SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-F**

FROM: Steve Mack, General Manager

Meeting Date: March 6, 2014

SUBJECT: Resolution 14-01 and 14-02, pertaining to District sign-up with California Employers Retiree Benefit Trust Program (CERBT), administered by CalPERS

RECOMMENDED ACTION: Approve Resolution 14-01, Agreement and Election of SSWD to Prefund Other Post Employment Benefits Through CalPERS; and Approve Resolution 14-02, Delegation of Authority to Request Disbursements.

FISCAL IMPACT: Restricts use of District funds allocated to CERBT. Fiscal impact may be positive or negative depending on investment returns.

DISCUSSION:

Prefunding retiree employee health costs was discussed and approved a year ago as part of the FY 13-14 budget process. Money was allocated in the FY 2013-14 to prefund retiree health costs through the California Employers Retiree Benefit Trust Program (CERBT). The District is now moving forward on that plan.

Background

Currently the District pays the minimum amount required by CalPERS for retiree employee health costs ($119/employee/month in 2014 X 2 retirees = $238/month or $2,856/year) These costs will increase over time as more employees retire and CalPERS adjusts the minimum employer contribution required.

State law requires that public agencies prepare a cost analysis and disclose the cost of future anticipated liabilities for retiree health care. The District has been doing this, and the calculated future liability is part of the District's balance sheet under the line item "PERB (Public Employee Retirement Benefits) Payable". In FY 2012-13, this liability totaled $14,475.66, and increases approximately $3,500 each year.

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Staff is proposing to continue paying current retiree health costs in-house, but transferring future liabilities to CERBT for investment by PERS. Funds held by CERBT will offset the PERB Payable liability on our balance sheet. More importantly, funds held at CERBT can be withdrawn in future years to offset the cost of current retiree health costs as these costs will likely rise.

Resolution 14-01 is the Agreement with CalPERS. Resolution 14-02 authorizes the General Manager and the Administrative Manager to request disbursements from CERBT.