

November 18, 2024

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 S. Victoria Avenue, Suite 200  
Ventura, CA 93003

**SUBJECT: Proposed Changes to VCERA Management Employees Resolution: 1) Addition of Retiree Health Premium Coverage to Cover VCERA Service for Prior County Employees; 2) Modification of Annual Leave Redemption Pay Rate to Include Full Flex Credit Allowance Regardless of Individual Opt-Out Status; 3) Correction to Annual Leave Redemption Pay Rate to Include In-Lieu Incentive Offset; 4) Addition of Legacy Retiree Healthcare Premium Subsidy to Replace Loss to Monthly Retirement Benefits Due to Exclusion of Non-cashable Flex Credit from Compensation Earnable; 5) Correction to Deferred Compensation Employer Match Calculation Components; 6) Addition of Salary Range for Chief Technology Officer**

Dear Board Members:

Staff have compiled the following proposed changes to the VCERA Management Employees Resolution based on recommendations from the Ad Hoc Benefits & Compensation Committee as well as recent County union negotiations:

1. **RETIREE HEALTH PREMIUM COVERAGE**: Added new Section 403: Retiree Health Premium Coverage for current eligible employees which provides for retiree health premium payments up to five years.
2. **ANNUAL LEAVE REDEMPTION PAY RATE: FLEX CREDIT**: Modified Section 811: Rate of Pay for Annual Leave Redemption to correct the amount of Flexible Credit Allowance included (regardless of whether an employee has opted in or out of medical coverage).
3. **ANNUAL LEAVE REDEMPTION PAY RATE: INCENTIVE OFFSET**: Corrected Section 811: Rate of Pay for Annual Leave Redemption to clarify that the In-Lieu Incentive Offset (per Section 311(B)) is included.
4. **DEFERRED COMPENSATION EMPLOYER MATCH CALCULATION**: Corrected Sections 1301(A) and 1301(C): Deferred Compensation to remove "Deferred Compensation as per Sec. 1301-A", because the employer match is not part of amounts considered when calculating the employer match (i.e. circular reference); and to clarify 1301(A) regarding continuation of the employer match when the employee reaches their individual contribution limit.
5. **LEGACY RETIREE HEALTHCARE PREMIUM SUBSIDY**: Added new Article 14: Other Post-Employment Benefits, and Exhibit 2 chart of amounts, to allow VCERA employees to participate in the County's Legacy Retiree Healthcare Premium Subsidy and Reimbursement Plan, subject to County approval.
6. **SALARY RANGE FOR CHIEF TECHNOLOGY OFFICER**: Added Salary Range with 7 Steps for Chief Technology Officer to Exhibit 1, with the maximum base salary set at the median per Version 10 of the VCERA Compensation Study dated July 15, 2024.

## 1. RETIREE HEALTH PREMIUM COVERAGE

This item adds a new Section 403: Retiree Health Premium Coverage for current eligible employees which provides for retiree health premium payments up to five years, based on the employee's years of service. This effectively amends the VCERA Management Employees Resolution to allow VCERA service to be counted when determining eligibility for the Retiree Health Premium benefit administered by the County of Ventura, consistent with the Management Resolutions for APCD and Courts.

### Background

The County Management Resolution Section 505 provides for a Retiree Health Premium Coverage benefit:

<b>Sec. 505</b>	<b><i>Retiree Health Premium Coverage:</i></b> Notwithstanding any other provision in this Article, the County shall contribute an amount for the purpose of health plan premium payments to non-probationary employees covered by this resolution who retire after July 1, 1999, under Ventura County's retirement plan administered by the Ventura County Employee's Retirement Association. The amount of the County's contribution to such retirees shall be equal to the monthly equivalent of the premium charged to active employees for the Ventura County Health Care Plan "VCHCP." Payment of the established amount shall be made directly to the retiree. A retiree's eligibility to receive such health premium allowance shall be based upon the retiree's longevity as an employee of the County of Ventura as follows: for every five (5) full years of service completed with the County of Ventura the retiree shall be entitled to one year of health premium allowance; provided, however, that in no event shall the health premium contribution extend beyond five years from the date of retirement. The above provisions apply only to employees covered by the Management Resolution before July 3, 2005. The Board of Supervisors reserves the right to modify or eliminate this health premium allowance benefit at any time as it may apply to active employees.
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This benefit allows from one to five years of payments to eligible retirees. Key aspects to this benefit are:

- To be eligible for this benefit, the employee must have been covered by the Management Resolution before July 3, 2005.
- The allowance, payable monthly, is calculated as follows: for "each five full years of service completed" "with the County of Ventura" the retiree shall be entitled to one year of the health premium allowance, up to a maximum of five years.

