

MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE
COUNTY OF PLACER

TO: Honorable Board of Supervisors
FROM: Tom Miller, County Executive Officer
By Mike Boyle, Assistant County Executive Officer
DATE: November 27, 2007
SUBJECT: Contract termination between the California Public Employees' Retirement System and the Board of Supervisors for the former Placer Consolidated Fire Protection District

ACTION REQUESTED

1. Approve the attached resolution and corresponding agreement (Exhibit A) terminating the contract between the California Public Employees' Retirement System (CalPERS) and the Placer County Board of Supervisors (Board) acting as the successor governing board of the former Placer Consolidated Fire Protection District (District).
2. Approve the attached budget revision to cancel North Auburn Ophir Fire CSA reserves and increase appropriations in the amount of \$49,413.

BACKGROUND

Actions by the former Consolidated Fire District - 2004

In September 2004, the board of directors of the Placer Consolidated Fire Protection District wrote to the County of Placer County requesting the County to explore alternative service delivery options for continuing the fire protection and emergency services provided by that independent fire district.

The district provided service to the general areas of North Auburn and Ophir. This action was taken by the fire district board in recognition that providing services within the current profile was not financially sustainable in the long term. In addition, the fire district placed two measures on the ballot asking for additional funds, both of which failed.

Placer County – 2005

Staff was directed to meet with district directors and district staff to examine the district's finances and to explore alternative service delivery options. The fire district directors also noted that a formal dissolution of the fire district was something they would consider. Initially, staff determined that continuing with the service and maintaining the staffing profile within funding parameters was not advisable. Later, however, following employee attrition and evaluating the potential of incorporating the remaining Consolidated system into the much larger Placer County Fire/Cal Fire operation, a cost neutral effect could be achieved while maintaining service levels to the public.

Placer County - 2006

After further review, on February 7, 2006, your Board adopted a resolution approving integration of the Consolidated Fire District within the Placer County Fire System. On February 8, 2006, at the

Consolidated District Board's request, Placer County Local Agency Formation Commission (LAFCO) approved District dissolution. In its action and review of the service plan, LAFCO determined that dissolution with incorporation of the district services within the much larger Placer County Fire/CalFire system would create efficiencies, stabilize services delivery and provide more financial sustainability. Ultimately, the former fire district boundaries were converted into a zone within the County Service Area and an advisory committee was established with FY 2006-07 marking the first full year of integrated operations within the Placer County Fire System.

District Dissolution - CalPERS Liability

One of the conditions for integration of the Consolidate District into the Placer County Fire System was the payment of all District liabilities and debts incurred prior to dissolution. The February 7, 2006 Board of Supervisors resolution stated that all future decisions regarding funding and levels of service were to be made by the Board of Supervisors as part of its ongoing administration of the Placer County Fire System. At the time of dissolution, termination of the pension contract with CalPERS could not be completed and it was estimated that the closeout process would take about a year. With this issue outstanding, on March 20, 2006 the District's Board passed a resolution identifying the pre-termination valuation schedule to be the "uncapped" version providing that the cost would not exceed \$121,198.

In July 2007, the County received notification from CalPERS for Placer Consolidated Fire Protection District contract termination valuation. In keeping with the District's Board action on March 20th, the closeout of the CalPERS contract where benefits are based on annual compensation subject to future pay adjustments will result in an additional cost to the County of \$49,413. Payment for the contract termination will come from the North Auburn Ophir Fire CSA reserves that have been set aside for this purpose.

FISCAL IMPACT

Board adoption of the resolution and agreement terminating the contract with CalPERS will result in an increased cost of \$49,413, however funding for this action was placed in a reserve account pending the CalPERS determination of contract close out costs when the County assumed governance of the entity. There are no additional General Fund costs associated with this action, and closure of this obligation is in keeping with prior LAFCO and Board actions.

**RESOLUTION TO TERMINATE THE CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
BOARD OF SUPERVISORS
PLACER COUNTY**

WHEREAS, the Board of Directors of the Placer Consolidated Fire Protection District entered into a contract with the Board of Administration, Public Employees' Retirement System effective August 8, 1992, providing for the participation of their employees in the Public Employees' Retirement System; and

WHEREAS, the Board of Directors of the Placer Consolidated Fire Protection District did declare its intent to terminate said contract by executing a Resolution of Intention on February 13, 2006 to terminate the contract between said governing body and the Board of Administration of the Public Employees' Retirement System;

NOW, THEREFORE, BE IT FURTHER RESOLVED, that an Agreement Terminating the Contract between the Board of Supervisors of the County of Placer and the Board of Administration of the Public Employees' Retirement System is hereby authorized, a copy of said agreement being attached hereto, marked "Exhibit A" and by such reference made a part hereof as though herein set out in full.

