

Consolidation Issues to Address

CalPERS Side Funds from 2002

Discussion: Both Corte Madera and Larkspur participate in the California Public Employees' Retirement System (CalPERS). Larkspur is enrolled in the 3%@55 Safety Retirement Plan for classic employees. Corte Madera is enrolled in the 3%@50 Safety Retirement Plan for classic employees.

In 2003 CalPERS combined agencies with less than 100 members into risk pools based on plan type. With the creation of the risk pools, CalPERS established an "Employer Side Fund" for each agency to account for the difference between the funded Issue of the pool and the funded Issue of the participating agency.

Currently both Corte Madera and Larkspur are in the same risk pool. Both Corte Madera and Larkspur have paid off their side fund obligations.

Recommendation:

CalPERS Unfunded liabilities

Discussion: Both Corte Madera and Larkspur have incurred unfunded liability from their respective CalPERS safety retirement plans.

General Accounting Standards Board (GASB) Statement No. 68 requires that government entities providing pensions to value these benefits and disclose future liabilities. CalPERS requires agencies to make annual Lump Sum payments to fund the projected liabilities, as determined by an actuarial valuation. This valuation will result in unfunded liabilities being added to the entities balance sheet as a liability.

Recommendation:

Senate Bill No. 1203 and CalPERS Options for New Fire JPA

Discussion: The California Public Employees' Pension Reform Act of 2013 (PEPRA) has made the formation of a new JPA more complicated. The Cities of Foster City, San Mateo, and Belmont are undergoing a similar process with CalPERS and Liebert Cassidy Whitmore have provided likely impacts on two potential models. Glenn Berkheimer will provide an update on the CalPERS application process for a new JPA and potential options and timelines.

Recommendation:

Compensated absences

Discussion: Corte Madera and Larkspur have liabilities in the form of accrued vacation leave, and sick leave. Each agency accounts for these liabilities as part of their Government-Wide Financial Statements and are shown on the Statement of Net Assets.

Recommendation:

Other Post Employment Benefit (OPEB) liabilities

Discussion: Both Corte Madera and Larkspur have unfunded liability resulting from other post employment benefits. The benefits are in the form of retiree medical.

General Accounting Standards Board (GASB) Statement No. 45 requires that government entities providing other post-employment benefits other than pensions to value these benefits and disclose future liabilities. The Standard does not require the prefunding of these liabilities; however, funding the liabilities at an amount less than the Annual Required Contribution (ARC), as determined by an actuarial valuation, will result in ARC being added to the entities balance sheet as a liability.

Recommendation:

Fire Chief

Discussion: The Larkspur Fire Chief has been providing administrative chief oversight for both Corte Madera and Larkspur. An employment contract will need to be completed.

Recommendation:

Labor Agreements

Discussion: The labor unions are currently negotiating a single contract/transition MOU with Corte Madera and Larkspur by Glenn Berkheimer.

Recommendation:

Consolidation Issues to Address

Fire Stations

Discussion: Each Agency brings to the JPA two fire station facilities. Ownership, financing, maintenance, and operational use should be identified and discussed.

Recommendation:

Existing capital assets

Discussion: Corte Madera and Larkspur will bring to the expanded JPA fire services-related capital assets in the form of fire stations, fire vehicles, fire equipment, station furnishings, office equipment and all other fire service related capital assets.

Equipment obligations outstanding

Discussion: Identify any outstanding financial equipment obligations.

Recommendation:

MERA obligations

Discussion: Corte Madera and Larkspur, as members of the MERA JPA, are responsible for annual debt service payments for bonds associated with the initial cost of the MERA infrastructure and initial radio equipment purchase, as well as an annual administrative fee. The original 1999 Bonds were refinanced in 2010 and run through 2021.

Recommendation:

Reserves

Discussion: The new JPA will need to identify a plan to build up a reserve fund.

Recommendation:

Insurance

Discussion: Larkspur is a member of the Bay Cities Joint Powers Insurance Authority (BCJPIA) self-insurance pool. Corte Madera is in the process of submitting an application for membership into the Bay Cities Joint Powers Insurance Authority. Consider submission for membership into the Bay Cities Joint Powers Authority for the new Fire JPA. Both agencies have outstanding liability claims and workers compensation claims that were incurred prior to the formation of the expanded JPA.

Recommendation:

Funding Formula

Discussion: The current funding formula for new Fire JPA calls for each of the two agencies to share all staffing and costs on a 50/50 basis. All revenue would remain “as is” with the current agency. Two options have been identified and are being discussed regarding future paramedic tax options with the Ross Valley Paramedic Authority.

Recommendation:

Name of Agency

Discussion: A new name is needed for the expanded JPA. Fire personnel note that it would be very helpful to have a name that ties to a geographic location and prefer “Department” over “Authority”. Councilmembers have made several inquiries regarding this topic.

Recommendation:

Organization Chart/Governance Structure

Discussion: The sharing of services has provided staff the opportunity to evaluate all levels of the organization. Staff is positioned to provide recommendations for changes/additions/re-organization to enhance service and reduce redundancies.

Recommendation:

JPA Agreement review

Discussion: Draft agreement has been completed by Tom Bertrand (CMPA Legal Counsel). Review by City/Town attorneys is pending. The JPA agreement follows the CMPA model.

Recommendation: