OCII
office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

128-0272016-002

Agenda Item **Nos. 5 (c) & 5 (d)**
Meeting of October 18, 2016

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee, Executive Director

SUBJECT: Approving the CalPERS form Resolution Authorizing a Contract between the California Public Employees' Retirement System (CalPERS) and the Successor Agency

Electing to be Subject to the Public Employees' Medical and Hospital Care Act at an Equal Amount for Employees and Annuitants

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EXECUTIVE SUMMARY

Approving Resolution No. 50-2016 for retirement benefits and No. 51-2016 for health benefits would administratively transfer the CalPERS retirement and health contracts of the San Francisco Redevelopment Agency (SFRA) to the Successor Agency, but would maintain all existing retirement and health benefits with no changes in service level or cost. Successor Agency employees and SFRA retirees, however, would have to re-enroll in the CalPERS health care plans. Administrative details of this transfer are detailed in a September 28, 2016 memorandum from Executive Director Bohee to OCII employees and a letter from CalPERS dated September 23, 2016 (Attachment 1).

Staff recommends approval of Resolution Nos. 50-2016 and 51-2016.

DISCUSSION

The SFRA provided both retirement and health benefits to its employees through a contract with CalPERS. As the Successor Agency to the SFRA, the Office of Community Investment and Infrastructure (OCII) is charged with administering the SFRA's contracts with CalPERS and paying all obligations under the contract. The former Redevelopment Agency first entered into a retirement benefits contract with the CalPERS predecessor in 1960 and subsequently participated in its health care program. These contracts, as amended from time to time, have remained in effect and continue today to provide benefits to OCII employees and retirees. CalPERS continued these benefits under the Redevelopment Agency's contracts even though state law dissolved the Redevelopment Agency in 2012.

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5th Floor
San Francisco, CA
94103

415 749 2400

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Post dissolution, CalPERS requested that OCII, as the Successor Agency, enter into a new retirement contract identifying the Successor Agency as the contracting party and requiring compliance with the elaborate process under law for new entities to join CalPERS. In late 2015, OCII agreed to a new contract, which required the approval of several resolutions by the OCII Commission and an election by OCII employees. On December 15, 2015, after staff had unanimously voted in favor of a new contract, the OCII Commission authorized a retirement contract with CalPERS identifying the Successor Agency as the employer of record instead of the Redevelopment Agency.

Subsequently, CalPERS informed OCII management for the first time that a separate Commission resolution was necessary to ensure that CalPERS health care benefits would continue. Over several months, OCII negotiated with CalPERS about the appropriate process to enter into new retirement and health care contracts. OCII's objective was to create the least disruption to employees' existing health care coverage. On September 28, 2016, Tiffany Bohee, Executive Director distributed an interoffice memorandum outlining the implementation of the new retirement and health contracts (See Attachment 1). On October 3rd, 2016, OCII management and CalPERS representatives, Renee Ostrander and Jennifer Rocco, conducted an All-Staff meeting to discuss the transition of the retirement and health benefits to the Successor Agency.

The first official step in this transition will be the Commission's approval of a new retirement contract. Resolution 50-2016 is the replacement retirement resolution, which mirrors Resolution 81-2015 approved by the Commission on December 15, 2015, but with a new effective date of December 1, 2016.

The second official step in this transition is the Commission's approval of a resolution authorizing the Successor Agency's participation in the CalPERS health care program. Resolution 51-2016 would authorize the Successor Agency to enter into a new contract with CalPERS for health benefits and would replace the existing Resolution No 59-75, approved April, 1 1975 and amended by Resolution 10-2000, January 25, 2000. Resolution 51-2016 would continue all existing health benefits with no changes to service levels or cost to the agency, employees or retirees. The new contract for health benefits, however, requires all employee and retirees to re-enroll in the CalPERS-sponsored health care plans.

