kaiser Permanente family rate (monthly premium of \$1,857.57 multiplied by 75% equals \$1,393.18).

For retirees, the Commission's retiree health contribution effective for January 2015 coverage will be \$122.00 per month.

RECOMMENDATION:

1. Adopt a Resolution of the Commission for paying and reporting the value of the Employer Paid Member Contributions by reducing to 0% the value reported as additional compensation effective August 17, 2014;
2. Adopt a Resolution of the Commission reducing the Employer Paid Member Contribution from 8% to 4% effective August 17, 2014;
3. Adopt a Resolution of the Commission reducing the Employer Paid Member Contribution from 4% to 0% effective February 15, 2015.
4. Adopt a Resolution electing to be subject to Public Employees' Medical and Hospital Care Act and fixing the employer's contribution at an amount equal to or greater than that prescribed by Government Code Section 22892(b).

RESOLUTION NO. 14-____
RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF SOLANO COUNTY FOR PAYING AND REPORTING THE VALUE OF
EMPLOYER PAID MEMBER CONTRIBUTIONS

WHEREAS, the governing body of the Solano Local Agency Formation Commission has the authority to implement Government Code Section 20636(c) (4) pursuant to Section 20691; and

WHEREAS, the governing body of the Solano Local Agency Formation Commission has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation; and

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the Solano Local Agency Formation Commission of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC); and

WHEREAS, the governing body of the Solano Local Agency Formation Commission has identified the following conditions for the purpose of its election to pay EPMC:

- This benefit shall apply to all miscellaneous employees.
- This benefit shall consist of paying zero percent (0%) of the normal member contributions as EPMC, and reporting the same percent (value) of compensation earnable (excluding Government Code Section 20636(c) (4)) as additional compensation.
- The effective date of this Resolution shall be August 17, 2014.

WHEREAS, the governing body of the Solano Local Agency Formation Commission adopted on August 11, 2014 changes to its local personnel rules and, through a technical oversight, did not include the CalPERS resolution within the agenda packet.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the Solano Local Agency Formation Commission elects to pay and report the value of EPMC, as set forth above.

UPON MOTION of Commissioner _____ and seconded by Commissioner _____, the foregoing resolution is adopted this 20th day of October, 2014 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Jack Batchelor, Vice Chair
Local Agency Formation Commission
County of Solano, State of California

ATTEST:

Elliot Mulberg, Executive Officer

RESOLUTION NO. 14-_____
RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF SOLANO COUNTY FOR EMPLOYER PAID MEMBER CONTRIBUTIONS

WHEREAS, the governing body of the Solano Local Agency Formation Commission has the authority to implement Government Code Section 20691; and

WHEREAS, the governing body of the Solano Local Agency Formation Commission has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer; and

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the Solano Local Agency Formation Commission of a Resolution to commence said Employer Paid Member Contributions (EPMC); and

WHEREAS, the governing body of the Solano Local Agency Formation Commission has identified the following conditions for the purpose of its election to pay EPMC:

- This benefit shall apply to all miscellaneous employees.
- This benefit shall consist of paying four percent (4%) of the normal member contributions as EPMC.
- The effective date of this Resolution shall be August 17, 2014.

WHEREAS, the governing body of the Solano Local Agency Formation Commission adopted on August 11, 2014 changes to its local personnel rules and, through a technical oversight, did not include the CalPERS resolution within the agenda packet.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the Solano Local Agency Formation Commission elects to pay EPMC, as set forth above.

UPON MOTION of Commissioner _____ and seconded by Commissioner _____, the foregoing resolution is adopted this 20th day of October, 2014 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Jack Batchelor, Vice Chair
Local Agency Formation Commission
County of Solano, State of California

ATTEST:

Elliot Mulberg, Executive Officer

RESOLUTION NO. 14-_____
RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF SOLANO COUNTY FOR EMPLOYER PAID MEMBER CONTRIBUTIONS

WHEREAS, the governing body of the Solano Local Agency Formation Commission has the authority to implement Government Code Section 20691; and

WHEREAS, the governing body of the Solano Local Agency Formation Commission has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer; and

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the Solano Local Agency Formation Commission of a Resolution to commence said Employer Paid Member Contributions (EPMC); and

WHEREAS, the governing body of the Solano Local Agency Formation Commission has identified the following conditions for the purpose of its election to pay EPMC:

- This benefit shall apply to all miscellaneous employees.
- This benefit shall consist of paying zero percent (0%) of the normal member contributions as EPMC.
- The effective date of this Resolution shall be February 15, 2015.

WHEREAS, the governing body of the Solano Local Agency Formation Commission adopted on August 11, 2014 changes to its local personnel rules and, through a technical oversight, did not include the CalPERS resolution within the agenda packet.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the Solano Local Agency Formation Commission elects to pay EPMC, as set forth above.

UPON MOTION of Commissioner _____ and seconded by Commissioner _____, the foregoing resolution is adopted this 20th day of October, 2014 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Jack Batchelor, Vice Chair
Local Agency Formation Commission
County of Solano, State of California

ATTEST:

Elliot Mulberg, Executive Officer

RESOLUTION NO. 14-_____
RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
ELECTING TO BE SUBJECT TO PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE
ACT AND FIXING THE EMPLOYER'S CONTRIBUTION
AT AN AMOUNT EQUAL TO OR GREATER THAN PRESCRIBED BY
GOVERNMENT CODE SECTION 22892(b)

- WHEREAS, (1) Government Code Section 22922(a) provides the benefits of the Public Employees' Medical and Hospital Care Act (PEMHCA) to employees and annuitants of local agencies contracting with the Public Employees' Retirement System on proper application by a local agency; and
- WHEREAS, (2) Section 22892(a) of the Act provides that a local contracting agency shall fix the amount of the employer's contribution; and
- WHEREAS, (3) Local Agency Formation Commission of Solano County, hereinafter referred to as Public Agency, is a local agency contracting with the Public Employees' Retirement System; and
- WHEREAS, (4) The Public Agency desires to obtain for its employees and annuitants the benefit of the Act and to accept the liabilities and obligations of an employer under the Act and Regulations; now, therefore, be it
- RESOLVED, (a) That the Public Agency elects, and it does hereby elect, to be subject to the provisions of the Act; and be it further
- RESOLVED, (b) That the employer's contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan or plans up to a maximum of the PEMHCA Minimum dollars per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further
- RESOLVED, (c) That Local Agency Formation Commission of Solano County has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (d) That the participation of the employees and annuitants of Local Agency Formation Commission of Solano County shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Local Agency Formation Commission of Solano County would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.

RESOLVED, (e) That the executive body appoint and direct, and it does hereby appoint and direct, Executive Officer to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said Public Agency all functions required of it under the Act and Regulations of the Board of Administration; and be it further

RESOLVED, (f) That coverage under the Act be effective on January 1, 2015

UPON MOTION of Commissioner _____ and seconded by Commissioner _____, the foregoing resolution is adopted this 20th day of October, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jack Batchelor, Vice Chair
Local Agency Formation Commission
County of Solano, State of California

ATTEST:

Elliot Mulberg, Executive Officer