

Felton Fire Protection District

Agenda Report

DATE: October 1, 2020

AGENDA OF: October 5, 2020

SUBJECT: Bartel Associates LLC's Letter Concerning the Future Costs of Changes in Retirement Benefits or Other Postemployment Benefits Determination, Pursuant to Government Code § 7507.

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**RECOMMENDATION:** Review of the Bartel Associates LLC Letter Concerning the Future Costs of Changes in Retirement Benefits or Other Postemployment Benefits Determination, in Anticipation of the Board's Consideration of a Resolution Fixing the Employer Contribution Under the Public Employees' Medical and Hospital Care Act.

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**BACKGROUND:** Since the District's inception, the District and its employees have negotiated and agreed to employment contracts, including but not limited to discussions regarding employee healthcare coverage. In 1995, the Felton Fire Protection District Board of Directors agreed to and entered into a contract with the California Public Employers' Retirement System ("CalPERS"), allowing District employees to participate in CalPERS beginning May 1995. In its August 1, 1995 Resolution No. 13-95, the District's Board elected to be subject to the Public Employees' Medical and Hospital Care Act ("PEMHCA"). However, the District and its employees continued to negotiate employment contracts, including discussions regarding healthcare.

**DISCUSSION:** In 2004, California enacted Government Code § 22892. This Code permits the District to set its employer contribution to PEMHCA by resolution of the Board. The Board is now considering a new resolution amending its contract with CalPERS and fixing its contribution under PEMHCA to \$700 per month for employees, retirees, and annuitants. Before the Board can consider such a new resolution, an actuary must opine as to the impact of the resolution upon future District annual costs. (Govt. Code § 7507). Such an actuarial statement must be made public at a public meeting at least two weeks before Board consideration. (Govt. Code § 7507(c)(1)(A)).

The District hired Bartel Associates LLC to prepare such a statement. Bartel found that the District's retiree healthcare future annual costs, actuarial accrued liability, and normal cost will all decrease under a new resolution that fixes District contributions to \$700 per month.

**FISCAL IMPACT:** Bartel Associates, LLC found that the new Resolution would reduce the District's retiree healthcare future annual costs, actuarial accrued liability, and normal costs.

Prepared By:

Victoria Thompson, Legal Counsel

Approved By:

Laurie Dennis, Secretary of the Board

**ATTACHMENTS:**

1. Actuarial Statement, Prepared by Bartel Associates, LLC.