Management Resolutions for other VCERA employers specify that service for that employer is included when determining the number of years of service that count toward this benefit eligibility. Section 506 of the APCD Management Resolution provides, in pertinent part: "A retiree's eligibility to receive such health premium allowance shall be based upon the retiree's longevity as an employee of the County of Ventura and APCD . . ." Similarly, the Courts Management Resolution provides in pertinent part, "Eligibility to receive health premium allowance shall be based upon the retiree's combined longevity as an employee of the Superior Court of California, County of Ventura, and/or the County of Ventura as follows . . ."

## Recommendation

On June 24, 2024, the Ad Hoc Benefits & Compensation Committee recommended the following with regard to the Retiree Health Premium Coverage:

“That **service as an employee of VCERA after today’s date** be added to an eligible employee’s prior County service in determining the number of years the eligible employee will be entitled to the post-retirement benefit of health plan premium payments established pursuant to Sec. 505 of the County Management Resolution (one year of benefit for each five years of qualified service).

As best the Committee can determine, there is only one current VCERA employee who was previously employed by the County and covered by the County Management Resolution prior to July 3, 2005 (required to be eligible). This recommendation would likely make that employee eligible for an additional year of benefit. Assuming that employee retires in 2025, the additional cost to VCERA would be approximately \$23,225.”

This recommendation was voted on and approved by the full Board at that meeting.

On July 29, 2024, the Ad Hoc Benefits & Compensation Committee modified its recommendation:

“As requested by the Board at its last meeting, the Committee has considered additional input regarding Post-retirement health plan premium payments and has elected to change its earlier recommendation because of unique circumstances and not as precedent and now recommends that, **rather than the previous specified date, current eligible employees may** use a combination of VCERA and County service in determining the number of years of entitlement to the benefit.”

The Board did not take action at that time.

The Committee gave direction to staff on November 4, 2024 to bring this recommended item back to the full Board with a proposed redline version of the resolution.

This is the proposed addition included in the redline version of the VCERA Management Employees Resolution:

Sec. 403	<b>RETIREE HEALTH PREMIUM COVERAGE:</b> Notwithstanding any other provision in this Article, VCERA shall contribute an amount for the purpose of health plan premium payments to non-probationary employees covered by this resolution who retire after November 18, 2024, under Ventura County’s retirement plan administered by the Ventura County Employee’s Retirement Association. The amount of the VCERA’s contribution to such retirees shall be equal to the monthly equivalent of the premium charged to active employees for the Ventura County Health Care Plan “VCHCP”. Payment of the established amount shall be made directly to the retiree. A retiree’s
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eligibility to receive such health premium allowance shall be based upon the retiree's longevity as an employee of the County of Ventura and VCERA as follows: for every five (5) full years of service with VCERA/County of Ventura, the retiree shall be entitled to one year of health premium allowance; provided, however, that in no event shall the health premium contribution extend beyond five years from the date of retirement.

The above provisions apply only to employees covered by the County Management Resolution before July 3, 2005, and also covered by the VCERA Management Employees Resolution as of November 18, 2024. The Board of Retirement reserves the right to modify or eliminate this health premium allowance benefit at any time as it may apply to active employees.

## 2. ANNUAL LEAVE REDEMPTION PAY RATE: FLEX CREDIT

This item modifies Section 811: Rate of Pay for Annual Leave Redemption to correct how the Flexible Credit Allowance is included (regardless of whether an employee has opted in or out of medical coverage).

