

AGENDA ITEM 1 D  
Consent Item

**MEMORANDUM**

**DATE:** April 5, 2018

**TO:** El Dorado County Transit Authority

**FROM:** Julie Petersen, Finance Manager

**SUBJECT:** California Employer's Retiree Benefit Trust Program (CERBT) funding for Other Post-Employment Benefits Funding (OPEB)

**REQUESTED ACTION:**  
**BY MOTION,**

- 1. Approve Prefunding of Other Post-Employee Benefit Program for fiscal year ending June 30, 2018 in the amount of \$55,631**
- 2. Authorize Executive Director to execute all documents necessary for continued participation**

**BACKGROUND**

In July 2004, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. GASB 45 mandates disclosure of Other Post-Employment Benefits (OPEB) liabilities for public employees. OPEB may include benefits such as medical, dental, prescription drug, vision and life insurance plans. GASB 45 establishes a standard for measuring and reporting the liability of retirement benefits other than pensions however; it does not require funding the liability.

During Fiscal Year (FY) 2007/08 El Dorado Transit contracted with California Public Employers' Retirement System (CalPERS) to provide cost effective medical insurance for the unrepresented employee group (23 employees). CalPERS contractually requires El Dorado Transit to contribute an amount towards the cost of retiree medical coverage as a condition of participating in the CalPERS medical plans. There are two (2) eligible retirees who have elected coverage. Monthly cost to the agency is currently at the lowest level possible of \$73.15 per eligible retiree. This contribution is based on a formula and increases a modest amount each year.

On August 5, 2010 the Board adopted resolution 10-10 to pre-fund the OPEB future liability by placing assets in the CERBT program to allow for a manageable dollar amount to be budgeted each year for contributions to build reserves and earn interest to

offset the cost of the program. A thirty (30) year amortization period is consistent with the anticipated retirement trend of current employees.

- March 1, 2018 Board Accepted the current Valuation of OPEB for fiscal years 2017/18 and 2018/19 and adopted Resolution No. 18-10 approving the prefund amounts.

**DISCUSSION**

The El Dorado Transit continuing retiree health plan allows eligible retirees to enroll in the agency group medical plan through CalPERS at time of separation or at any subsequent open enrollment period. The plan includes only medical insurance coverage excluding other possible retiree benefits e.g. dental, vision, etc. Since plan inception in 2007, two (2) eligible participants have elected coverage however; three (3) eligible retirees may enroll during any open enrollment period. There are twenty-seven (27) current employees who are qualified, and nine (9) who may retire within the next five (5) years. These employees have the option to continue their medical coverage under this plan.

Actuarial valuations are used as a method of verifying the changing conditions of an agency’s employee statistics that impact the annual cost of OPEB and outstanding obligations or future potential liabilities. CalPERS requires an actuarial valuation every two (2) years under the CERBT pooling program.

El Dorado Transit contracted Bickmore to complete an actuarial valuation of other post-employment benefits to capture and report the current and future potential liabilities of this benefit. This report provides statistics as of July 1, 2017 for the years ending June 30, 2018 and June 30, 2019.

Staff is requesting the approval to prefund OPEB in the amount of \$55,631 for FY 2017/18 as calculated in the March 1, 2018 Board Accepted Valuation of OPEB for fiscal years 2017/18 and 2018/19.

**FISCAL IMPACT**

Fiscal Year 2017/18 Mid-Year Budget adopted on March 1, 2018 includes this amount.

		<u>Budgeted</u>
5020.02	OPEB Prefund	\$55,631

**EL DORADO COUNTY TRANSIT AUTHORITY**  
**6565 COMMERCE WAY**  
**DIAMOND SPRINGS, CA 95619-9454**  
**(530) 642-5383**

**PURCHASE ORDER NO. 23280**

THIS NUMBER MUST APPEAR ON ALL INVOICES,  
 PACKING LISTS, PACKAGES, AND BILLS OF LADING.

**DATE: 04 05 2018**

ACCOUNT: 5020.02      CLASS: 125

TO: CalPERS  
 CERBT (OPEB)  
 400 Q Street  
 Sacramento, CA 95811

SHIP & INVOICE TO:  
**EL DORADO COUNTY TRANSIT AUTHORITY**  
**6565 COMMERCE WAY**  
**DIAMOND SPRINGS, CA 95619-9454**

Contact:

Vendor Phone No: (916) 795-2474

Fax No:

<b>PROMISED DELIVERY DATE</b>		<b>TERMS: Net Due</b>		
		<b>F.O.B. DESTINATION</b>		
<b>QTY</b>	<b>UNIT</b>	<b>DESCRIPTION</b>	<b>UNIT PRICE</b>	<b>EXTENDED TOTAL</b>
		FUNDING OF OTHER POST EMPLOYMENT BENEFITS (OPEB) FISCAL YEAR 2017/18		\$55,631.00
I hereby certify that this purchase order is in accordance with procedures in the purchase manual governing of such items for El Dorado County Transit Authority.  <b>PURCHASING AGENT</b>			<b>SUBTOTAL</b>	\$55,631.00
			<b>SHIPPING</b>	
			<b>SALES TAX</b>	
			<b>TOTAL</b>	\$55,631.00

**PLEASE NOTE CONDITIONS ON REVERSE SIDE**

"This Purchase Order expressly limits acceptance to the terms and conditions stated herein, set forth on the reverse side and any supplementary or additional terms and conditions annexed hereto or incorporated herein by reference. Any additional or different terms and conditions proposed by seller are objected to and hereby rejected."