The Presiding Officer of the Board of Supervisors of the County of Placer is hereby authorized, empowered and directed to execute said agreement for an on behalf of said agency.

Adopted this _____ day of _____, _____.

Presiding Officer ,
Chairman, Board of Supervisors

Attest:

Clerk

**AGREEMENT TO TERMINATE THE CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
BOARD OF SUPERVISORS
PLACER COUNTY**

WHEREAS, the Board of Directors of the Placer Consolidated Fire Protection District and the Board of Administration, Public Employees' Retirement, entered into a contract pursuant to Sections 20460, et seq. of the Government Code, effective August 8, 1992, for the participation of said Public Agency in the Public Employees' Retirement System; and

WHEREAS, Section 20570 of the Government Code provides that a contract between the Board of Administration of the Public Employees' Retirement System and a contracting agency may be terminated by adoption of a resolution by the governing body of the public agency, giving notice of intention to terminate, and by the adoption, not less than one year thereafter, by the affirmative vote of two-thirds of the members of the governing body of the public agency, terminating the contract; and

WHEREAS, the Board of Directors of the Placer Consolidated Fire Protection District adopted a Resolution of Intention on February 13, 2006 to withdraw from the Public Employees' Retirement System effective no earlier than one year thereafter;

NOW, THEREFORE, BE IT AGREED between the Board of Supervisors of the County of Placer and the Board of Administration, Public Employees' Retirement System that the contract entered into by the Placer Consolidated Fire Protection District, effective August 8, 1992, is terminated effective _____, and obligations on and after that date of the agency and its employees who are members under the Public Employees' Retirement System, are as provided in Government Code Section 20575 which provides that the final compensation used in the calculation of benefits shall be calculated in the same manner as the benefits of employees of agencies that are not terminating.

Witness our hands this _____ day of _____, _____.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF SUPERVISORS
COUNTY OF PLACER

BY _____
LORI MCGARTLAND, CHIEF
EMPLOYER SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER
Chairman, Board of Supervisors

Attest:

Clerk

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Actuarial and Employer Services Branch

Public Agency Contract Services

P.O. Box 942709

Sacramento, CA 94229-2709

(888) CalPERS (225-7377)

**CERTIFICATION
OF
FINAL ACTION OF GOVERNING BODY**

I hereby certify that the _____ of the
(governing body)

(public agency)

adopted on _____, _____, by an affirmative vote of two-thirds
(date)

of the members of said Governing Body, _____
(Ordinance/Resolution)

No. _____ approving the attached contractual agreement between the
Governing Body of said Agency and the Board of Administration of the California Public
Employees' Retirement System, a certified copy of said _____
(Ordinance or Resolution)

and Agreement to Terminate the Contract in the form furnished by said Board of
Administration being attached hereto.

Clerk/Secretary

Title

Date _____

BUDGET REVISION

Auditor - Controller
 County Executive
 Board of Supervisors

POST DATE:

DEPT NO.	DOC TYPE	Total \$ Amount	TOTAL LINES
9	BR	49,413.00	1

Cash Transfer Required
 Reserve Cancellation Required
 Establish Reserve Required

Fund 501/193
 GL 2420/552000

ESTIMATED REVENUE ADJUSTMENT										APPROPRIATION ADJUSTMENT												
DEPT NO.	T/C	Rev	Fund	Sub Fund	OCA	PCA	OBJ/3	PROJ.	PROJ. DET.	AMOUNT	DEPT NO.	I/C	Rev	Fund	Sub Fund	OCA	PCA	OBJ/3	PROJ.	PROJ. DET.	AMOUNT	
											09	014		501	193	679300	67930	1300				49,413.00
TOTAL										0.00											TOTAL	49,413.00

REASON FOR REVISION: Reduce reserves and increase appropriations to finalize PERS contract termination for the former Placer Consolidated Fire

Prepared by Linda Cakman Ext 4681
 Department Head Lisa Corman 11/9/07
 Board of Supervisors

Date: 11/9/07
 Page:

Budget Revision # _____ FOR INDIVIDUAL DEPT USE