### Background

Per the VCERA Management Employees Resolution, the pay rate used for annual leave redemption exercised by employees under Sections 805 or 806 (first hired before April 6, 2011) is a gross-up rate that includes Flexible Credit Allowance, Annual Leave Accrual Rate, and Deferred Compensation. See Section 811 below. The purpose of the gross-up rate is to allow the leave to be redeemed at the same "rate" it would be if it were otherwise taken as vacation (when paid at the base pay rate, and all other regular pay items would also be included on the paycheck).

**Sec. 811 RATE OF PAY FOR ANNUAL LEAVE REDEMPTION:** Annual leave redemption shall be calculated at the rate of compensation an employee would have received if they had been on the job when they earned the leave. In addition to base salary, as to employees provided Annual Leave Redemption under Sections 805 or 806 only (first hired before April 6, 2011), this also includes the following pay items that may previously have been, and/or is currently, provided to the VCERA employees:

- Flexible Credit Allowance
- Annual Leave Accrual Rate
- Deferred Compensation

The issue is that the Flexible Credit Allowance is no longer provided to all employees. Employees who opt out of the County's health insurance receive an opt-out allowance instead, and the amount is significantly lower than the flex credit allowance. See relevant sections from VCERA Management Employees Resolution and the County Management Resolution below. This creates an inequity between employees who opt out and those who do not with regards to leave redemption rate of pay.

The VCERA Management Employees Resolution refers to the County Management Resolution regarding flexible credit and opt-out allowance amounts:



**Sec. 401 HEALTH INSURANCE:** VCERA will make available to employees, through the County of Ventura (County), a Cafeteria Plan qualified under Section 125 of the Internal Revenue Code, known as the Flexible Benefit Program. For employees who opt into a County or VCERA-sponsored medical plan, VCERA will provide a Flexible Benefit Allowance, which may be used to pay premiums for medical, vision and dental coverage under a County or VCERA-sponsored plan, if any, as well as for dependent and health care spending accounts. For employees who opt out of enrollment in a County-sponsored medical plan, VCERA shall provide a Medical Plan Opt. Out Option payment, and such employees may also direct a portion of earnings to pay premiums for vision or dental coverage under a County or VCERA-sponsored plan, or to contribute to dependent and healthcare spending accounts. The Flexible Benefit Allowance and Medical Plan Opt. Out Option payment shall be provided by VCERA for each employee under the same terms and at the same rates as is provided by the County for Senior Management in Benefit Categories 1 and 2, with payroll designations as MA or MB employees, as amended from time to time.

The County Management Resolution specifies the following current allowances:

- Flexible Credit Allowance – \$497
- Opt Out Allowance – \$145

**Sec. 501 COUNTY CONTRIBUTION FOR EMPLOYEES TO PURCHASE A COUNTY-SPONSORED HEALTH PLAN:**

- A. Regular employees may elect to be covered by the County of Ventura Flexible Benefits Program. The County shall contribute a bi-weekly contribution amount as approved by the Board of Supervisors to be allocated to the purchase of any benefit option under the County's Flexible Benefits Program and subject to the provisions set forth below for full-time and part-time regular employees.
- B. For regular, full-time employees enrolled in the County of Ventura Flexible Benefits Program, subject to terms and conditions of the plan document, the County shall continue to contribute a bi-weekly contribution amount for each tier of coverage as follows ("County Contribution"):

<i>Medical Plan Enrollment</i>	Effective Date		
	12/11/2022	12/10/2023	12/8/2024
Tier I - Employee Only	\$497	\$502	\$509
Tier II - Employee +1	\$678	\$730	\$779
Tier III - Employee + Family	\$825	\$905	\$983

**Sec. 502     MEDICAL PLAN OPT-OUT OPTION:**

- A.     A regular employee may elect the Medical Plan Opt-Out Option declining medical coverage under the County of Ventura Flexible Benefits Program for the employee and the employee's dependents with adequate proof of enrollment in other qualifying group health insurance coverage.

- C.     A regular full-time employee electing the Medical Plan Opt-Out Option will be allocated a biweekly allowance in the amount set forth below which may be used for the purchase of any benefits offered under the Flexible Benefits Program, *except medical coverage*, or taken as taxable compensation:

1.     Effective as soon as administratively feasible, \$145.
2.     Effective 12/10/2023, \$147.
3.     Effective 12/15/2024, \$150.

