

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF JANUARY 25, 2012

REGULAR MEETING

TO: Ron Briggs, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

AGENDA ITEM #7: AUTHORIZE THE EXECUTIVE OFFICER TO ENTER INTO
NEGOTIATIONS WITH THE CALIFORNIA PUBLIC
EMPLOYEES' RETIREMENT SYSTEM ON A NEW
CONTRACT WITH LAFCO

RECOMMENDATION

Staff recommends that the Commission authorize the Executive Officer to enter into negotiations with the California Public Employees' Retirement System on a new retirement contract and authorize the use of \$900 out of Contingency to start the process.

REASON FOR RECOMMENDED ACTION AND BACKGROUND

Currently, this agency does not have its own contract with the California Public Employees' Retirement System (PERS). This agency attempted to do so when it became independent from the County of El Dorado in 2004; however, the previous Executive Officer indicated that what would have been the agency's contract rate with PERS became too costly. Instead, an arrangement was struck whereby LAFCO would be under the County's PERS contract but its contributions would be reported separately by using a different "office code."

This arrangement worked well up until PERS implemented a new reporting system called myCalPERS. This new automated system does not have the functionality to recognize office codes. Currently, any retirement contributions LAFCO makes to its employees is combined with the County's retirement contributions to its employees. This situation is detrimental to both LAFCO and the County. Even if it was not, PERS staff indicates that since LAFCO is a separate entity from the County, it cannot legally report retirement contributions under the County's contract.

Because of this, the Executive Officer has instructed payroll to stop submitting payments to PERS but has deposited the money into a reserve account so that the money can be submitted and reported once the situation has cleared. It appears that, after speaking with various PERS staff, the only solution is for LAFCO to contract with PERS directly.

There is ample evidence to suggest the agency may not be saddled with undue cost by going this route. A survey with other LAFCOs with their own contract with PERS with the same formula (2% at 55) reveals agency contributions that are no higher than the current contributions. Further, the personnel demographics are different than in 2004, when staff then was older than the current staff.

The Executive Officer has started the process by filing the paperwork assuming LAFCO would retain comparable terms as the County's contract with PERS; however, authorization should be granted to proceed. In addition, a cost of \$900 will be incurred as part of the actuarial process, which is a necessary precursor to establishing a contract. There is money in the budget's Contingency to cover it. Any final contract will be submitted to the Commission for final approval.