NEXT STEPS

After approval of Resolutions 50-2016 and 51-2016, OCII will submit executed copies to CalPERS. CalPERS will process the resolutions; the retirement contract will become effective December 1, 2016 and the health contract will become effective January 1, 2017.

(Originated by Monica Davis Stean, Human Resources and Administrative Manager)

Tiffany Bohee
Executive Director

Attachment 1: September 28, 2016 OCII Interoffice Memorandum-CalPERS Pension and Health Benefits

OCII
office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

128-0252016-001

INTEROFFICE MEMORANDUM

TO: All OCII Employees who are CalPERS members

FROM: Tiffany Bohee, Executive Director

DATE: September 28, 2016

SUBJECT: CalPERS Pension & Health Benefits – October 3, 2016 All Staff Meeting

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On Monday, October 3, 2016 at 11 a.m. to 12 noon – 2nd floor Atrium Conference Room at 1 South Van Ness Avenue, OCII will hold an all staff meeting to discuss the proposed transition of CalPERS retirement and health care benefits from the Redevelopment Agency to the Successor Agency. We will have CalPERS officials in attendance to explain the transition and to answer your questions (Renee Ostrander, Chief, and Jennifer Rocco, Assistant Division Chief, in the CalPERS Employer Account Management Division). In addition, CalPERS has provided OCII management with the attached letter and exhibits. This memorandum provides additional background information.

As you know, the California Public Employees Retirement System (CalPERS) provides retirement and health care benefits for OCII employees. The former Redevelopment Agency first entered into a retirement benefits contract with the CalPERS predecessor in 1960 and subsequently participated in its health care program. These contracts, as amended from time to time, have remained in effect and continue today to provide benefits to OCII employees and retirees. CalPERS provides these benefits under the Redevelopment Agency's contracts even though state law dissolved the Redevelopment Agency in 2012.

Nonetheless, CalPERS requested that OCII, as the Successor Agency, enter into a new contract identifying the Successor Agency as the contracting party and requiring us to follow the elaborate process under law for new entities to join CalPERS. OCII management strenuously objected to a new contract because we believe it is unnecessary in light of the Redevelopment Dissolution Law's mandate that successor agencies assume the contractual obligations of the former redevelopment agencies. CalPERS refused to accept OCII's position and insisted on a new contract. In late 2015, OCII reluctantly agreed to a new contract, which required the approval of several resolutions by the OCII Commission and an election by OCII employees. On December 15, 2015, after staff had unanimously voted in favor of a new contract, the OCII Commission authorized a retirement contract with CalPERS identifying the Successor Agency as the employer of record instead of the Redevelopment Agency.

Subsequently, CalPERS informed OCII management for the first time that a separate Commission resolution was necessary to ensure that CalPERS health care benefits would continue. Before the Commission could approve a health care resolution, CalPERS informed some, but not all staff, that it was terminating their health care coverage under the old Redevelopment Agency contract. OCII management immediately contacted CalPERS and convinced it to continue health care coverage under the old contracts. Over several months, OCII negotiated with CalPERS about the appropriate process to enter into new retirement and health care contracts. OCII's objective was to create the least disruption to employees' existing coverage. Significantly, once OCII enters into new contracts, employees receive termination notices and have to re-enroll in the health care plans that CalPERS offers. The re-enrollment is similar to the process that employees follow in making changes in their health plan coverage during the annual open enrollment period.

Recently, OCII and CalPERS agreed to schedule the transition from Redevelopment Agency to Successor Agency coverage at approximately the same time as the CalPERS open enrollment period, but allowing OCII employees more time to re-enroll than under open enrollment. The first official step in this transition will be the Commission's approval of a new retirement contract and a resolution authorizing the Successor Agency's participation in the CalPERS health care program. OCII management is proposing that the Commission take these actions at its meeting of October 18, 2016. The retirement contract is the same one approved by staff and Commission last year, but with a new effective date. (CalPERS is not requiring another employee election to approve the retirement contract.)