The County Management Resolution addresses the Rate of Pay for Annual Leave Redemption in Section 1212:

- Sec. 1212     *Rate of Pay For Annual Leave Redemption:*** Annual leave redemption shall be calculated at the rate of compensation an employee would have received if they had been on the job. In addition to Base Salary this includes:

Article 4, Section 401 (Bilingual Pay)  
Article 4, Section 404 (Fire Staff Pay)  
Article 4, Section 405 (Probation Assignment Pay)  
Article 5, Section 501 (Health Insurance)  
Article 6, Section 604 (Auto Allowance)  
Article 6, Section 607A (Professional License)  
Article 6, Section 608 (Board Certified Pay)  
Article 6, Section 609 (CPA)  
Article 6, Section 612 (Educational Incentive Pay)  
Article 12, Section 1202 (Annual Leave Accrual Rate)  
Article 19, Section 1901(A) (effective July 6, 2014, this section shall no longer apply)  
Article 19, Section 1901(D) (Deferred Compensation)  
Article 19, Section 1902 (30-year Incentive)

Note that one of the items is Health Insurance benefits per Section 501, which equated to the Flexible Credit Allowance prior to the new Medical Opt Out Program.

The County Management Resolution was updated on September 12, 2023, with the following under Section 1212:

Effective July 1, 2023, when calculating the compensation rate of an employee for the purposes of this Section, the rate of pay under Section 501, as applicable, for those employees declining medical coverage under the County of Ventura Flexible Benefits Program, shall be the full flexible benefit credit for Tier 1 - Employee Only.

This Section does not apply to employees hired on or after April 6, 2011.

This change ensures that employees who opt out of medical coverage still receive the full flexible credit allowance as part of the leave redemption rate of pay.

### **Recommendation**

On July 29, 2024, the Ad Hoc Benefits & Compensation Committee stated the following:

“Finally, the Committee overlooked a prior issue with Item B2 of the Staff’s letter of December 21, 2023, which stated:

***Recommendation:*** Staff’s recommendation is that the Committee consider a modification to the Section 811 list of pay items included in the Rate of Pay for Annual Leave Redemption to clarify the Flexible Credit Allowance inclusion, consistent with recent updates made to the County Management Resolution: “Flexible Credit Allowance for Tier 1 – Employee Only, regardless of whether the employee has opted in or out of the County’s medical coverage”

Now that it has reviewed the issue, the Committee is of the opinion that it is a clean-up matter rather than a compensation or benefit matter and that staff should present it to the full Board in the form of a recommended amendment/revision to the VCERA Management Resolution.”

The Committee recommended to the Board that it “Direct Staff to present to the full Board a recommended amendment/revision to the VCERA Management Resolution to clarify the Flexible Credit Allowance inclusion, consistent with recent updates made to the County Management Resolution”. The Board did not take action at that time.

On November 4, 2024, the Committee gave direction to staff to bring this recommended item back to the full Board with a proposed redline version of the resolution.

This is the proposed modification included in the redline version of the VCERA Management Employees Resolution:

Sec. 811	<p><b>RATE OF PAY FOR ANNUAL LEAVE REDEMPTION:</b> Annual leave redemption shall be calculated at the rate of compensation an employee would have received if they had been on the job when they earned the leave. In addition to base salary, as to employees provided Annual Leave Redemption under Sections 805 or 806 only (first hired before April 6, 2011), this also includes the following pay items that may previously have been, and/or is currently, provided to the VCERA employees:</p> <ul style="list-style-type: none"><li>• Flexible Credit Allowance <u>for Tier 1 – Employee Only, regardless of whether the employee has opted in or out of the County’s medical coverage</u></li></ul>
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This modification to the Section 811 list of pay items included in the Rate of Pay for Annual Leave Redemption clarifies the Flexible Credit Allowance inclusion, consistent with recent updates made to the County Management Resolution: “Flexible Credit Allowance for Tier 1 – Employee Only, regardless of whether the employee has opted in or out of the County’s medical coverage”.

