

AGENDA ITEM 1 D
Consent Item

MEMORANDUM

DATE: April 1, 2021

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, 2021 in the amount of \$51,022**
- 2. Approve Purchase Order No. 26196 issued to CalPERS, Fiscal Services Division**
- 3. 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 five (5) eligible retirees who have elected coverage. Monthly cost to the agency is currently at the lowest level possible of \$110.00 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 No. 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.

On March 5, 2020 the Board accepted the current actuarial valuation of OPEB for fiscal years 2019/20, 2020/21 and 2021/22 and adopted resolution No. 20-05 approving the prefund amounts.

DISCUSSION

The El Dorado Transit retiree health plan allows eligible retirees to enroll in the agency group medical plan through CalPERS at the time of their separation or at any subsequent open enrollment period. The plan applies only to medical insurance premiums and excludes other possible retiree benefits (e.g., dental, vision, etc.). Since plan inception in 2007, five (5) eligible participants have elected coverage; however, four (4) eligible retirees may enroll during any open enrollment period. There are twenty-three (23) current employees who are qualified, and three (3) 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, 2019 for the years ending June 30, 2020, June 30, 2021, and June 30, 2022.

Staff is requesting the approval to prefund OPEB in the amount of \$51,002, for FY 2020/21.

FISCAL IMPACT

Fiscal Year 2020/21 Mid-Year Budget adopted on February 4, 2021 includes this amount.

		<u>Budgeted</u>
5020.02	OPEB Prefund	\$51,022

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

PURCHASE ORDER NO. 26196
THIS NUMBER MUST APPEAR ON ALL INVOICES,
PACKING LISTS, PACKAGES, AND BILLS OF LADING.

DATE: 04/01/21
ACCOUNT: 5020.02 CLASS: 125

TO: CalPERS
CERBT (OPEB)
PO BOX 942703
SACRAMENTO, CA 94229-2703

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

Contact:
Vendor Phone No: (888) 225-7377

Fax No:

PROMISED DELIVERY DATE		TERMS: NET DUE		
		F.O.B. DESTINATION		
QTY	UNIT	DESCRIPTION	UNIT PRICE	EXTENDED TOTAL
		FUNDING OF OTHER POST EMPLOYMENT BENEFITS (OPEB) FISCAL YEAR 2020/2021		\$51,022.00
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. PURCHASING AGENT			SUBTOTAL	\$51,022.00
			SHIPPING	
			SALES TAX	
			TOTAL	\$51,022.00

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."