



COASTAL ANIMAL SERVICES AUTHORITY JPA MEETING AGENDA REPORT

Meeting Date: February 6, 2023

Department: CASA, Animal Services

Prepared By: Jake Rahn, Financial Services Officer, City of San Clemente

Subject: *CASA PENSION PLAN*

Recommended Action: *STAFF RECOMMENDS THAT* the Board:

1. Direct staff whether to remove the request for contract exclusions or proceed with modifications to job titles, descriptions and other duties for part-time positions.

Background: CASA completed the first phase to establish a contract with CalPERS after an eligibility and financial review. The financial review concluded that CASA is eligible to establish a contract with CalPERS.

The second phase was initiated by providing a questionnaire to CalPERS for review. This CASA questionnaire consisted of the retirement formula and optional benefits, and employee census data, both necessary to perform an actuarial calculation to determine the cost of providing CalPERS pension benefits for CASA employees. The Board approved the Retirement Contract Questionnaire and staff submitted the information to CalPERS in April 2022. Direction was given by the Board to request an exclusion for the Benefited Part-Time individuals who are not enrolled in the City of San Clemente Retirement Plan but exceed the 1,000 annual hour limit for CalPERS membership. This request was included with the submittal to CalPERS to obtain an actuarial valuation to assist the Board with the determination of converting to CalPERS.

Discussion: After the submittal, CalPERS requested additional information such as job titles, duties, descriptions and other information relating to the exclusion. Staff gathered the requested information. After staff and legal review, we do not believe this exclusion would be granted unless significant modifications are made to staffing duties, responsibilities, and other descriptions. This leaves CASA with two options:

- 1) This first option would take staff time and effort to substantively differentiate the part-time positions from their full-time counterparts. Existing job titles, descriptions and duties are identical between full-time and part-time positions (including benefited part-time). This option would involve modifications to job descriptions and duties and returning back to the Board for approval. After the changes, it is still

possible that CalPERS could determine the positions for which an exclusion is requested are similar to eligible positions and may not grant the exclusion.

2) The second option is to remove the exclusion request and continue the exploration of converting to CalPERS for qualifying positions, which would include the benefited part-time positions. The one-time request for exclusions at contract initiation would be lost after the transition. Positions changes could be by future action in coordination with the onboarding of a new General Manager, but CASA could no longer seek a contract exclusion.

A General Manager could still review and request modifications to part-time positions to ensure that any person filling the position would be excluded from CalPERS membership by statutory provision. Specifically, any individual filling those positions would be ineligible for CalPERS membership if: (1) they do not have prior CalPERS membership, and (2) the compensated hours remain under 1,000 hours in a fiscal year.

The next step is to get Board direction. If the exclusion is removed the actuarial valuation would proceed with a report expected in January. If the Board wants to pursue the exclusion, modifications to job duties and descriptions would need to occur before the actuarial valuation could commence.

On October 3, 2022 Board direction was to wait until staff was reviewed and a better understanding of staffing was held by the interim General Manager. A staff report was prepared and presented by the Interim General Manager at the December 5, 2022 on staffing levels. Based on this discussion, a final decision on any exclusion request needs to be made to process the application so a valuation can be prepared.

After the actuarial valuation is completed the following steps would need to be completed to proceed:

- Board must adopt a Resolution of Intention
- Member Election by secret ballot
- The cost of the pension benefits must be disclosed in a public meeting at least 2 weeks before the contract is approved.
- CalPERS contract is adopted by the Board
- Contract effective date determined

Fiscal Impact: Unknown, this will be determined as part of the actuarial valuation analysis.

Attachments: None

Notification: Through the normal agenda process.