The effective date of this change should be the date of the County’s implementation of the new structure, which occurred on 6/25/2023. The County updated its Management Resolution on September 12, 2023, and VCERA staff brought this to the attention of the Ad Hoc Benefits & Compensation Committee on December 21, 2023. There has been only one staff leave redemption request that would need to be retroactively adjusted, and that occurred in the final pay period of 2023 (i.e. Pay Period 2023-26).

### 3. ANNUAL LEAVE REDEMPTION PAY RATE: INCENTIVE OFFSET

This item corrects Section 811: Rate of Pay for Annual Leave Redemption to clarify that the In-Lieu Incentive Offset (per Section 311(B)) is included.

#### Background

The VCERA Management Employees Resolution provides for an in-lieu incentive offset of 6% per Section 301 (B), below. This is not currently listed as part of the gross-up rate, however staff confirmed with the County Auditor-Controller Payroll that it is already included by the payroll system (as it should be because it is an element of pay that would normally be received if the leave were taken as vacation).

For comparison, the County Management Resolution addresses a Rate of Pay for Annual Leave Redemption in Section 1212:



Sec. 1212	<p><b>Rate of Pay For Annual Leave Redemption:</b> Annual leave redemption shall be calculated at the rate of compensation an employee would have received if they had been on the job. In addition to Base Salary this includes:</p> <ul style="list-style-type: none"><li>Article 4, Section 401 (Bilingual Pay)</li><li>Article 4, Section 404 (Fire Staff Pay)</li><li>Article 4, Section 405 (Probation Assignment Pay)</li><li>Article 5, Section 501 (Health Insurance)</li><li>Article 6, Section 604 (Auto Allowance)</li><li>Article 6, Section 607A (Professional License)</li><li>Article 6, Section 608 (Board Certified Pay)</li><li>Article 6, Section 609 (CPA)</li><li>Article 6, Section 612 (Educational Incentive Pay)</li><li>Article 12, Section 1202 (Annual Leave Accrual Rate)</li><li>Article 19, Section 1901(A) (effective July 6, 2014, this section shall no longer apply)</li><li>Article 19, Section 1901(D) (Deferred Compensation)</li><li>Article 19, Section 1902 (30-year Incentive)</li></ul>
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Note that all regular pay items are included for the calculation of the gross-up rate, including educational incentives.

### Recommendation

On June 24, 2024, the Ad Hoc Benefits & Compensation Committee stated the following:

The Auditor-Controller's office, in an email dated February 15, 2024, has verified In-Lieu Incentive Offset [per Section 311(B)] is already included in the Rate of Pay for Annual Leave Redemption. Accordingly, there is no need to amend the VCERA Management Resolution, unless Staff sees a compelling reason to do so, in which case they should bring a proposed revision to the Board at a future meeting.

Staff feel that it would be appropriate to update the VCERA Management Employees Resolution to match how the annual leave redemption pay rate is actually calculated to avoid any future confusion on this issue.

This is the proposed correction included in the redline version of the VCERA Management Employees Resolution, see last bullet point below:

Sec. 811	<p><b>RATE OF PAY FOR ANNUAL LEAVE REDEMPTION:</b> Annual leave redemption shall be calculated at the rate of compensation an employee would have received if they had been on the job when they earned the leave. In addition to base salary, as to employees provided Annual Leave Redemption under Sections 805 or 806 only (first hired before April 6, 2011), this also includes the following pay items that may previously have been, and/or is currently, provided to the VCERA employees:</p> <ul style="list-style-type: none"><li>• Flexible Credit Allowance <u>for Tier 1 – Employee Only, regardless of whether the employee has opted in or out of the County's medical coverage</u></li><li>• Annual Leave Accrual Rate</li><li>• <u>Deferred Compensation</u></li><li>• <u>In-Lieu Incentive Offset (per Section 311(B))</u></li></ul>
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#### 4. DEFERRED COMPENSATION EMPLOYER MATCH CALCULATION

This item corrects Section 1301(C): Deferred Compensation to remove “Deferred Compensation as per Sec. 1301-A”, since the employer match is not part of amounts considered when calculating the employer match (i.e. circular reference), and to clarify 1301(A) regarding continuation of the employer match when the employee reaches their individual contribution limit.

