



GM Acknowledgement of Financial Impacts of Proposed Retiree Medical Benefit Changes (GC 7507)

Board of Directors Meeting
October 12, 2022



GC Section 7507 Requirements



- GC Section 7507 requires government agencies to obtain an actuarial opinion regarding the impact of proposed changes related to retiree healthcare benefits:
 - Obtain an actuarial statement of the impact of retiree healthcare benefit changes on future annual costs before authorizing the benefit change **(Completed – September 8, 2022)**
 - Provide this information at a public meeting at least two weeks prior to the adoption of the benefit change **(Completed - September 14, 2022 Board Meeting)**
 - Have the actuary present at the public meeting if the future annual costs of the benefit change exceed 0.5% of the future annual costs of the current plan **(Completed - September 14, 2022 Board Meeting)**
 - Have an agency representative with the responsibilities of chief executive officer (i.e., General Manager) acknowledge in writing that he understands the future annual cost impact of the benefit change **(Today's Board Meeting)**

Financial Impacts of Proposed Retiree Medical Benefits (GC Section 7507)



- In a separate action, staff is recommending the Board approve Memoranda of Understanding (MOUs) with the Professional and Technical and Management Association bargaining units
 - MOUs include retiree medical benefit changes that will alter future costs of retiree healthcare benefits
 - The Operations and Maintenance (O&M) bargaining unit is considering the same proposal related to retiree medical benefits
- Actuarial study determined the District's actuarial costs will decrease due to proposed retiree medical benefit changes
 - Unfunded Actuarially Accrued Liability (UAAL) would decrease by \$156k, which changes OPEB funding status from 96.0% to 96.7%
 - Actuarially Determined Contribution (ADC) will be reduced by ~\$50k
 - Increasing cost savings as employee demographics change
 - Financial impacts analysis is based on all units agreeing to proposed changes with reduction in cost savings if O&M unit does not agree (however, no cost increase to District)

Recommended Action

- Accept acknowledgement by the General Manager (Chief Executive Officer) that he understands the future annual costs of proposed retiree medical benefit changes