If the Commission approves these actions on October 18, 2016, the new retirement contract becomes effective on December 1, 2016 and the health care contract on January 1, 2016.[1] The effect of these new contracts will be to terminate employees' coverage under the Redevelopment Agency contracts. CalPERS records will show that all active Successor Agency employees terminated their appointment with the Redevelopment Agency on November 30, 2016. In the attached letter, CalPERS states: "Successor Agency will need to create a new appointment for these employees with the Successor Agency effective on that date." Letter, R. Ostrander to J. Morales at pp. 1-2 (Sep. 23, 201*6).* ***The CalPERS references to terminating appointment and then creating a "new appointment" are strictly internal administrative actions between OCII and CalPERS that do not in any way reflect a change in the tenure of existing employees.*** The CalPERS letter goes on to state that "[t]here will be no break in service or change in pension benefits for employees. . . [and] no formal letters or communication from CalPERS regarding this change." Id.

The approval of a new health care resolution for the Successor Agency, however, will trigger formal termination notices from CalPERS that employees' health care coverage has been terminated. CalPERS insists that it cannot suppress these formal notices that will state: "[y]our

[1] CalPERS has explained that health care coverage continues for one month after an employer (e.g. the Redevelopment Agency) has terminated its retirement contract with CalPERS.

employer has terminated its health contract with CalPERS." OCII sought to change the language of this termination notice to reflect that CalPERS—not OCII—is requiring the termination of health care coverage. CalPERS did not accept this change. As a result of the termination, employees will need to re-enroll with CalPERS to continue health care coverage and will need to identify the health plan of their choice.[2] All employees must re-enroll even if they have previously changed plans during this year's open enrollment period or if they wish to continue with their current plan provider. OCII and CalPERS will assist employees in completing the new enrollment forms, which employees can submit after the current open enrollment ends on October 7, 2016. CalPERS is encouraging employees to submit the forms by October 31, 2016 to avoid processing problems.

The new enrollment in CalPERS health plans will become effective on January 1, 2017. CalPERS indicates that employees will receive an enrollment letter and "a welcome letter with new ID cards in the mail from their health carrier, even if they do not change carriers." Letter, R. Ostrander to J. Morales at p.2 (Sep. 23, 2016).

OCII management has sought over the last two years to limit the disruption and inconvenience to staff caused by CalPERS insistence on new contracts. Ultimately, we have decided that the best interests of OCII and its employees require cooperation with CalPERS. We appreciate your timely response in filling out the necessary CalPERS enrollment forms which will be provided at the meeting next week. Thank you for your time and patience on this transition.

In the meantime, please don't hesitate to contact Monica Davis Stean at x72406 or April Ward at x72514 with any questions prior to the October 3rd all staff meeting with CalPERS.

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[2] CalPERS is also requiring retirees to re-enroll in their health care plans, but will separately communicate with retirees and manage their re-enrollment process. OCII will not be involved in the retiree's transition.

CalPERS

P.O. Box 942709 Sacramento, CA 94229-2709
888 CalPERS (or 888-225-7377)
TTY: (877) 249-7442 | Fax: (916) 795-4166
www.calpers.ca.gov

California Public Employees' Retirement System
Employer Account Management Division

September 23, 2016

Mr. James Morales, General Counsel
San Francisco City and County Redevelopment Agency
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

CalPERS ID: 5072699744

Dear Mr. Morales,

This letter is regarding the transition of the San Francisco City and County Redevelopment Agency (Agency) to the Successor Agency. The Successor Agency will enter into a contract for pension and health benefits for the Successor Agency employees. The purpose of this letter is to outline important information regarding pension and health benefits for the employees of the Agency that will be transitioning to the Successor Agency.

Reason for Change

This change is required to ensure proper reporting through the my|CalPERS system. While CalPERS acknowledges your position that the new Successor Agency pension contract and Public Employees' Medical and Hospital Care Act (PEMCHA) resolution are a continuation of the Agency's current pension contract and PEMCHA resolution, the Successor Agency is a new contracting agency with CalPERS, and a new pension contract and PEMCHA resolution are required. When the new pension contract and PEMHCA resolution are in place, the pension and health benefits for employees will transition as well. The impacts and communications are outlined below.