#### Background

The County of Ventura corrected this item in its County Management Resolution on June 18, 2024 (see item #92 of the Board of Supervisors meeting agenda on that date). Excerpts from the County’s board letter are below:

4. We recommend that your Board adopt the attached proposed amended Management Resolution:

- a. Amending Article 19, Section 1901.D.2, Deferred Compensation, County Match, to clarify ongoing contributions by the County.
- b. Amending Article 19, Section F, Deferred Compensation, to clearly define compensable elements included in determining County Match.

#### 4.b. Article 19, Section 1901.F, Amount of County Contribution to 401(k)

##### Discussion and Fiscal Impact

It is anticipated that there will be no fiscal impact because of this action because the amendment corrects a previous error that included Deferred Compensation as a compensable element in determining the amount of contribution to the Deferred Compensation (401(k)) Plan. This compensation element has been omitted from use in calculating the deferral or match contributions from the onset. We recommend that it be prospectively removed as the payroll system programming of this compensation item will be administratively burdensome while only impacting the non-represented employees.

The County Executive Office, County Counsel, and the Auditor-Controller’s Office have reviewed this letter. If you have questions, please contact me at (805) 654-3600.

Respectfully submitted,



J. Tabin Cosio  
Interim Director of Human Resources

Excerpts from the redline County Management Resolution presented and approved on that date are below:

2. Should an employee reach their individual contribution limit before the end of the calendar year, the County shall nonetheless continue to contribute ~~the a-3%~~ the value of the "County Match" as of the pay period when the individual contribution limit was met to the employee's account for the remainder of the calendar year, provided that the employee remains employed by the County.

- F. In determining the amount of contribution to the 401(k) plan under this Section, the following shall be considered in addition to Base Salary:

Article 4, Section 401 (Bilingual Pay)  
Article 4, Section 404 (Fire Staff Pay)  
Article 6, Sections 604 (Auto Allowance)  
Article 6, Section 607A (Professional License)  
Article 6, Section 608 (Board Certified Pay)  
Article 6, Section 609 (CPA)  
Article 6, Section 612 (Educational Incentive Pay)  
Article 19, Section 1901(A) (effective July 6, 2014, this section shall no longer apply).  
~~Article 19, Section 1901(D) (Deferred Compensation) and~~  
Article 19, Section 1902 (30-year Incentive)

### Recommendation

This item was discovered in early 2024 during discussions with the Ad Hoc Benefits & Compensation Committee regarding the items included in the Annual Leave Redemption Pay Rate, one of which is Deferred Compensation. The County corrected this in its management resolution in June 2024. Staff is now proposing that the same corrections be made to the VCERA Management Employees Resolution to reflect how the payroll system is currently configured.

These are the proposed corrections included in the redline version of the VCERA Management Employees Resolution:

2. Should an employee reach his/her individual contribution limit before the end of the calendar year, VCERA shall nonetheless continue to contribute ~~a-3%~~ the value of the "VCERA Match" as of the pay period when the individual contribution limit was met to the employee's account for the remainder of the calendar year, provided that the employee remains employed by VCERA.

C. In determining the amount of contribution to the 401(K) plan under this Section 1301, the following shall be considered in addition to base salary as to employees first hired by the County as management employees before April 6, 2011 who were appointed as VCERA employees immediately thereafter:

- Auto Allowance (as per Sec 506)
- Required Professional Licenses (only) (as per Sec 505)
- ~~Deferred Compensation as per Sec. 1301-A~~

## 5. LEGACY RETIREE HEALTHCARE PREMIUM SUBSIDY

This item adds a new Article 14: Other Post-Employment Benefits to allow VCERA employees to participate in the County's Legacy Retiree Healthcare Premium Subsidy and Reimbursement Plan, subject to County approval.

### Background

When the California Supreme Court issued the Alameda Decision on July 30, 2020, it ruled that retirement boards do not have the discretion to include in Legacy members' compensation earnable "in-kind" benefits. As determined in prior case law, "flex credit" payments that are applied to healthcare-related benefits are considered to be in-kind payments. Accordingly, flex credit amounts that cannot be received by employees in unrestricted cash must be excluded from compensation earnable.

