



# Agenda Report

**TO:** CCCSWA BOARD OF DIRECTORS

**FROM:** PAUL MORSEN, EXECUTIVE DIRECTOR

**DATE:** JULY 12, 2010

**SUBJECT:** CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CAL-PERS)  
PROGRAM FOR CCCSWA EMPLOYEES

## SUMMARY

The CCCSWA contracts with the City of Walnut Creek for its employee benefits. Retirement benefits are currently provided by the California Public Employees Retirement System (Cal-PERS) through the City of Walnut Creek as if we were employees of the city. Cal-PERS has informed the Authority and the City of Walnut Creek that in accordance with their rules CCCWA can no longer receive this benefit through Walnut Creek but must directly contract with Cal-PERS in the future.

## RECOMMENDED ACTION

1. This is an update only to keep the Board informed on events regarding the pending changes to the CCCSWA employee retirement program with Cal-PERS.

## DISCUSSION

Up until now, the Authority's employees have received the same benefit package provided to Walnut Creek employees. Under our agreement, CCCSWA employees are provided the same benefits as Walnut Creek employee bargaining groups enabling the Authority to provide benefits that would not be possible in all cases if our small organization would contract alone for them. For example, medical benefits would be almost impossible to obtain at affordable rates with our small number of employees. The current arrangement has been advantageous to us as our small staff can obtain benefits based on the large Walnut Creek employee pool.

Among the benefits provided to Walnut Creek employees—and Authority employees—is a Cal-PERS retirement plan. As a result of an audit by CAL-PERS, the Authority has been informed that we can no longer continue to be provided retirement benefits under the city of Walnut Creek. Rather, we must become an “employer” and contract for our benefits directly with Cal-PERS instead of through the city of Walnut Creek. Other benefits such as health care and life insurance will be able to be continued through Walnut Creek.

There are many steps involved in this change. The first step, after we were informed, was a request for information from the Authority and Walnut Creek. Requested information such as job descriptions, founding documents and information about our relationship with Walnut Creek was sent to the Cal-PERS Office of Agency Contract Services. Based on the submitted information and Cal-PERS's evaluation of it, we have now been informed that we have been officially ruled an “employer” as defined by Cal-PERS. The next step

is for Cal-PERS to undertake an “actuarial valuation report.” The purpose of this report is to establish the contribution amounts by the Authority and its employees. The Authority will be charged \$700 for this work (Cal-PERS policy) and will be invoiced upon completion of the report.

Once this report is in hand, staff will convene the Personnel Committee to study its findings and make recommendations to the board for continuance of this retirement plan or other actions as appropriate. Due to the importance of this matter and the lengthy processing times necessary for Cal-PERS decisions in the steps to set costs, this update is presented as a more formal Staff Report rather than the customary Executive Director’s verbal report.