Pension Benefits

The San Francisco City Redevelopment Agency pension contract will be terminated effective November 30, 2016. In order to make this change in the my|CalPERS system, all active Agency employees will have their appointment with the Agency separated on that date. The Successor Agency contract will be effective December 1, 2016 for pension benefits. The Successor Agency will need to create a new appointment for these employees with the Successor Agency effective on that date. There will be no break in service or change in pension benefits for employees.

The my|CalPERS system serves as the system of record for all of these transactions and can be used in the event that there are any future questions regarding an employee's pension benefits. CalPERS does not anticipate any impact to the pension benefits of Agency or Successor Agency employees as a result of this transition. In the event that there are any discrepancies CalPERS will work to resolve them in a timely manner.

Employees will receive no formal letters or communication from CalPERS regarding this change.

Health Benefits

All active Successor Agency employees must complete a new Declaration of Health Coverage Form HBD-12A and Health Benefit Plan Enrollment Form HBD-12 for coverage under the Successor Agency's new PEMHCA resolution. CalPERS suggests that all of these forms be completed during the current Open Enrollment period (September 12-October 7, 2016). However, these forms can be submitted after Open Enrollment ends. CalPERS strongly urges the Successor Agency to make sure that all forms are received no later than October 31, 2016 in order to allow sufficient time to process and resolve any issues that may arise.

The Agency health contract will be terminated effective December 31, 2016 at midnight. Upon the health contract termination all active and retired employees will receive health coverage cancellation letters from CalPERS (see Attachment 1) and their health carrier.

The Successor Agency health contract with CalPERS will become effective on January 1, 2017. All retired employees will be re-enrolled under the new health contract with no break in coverage. Active employees will need to be re-enrolled by using the Declaration of Health Coverage Form HBD -12A and Health Benefit Plan Enrollment Form HBD -12. Subsequently, all active and retired employees will receive an enrollment letter from CalPERS (see Attachment 2 and 3) and a welcome letter with new ID cards in the mail from their health carrier, even if they do not change carriers.

Due to the number of health carriers and their unique communications, CalPERS is unable to provide a sample of their letters.

Other Items

Enclosed you will find an updated action list for the Agency and the Successor Agency which outlines the necessary steps that must be taken by both of these agencies, as well as CalPERS.

CalPERS remains committed to assisting our members and business partners in all matters related to their retirement within the scope of statutory authority that is available to us. Should you have further questions, please contact Jennifer Rocco at (916) 795-3215 or Jennifer.Rocco@calpers.ca.gov.

Sincerely,
Signing on behalf.

Renee Ostrander, Chief
Employer Account Management Division

cc: Isabel Safie, Best Best & Krieger LLP

Enclosure

CalPERS

P.O. Box 942715 Sacramento, CA 94229-2715
888 CalPERS (or 888-225-7377) | Fax (800) 959-6545
www.calpers.ca.gov

California Public Employees' Retirement System

January 14, 2016

Dear :

We are contacting you regarding the cancellation of your CalPERS health benefit enrollment effective January 01, 2016.

This cancellation is due to the following reason:

Your employer has terminated its health contract with CalPERS, under which you receive your health coverage. Due to this termination, your health coverage will be cancelled effective January 01, 2016. If you have any questions, please contact your employer.

This record represents your health enrollment **before** the effective date of the cancellation. Please review this notice and the following pages carefully and notify our office immediately if you have any changes or corrections.