On April 17, 2023, the Board of Retirement took action by resolution to exclude the non-cashable portion of the Flexible Credit Allowance from compensation earnable for Legacy members. This action results in a lower pension benefit than would have otherwise been calculated for these members. In anticipation of this action, the County adopted a substitute benefit in the form of a Health Reimbursement Arrangement (HRA) to help mitigate the loss of expected retirement benefits. An HRA is an employer-funded group health benefit that provides tax-free reimbursement for qualified medical expenses up to a fixed dollar amount per year, under IRS tax-qualified plan administration rules. The details of this benefit are described below.

Here are the highlights from the County Management Resolution, Article 23: Legacy Retiree Healthcare Premium Subsidy and Reimbursement Plan:

### **ARTICLE 23 LEGACY RETIREE HEALTHCARE PREMIUM SUBSIDY AND REIMBURSEMENT PLAN**

On April 17, 2023, the Ventura County Employees' Retirement Association ("VCERA") Board of Retirement took action by resolution ("Resolution") to exclude a portion of the Flexible Credit Allowance from compensation earnable for legacy (non-PEPRA) retirement plan participants. If such exclusion results in a loss to the retirement annuity benefit of legacy plan retirees, the County shall implement a Legacy Retiree Healthcare Premium Subsidy and Reimbursement Plan ("Plan") as follows:



### **Eligibility**

To be eligible for benefits under the Plan, employees must: (1) be eligible for a VCERA legacy (non- PEPRA) retirement plan; (2) have commenced employment with the County no later than April 16, 2023; and (3) and must retire from County service on or after July 30, 2020, and be an annuitant.

### **Plan Benefits**

The Plan will provide Members a monthly healthcare Benefit that will be funded into an HRA upon the Member's retirement from the County and the commencement of VCERA annuity payments. The maximum monthly Benefit shall be increased annually by up to a maximum of three percent (3%) based on changes to the Consumer Price Index (CPI) for the Los Angeles area for the previous twelve (12) months immediately before the new plan year. For example, should the change in the CPI-Los Angeles area be 1.5%, the monthly Benefit shall be increased by 1.5% for the new plan year, and should the change in the CPI-Los Angeles be 3.5%, the monthly Benefit shall be increased by the 3% maximum for the new Plan Year. The Plan shall also create individual Healthcare Reimbursement Accounts from which eligible healthcare reimbursements will be made to Members. Prior Plan Year available funds in Member's HRAs will be rolled over and made available to each Member each Plan Year. Member's HRA funds will be forfeited and reverted to Plan general assets only after the Member's death, the Member's beneficiary's death, and the end of the Claim Run-Out period.

### **Healthcare Subsidy Benefit**

The Retiree monthly Benefit shall be based on the retiree's age and number of County years of service at time of retirement as reported by VCERA.

In the event that a retiree's actual age or years of service combination does not appear in Exhibits 3 or 4, the nearest corresponding age or years of service that does appear in Exhibits 3 or 4 shall be used to determine the retiree monthly benefit amount for the Plan Year 2023.

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| Example 1 | General Legacy Employee retires at age 70 with 30 years of service. The 2023 monthly retiree benefit amount shall be \$364.85, utilizing age 65 and 30 years of service on Exhibit 4 to this Management Resolution. |
| Example 2 | General Legacy Employee retires at age 45 with 8 years of service. The 2023 monthly retiree benefit amount shall be \$59.10, utilizing age 55 and 10 years of service on Exhibit 4 to this Management Resolution.   |
| Example 3 | General Legacy Employee retires at age 67 with 45 years of service. The 2023 monthly retiree benefit amount shall be \$500.00, utilizing age 65 and 42 years of service on Exhibit 4 to this Management Resolution. |

See Exhibit 4 for General Members with amounts by age and service. The minimum amount is \$59.10 for age 50 with 10 years of service; the maximum amount is \$500 for age 65 with 42 years of service.

