

# EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

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## *AGENDA OF SEPTEMBER 25, 2013*

### *REGULAR MEETING*

**TO:** Don Mette, Chair, and  
Members of the El Dorado County Local Agency Formation  
Commission

**FROM:** José C. Henríquez, Executive Officer

**AGENDA ITEM #9: CONSIDER AND ADOPT THE RESOLUTION FOR  
EMPLOYER PAID MEMBER CONTRIBUTIONS**

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#### **RECOMMENDATION**

Staff recommends that the Commission adopt Resolution L-2013-13 notifying CalPERS how this agency intends to treat employer paid member contributions.

#### **REASON FOR RECOMMENDED ACTION**

Employers participating in CalPERS may choose to pay, or continue to pay, the normal member contribution of “classic member” employees pursuant to the employer paid member contribution (EPMC) provisions of Government Code Section 20691. The Commission currently pays an EPMC of 7% for employees hired prior to January 1, 2009. This resolution will indicate how and to what extent LAFCO intends to have employer paid contributions for all employees.

#### **BACKGROUND**

Part of the Commission’s action at the meeting is to inform CalPERS that LAFCO will cover the employee share of the retirement costs. At the August Special Meeting, LAFCO adopted Resolution L-2013-10, thereby complying with IRS regulations on how to treat the “Employer Pick-Up,” that is, that LAFCO intends to pay the employee share for *existing* employees. That action ensures that this benefit does not become taxable income for current staff.

The action at this meeting is to notify CalPERS how the employer paid member distributions will be set up for all employees. Up until recently, LAFCO has been paying the 7% EPMC under the authority of an EPMC resolution adopted by the County. However, once LAFCO establishes its own contract with CalPERS, it will be necessary that it adopt its own EPMC resolution in order to implement the commitment reflected in the Personnel Policies and Procedure Guidelines. Specifically, Resolution L-2013-13

states that LAFCO will pay 7% of the employee share for employees hired before January 1, 2009 and 0% for employees hired thereafter.

The resolution is consistent with the Commission's Personnel Policies and Procedure Guidelines. As explained at the August Special Meeting, current policies grandfather a previous benefit of LAFCO paying the employee share of the retirement contribution for any employee hired prior to January 1, 2009 and whose tenure with this agency is longer than two years. By approving this resolution, the Commission ensures that:

- Existing employees are made whole by reinstating an already promised benefit; and
- This benefit is not available to any employee hired after January 1, 2009 so it will not be available to anyone outside of current staff.

As a final note, CalPERS staff and Commission Counsel believe that this structure is consistent with the Public Employee Pension Reform Act and the Public Employee Retirement Law.

#### Attachment

Attachment A: Resolution L-2013-13, Employer Paid Member Contributions