CalPERS ID FOR SELF:	HEALTH ENROLLMENT STATUS:	HEALTH PLAN:	PARTICIPANT SHARE PAYMENT TYPE:
	Active	PERS Choice Medicare Supplement Other Northern California	Standard

my|CalPERS 0353

ATTACHMENT I

Persons Enrolled in Supplemental / Managed Medicare:

NAME:	BIRTH DATE:	RELATIONSHIP:	ADDITIONAL INFORMATION:

For medical claim status, benefit information, identification card, booklets, or claim forms contact:

PERS Choice Medicare Supplement Other Northern California
P. O. BOX 629 WOODLAND HILLS, CA 91365 - 0629
(877) 737-7776

We are here to assist you. If you have any questions, send us a secure message by logging on to our Member Self Service portal at **my.calpers.ca.gov.** You may find additional answers to your questions by visiting our website at **www.calpers.ca.gov**, or you may call us toll free at **888 CalPERS** (or 888-225-7377).

Sincerely,

Health Account Services
Customer Account Services Division

CalPERS

P.O. Box 942715 Sacramento, CA 94229-2715
888 CalPERS (or 888-225-7377) | Fax: (800) 959-6545
www.calpers.ca.gov

California Public Employees' Retirement System

August 09, 2016

Dear :

We are contacting you regarding a health benefit enrollment action processed on your account for the individual(s) listed in the table below. Your health coverage will take effect on September 01, 2016.

Please review this notice carefully. If you are retired, notify our office immediately of any changes or corrections. If you are an active employee, submit your corrections to your employing agency's personnel office.

CalPERS ID FOR SELF:	STATUS:	HEALTH PLAN:	PARTICIPANT SHARE PAYMENT TYPE:
	Employment	Kaiser Permanente California Los Angeles Area	Standard

Persons Enrolled in Basic:

NAME:	BIRTH DATE:	RELATIONSHIP:	ADDITIONAL INFORMATION:
			New Enrollment
			Added
			Added

my|CalPERS 0704

ATTACHMENT 2

For medical claim status, benefit information, identification card, booklets, or claim forms contact:

Kaiser Permanente California Los Angeles Area
PO BOX 7141 KAISER MEMBER SERVICES PASADENA, CA 91109 - 7141
(800) 464-4000

We are here to assist you. If you have any questions, please send us a secure message by logging on to our Member Self Service portal at **my.calpers.ca.gov**. You may find additional answers to your questions by visiting our website at **www.calpers.ca.gov**, or you may call us toll free at **888 CalPERS** (or **888**-225-7377).

Sincerely,

Health Account Services
Customer Account Services Division

CalPERS

P.O. Box 942715 Sacramento, CA 94229-2715
888 CalPERS (or 888-225-7377) | Fax. (800) 959-6545
www.calpers.ca.gov

California Public Employees' Retirement System

August 25, 2016

Dear Irene Day:

We are contacting you regarding a health benefit enrollment action processed on your account for the individual(s) listed in the table below. Your health coverage will take effect on September 01, 2016.

Please review this notice carefully. If you are retired, notify our office immediately of any changes or corrections. If you are an active employee, submit your corrections to your employing agency's personnel office.

CalPERS ID FOR SELF:	STATUS:	HEALTH PLAN:	PARTICIPANT SHARE PAYMENT TYPE:
	New Contracting Retirement	Kaiser Permanente Senior Advantage Bay Area	Standard

Persons Enrolled in Supplemental / Managed Medicare:

NAME:	BIRTH DATE:	RELATIONSHIP:	ADDITIONAL INFORMATION:
		Self	New Enrollment

ATTACHMENT3

For medical claim status, benefit information, identification card, booklets, or claim forms contact:

Kaiser Permanente Senior Advantage Bay Area
PO BOX 7141 KAISER MEMBER SERVICES PASADENA, CA 91109 - 7141
(800) 464-4000

We are here to assist you. If you have any questions, please send us a secure message by logging on to our Member Self Service portal at **my.calpers.ca.gov**. You may find additional answers to your questions by visiting our website at **www.calpers.ca.gov**, or you may call us toll free at **888 CalPERS** (or 888-225-7377).

Sincerely,

Health Account Services
Customer Account Services Division

my|CalPERS 0704