### **Recommendation**

On June 24, 2024, the Ad Hoc Benefits & Compensation Committee stated the following:



After evaluating options, the Committee decided to recommend to the Board the creation of a Replacement Benefit through participation in the County's plan established under Article 23 of the County Management Resolution to make up for the loss of inclusion of flex credit in compensation earnable of Legacy Employees resulting from implementation of the Alameda Decision and, in preparation for that, requested that Staff meet with the County to develop an appropriate amendment to the VCERA Management Resolution. That effort is now underway.

The next County HRA Committee meeting is not yet set, but is anticipated to occur in late November or early December. Staff already provided draft language to the committee at its May 29, 2024, meeting. The County later confirmed they were fine with that amended language, but are still working out some administrative issues with regards to how to join VCERA to the HRA plan.

This is a portion of the proposed addition included in the redline version of the VCERA Management Employees Resolution, with a few other minor adjustments, which includes "subject to the County's consent" so that it can be implemented when that milestone is reached:

#### **ARTICLE 14 OTHER POST-EMPLOYMENT BENEFITS**

**Sec. 1401 Legacy Retiree Healthcare Premium Subsidy and Reimbursement Plan:**  
If determined to be legally permissible, and subject to the County's consent, employees may participate in the County's Legacy Retiree Healthcare Premium Subsidy and Reimbursement Plan. ("HRA Subsidy Plan"), on the same terms and at the same rates as is provided by the County for Senior Management in Benefit Categories 1 and 2, with payroll designations as MA or MB employees, as amended from time to time. If the County deems it to be not legally permissible for VCERA employees to participate or continue to participate in the County's HRA Subsidy Plan or if the County otherwise withdraws its consent to VCERA employee participation, then VCERA will endeavor to provide a similar retiree benefit to VCERA employees.

Also included is Exhibit 2: General Legacy Retiree Healthcare Subsidy chart of the monthly healthcare benefit amounts based on age and service.

#### **6. SALARY RANGE FOR CHIEF TECHNOLOGY OFFICER**

This item adds a Salary Range with 7 Steps for the Chief Technology Officer (CTO) position to Exhibit 1, with the maximum base salary set at the median per Version 10 of the VCERA Compensation Study dated July 15, 2024.

#### **Background**

On July 15, 2024, Governor Newsom signed SB 1189 into law, effective January 1, 2025. This senate bill, sponsored by Senator Limón, amends Government Code (GC) Section 31522.10 by adding

“Chief Technology Officer” (CTO) to the list of positions that the Board of Retirement is authorized to employ directly as VCERA employees.

On September 9, 2024, the Board of Retirement acknowledged that the salary range for the CTO position would need to be decided by the Board, and that the market study conducted by the Ad Hoc Benefits & Compensation Committee was available to assist in that endeavor.

### **Recommendation**

At the Special Meeting of November 4, 2024, the Ad Hoc Benefits & Compensation Committee proposed and the Board adopted a maximum base salary for the new CTO position, set to the median per Version 10 of the VCERA Compensation Study dated July 15, 2024.

Staff prepared calculations to determine the resulting 7 step range based on that adopted maximum salary amount, and those calculations are included in the “Proposed Salary Range Steps for Chief Technology Officer” attachment. All other chief positions already included in Exhibit 1 have 7 steps, and the total difference from Step 1 to 7 is approximately 1.36037, or an increase of about 36%, with individual differences between the steps being approximately 1.05263, which represents increases of about 5.3%.

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**RECOMMENDATION: Adopt Proposed Changes to VCERA Management Employees Resolution: 1) Addition of Retiree Health Premium Coverage to Cover VCERA Service for Prior County Employees; 2) Modification of Annual Leave Redemption Pay Rate to Include Full Flex Credit Allowance Regardless of Individual Opt-Out Status; 3) Correction to Annual Leave Redemption Pay Rate to Include In-Lieu Incentive Offset; 4) Addition of Legacy Retiree Healthcare Premium Subsidy to Replace Loss to Monthly Retirement Benefits Due to Exclusion of Non-cashable Flex Credit from Compensation Earnable; 5) Correction to Deferred Compensation Employer Match Calculation Components; 6) Addition of Salary Range for Chief Technology Officer**

Staff would be happy to answer any questions regarding the item at the Board meeting of November 18, 2024.

Sincerely,



Amy Herron, CPA, CPFO, PMP  
Retirement Administrator