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# MENLO PARK FIRE PROTECTION DISTRICT

## STAFF REPORT

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**TO: Board of Directors**

**FROM: Human Resources**

**MEETING DATE: June 24, 2021**

**PREPARED BY: Francine Hunt, HR Manager**

**APPROVED BY: Chief Schapelhouman**

**ITEM: ADOPT A RESOLUTION OF INTENTION TO APPROVE A CONTRACT AMENDMENT FOR THE POST-RETIREMENT SURVIVOR CONTINUANCE BENEFIT FOR MISCELLANEOUS MEMBERS BETWEEN CALPERS AND THE MENLO PARK FIRE PROTECTION DISTRICT BOARD OF DIRECTORS**

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### **RECOMMENDATION**

It is recommended that the Board of Directors:

1. Accept the report as presented; and
2. Adopt a resolution of intention to approve a contract amendment for the Post-Retirement Survivor Continuance benefit for Miscellaneous members between CalPERS and the Menlo Park Fire Protection District

### **BACKGROUND**

AFSCME approached the District inquiring about retirement benefits listed in the Memorandum of Understanding (MOU) between Local 829, American Federation of State, County, and Municipal Employees, AFSCME and the Menlo Park Fire Protection District. After researching the different retirement benefits listed, it was discovered that one of the benefits identified in the MOU was never contracted for with CalPERS. The benefit is the Post-Retirement Survivor Continuance (Allowance) listed as 'Half Continuance' in the MOU. Though this benefit was pronounced in every AFSCME MOU since the formation of the unit, the District did not amend the CalPERS contract accordingly to include this benefit for the Miscellaneous Plan of the Menlo Park Fire Protection District.

### **DISCUSSION**

The Post-Retirement Survivor Continuance (Allowance) benefit is an optional benefit that is paid for and contracted by the employer. The benefit provides the annuitant's eligible survivor to receive a monthly allowance in the amount of 50% of the annuitant's unmodified allowance in the event of the annuitant's death. This benefit only applies to service credit accumulated after the effective date of the amendment to contract for this provision. In addition, this optional benefit

may only be exercised after retirement and the survivor must meet the eligibility requirements listed below:

- a spouse who was married to the annuitant at least one year prior to retirement and continuously until the annuitant's death, or if none;
- a domestic partner in a legally recognized partnership that was entered into at least one year prior to retirement and continuously until the annuitant's death, or if none;
- unmarried children under age 18 or an unmarried disabled child who became disabled prior to age 18 and whose continuing disability renders the child incapable of gainful employment, or if none;
- an economically dependent parent

The District's Safety Plan currently affords the Post-Retirement Survivor Continuation (Allowance) benefit for all safety members. This correction to the District's Miscellaneous Plan will extend the same benefit to all Miscellaneous employees.

Staff conducted extensive research through the District's document management system, DocuPhase, to find the first mention of the Post-Retirement Survivor Continuation (Allowance) benefit for Miscellaneous employees. The Post-Retirement Survivor Continuation (Allowance) was first noted in the Pay and Benefit Plan for Administrative Employees that was passed and adopted on November 15, 1993 (see Attachment C).

Since this benefit was included in the contractual agreement between AFSCME and the District, but not contracted with CalPERS, staff began the process to correct this oversight. Staff submitted a request for valuation to CalPERS on February 9, 2021 and was informed by CalPERS that the process would take up to 90 days for completion. The Amendment Actuarial Valuation reports were completed and provided to the District and staff began working with CalPERS to prepare the Resolution of Intention to bring before the Board. The contract amendment is a multi-step process. Once the Resolution of Intention is approved, staff will work with CalPERS to amend the contract and return to the Board on August 17, 2021 for the final contract amendment approval.

### **FISCAL IMPACT**

This correction and change in benefits affect the rate for Miscellaneous (AFSCME, Unrepresented Management and Confidential) PEPPA employees by increasing the employee rate by 0.50%, as well as the District's employer rate, by increasing the Total Employer Rate by 0.85%.

Per the actuarial valuation reports completed by CalPERS, the change in the Present Value of Benefits to provide Sections 21624, 21626 and 21628 (Post-Retirement Survivor Allowance) for Local Miscellaneous members is \$163,336 for the life of the plan.

### **ATTACHMENTS**

- A. Resolution of Intention
- B. Amendment to Contract
- C. 1993 Resolution/Pay and Benefit Plan for Administrative Employees