

DATE: January 28, 2010

TO: WCA Governing Board

FROM: Belinda V. Faustinos, Executive Officer

SUBJECT: Item 12: Consideration of resolution approving a contract for Retirement Benefits Services.

RECOMMENDATION: That the Watershed Conservation Authority award a contract for Retirement Benefits Services with Robert, Reeves & Stout for the WCA not to exceed \$8,726.

BACKGROUND: On December 3, 2010 the WCA gave direction to staff to finalize a staff recommendation regarding establishing the WCA as an employer entity. In a related action at the same meeting the WCA accepted a redirected grant from the RMC for the Urban, Mountains & River Parkway Capital Projects Management Grant (RMC3635). The purposes of this redirected grant from the Mountains Recreation and Conservation Authority to the Watershed Conservation provided for personnel and related costs associated with the direct implementation of the projects granted funding by the RMC.

The approach the WCA has taken in moving forward to become an employer entity is to maintain, where possible, the income and benefits of the current staff employed by the Mountains Conservation and Recreation Authority (MRCA) working on projects funded by the RMC. The WCA has reviewed the current MRCA salaries, taxes, benefits and retirement plans. The WCA has researched and received proposals for the services it needs to provide. Staff has a recommendation for each of the services to be provided and proposed to be in effect on February 1, 2010. The recommendation for utilizing Robert, Reeves & Stout comes from its experience with clients of small government agencies, like Water Districts. The costs of the policies themselves were all the same to the employer. The other companies reviewed had no experience with government agencies.

Under MRCA there are no Social Security taxes taken out of MRCA staff paychecks, under the proposed WCA model Social Security taxes will be taken out of WCA staff paychecks (at a rate of 6%) as well as the WCA paying the 6% employer rate. The MRCA currently provides a retirement benefits package through the CalPERS. Since the WCA will be unable to enter into this program. The recommendation is for the WCA to provide a 457b Plan for employees. Since current staff had a benefit in which the MRCA provided a contribution at 14%, the WCA will be paying 6% of a contribution towards the Social Security tax for each employee, and the recommendation is for the WCA to contribute the remaining 8% into a 457b account for each employee. The recommendation is to utilize the firm of Robert, Reeves & Stout (see Exhibit A for costs and fees.)

There are no draft contracts for review because the companies create custom contracts at the time of starting the service. The Executive Officer and Staff Council will review the contracts before execution and start of services. The term of the contract is for one year as long as funding is available.

FISCAL: This action would recommend award of a contract to Robert, Reeves & Stout in the amount of \$8,726. These costs are based on a percentage of salary for each employee. Funding for this contract will come from grant funds associated with current and future WCA projects. This action also recommends that the WCA authorize related budget amendments.

Exhibit C: 457b Plan Provider and Costs

About Raymond, Reeves & Stout, LLP

- RRS is an independent , full-service, Third-Party Administration firm.
- Raymond, Reeves & Stout, LLP (RRS) began administering qualified retirement plans in 1969. RRS currently administers approximately 380 qualified plans.
- Stanford Stout has a degree in Accounting from the University of Utah. He became a Certified Public Accountant in 1976. He worked for Arthur Young & Company in California and Utah for eight years, and ran the tax department of the Salt Lake City office of Arthur Young & Company for four years. RRS hired him as an administrator in 1984. He earned his Accredited Pension Administrator (APA) designation in 2004.
- Robert Reeves has a degree in Business Management—Finance from Brigham Young University. He became a career agent with Beneficial Financial Group in 1979, and began work as an administrator for RRS that same year. He earned the Chartered Life Underwriter designation in 2000, and the Accredited Pension Administrator (APA) designation in 2004.
- RRS uses an outside actuary, Tom Adams, a long-time practicing enrolled actuary. He has worked for the IRS, and is a consultant to Actuarial Systems Corporation in Los Angeles. Tom provides oversight, and reviews each of the firm’s non-fully insured defined benefit plans.
- The firm has relationships with many CPA firms, RIAs, and other financial services representatives—in addition to providing shadow services to another TPA firm that does not have experience administering defined benefit plans.



Section 457(b) Plan

Eligible Employer

State of local government agency or instrumentality

Eligible Employees

Employees or independent contractors who provide services to the employer may be covered

Annual Deferral Limit

The lesser of 100% of compensation, or the current annual dollar limit (\$16,500 for 2009 and 2010)

Catch-up Contribution

The age 50 catch-up contribution is permitted (\$5,500 for 2009 and 2010)

Deferral Agreement

The deferral election agreement must be made no later than the month preceding the month that the deferral begins

Participant Loan

Loans to plan participants are permitted

Distributions

Distribution of benefits for certain events (e.g. severance, 70 ½, unforeseeable emergencies) are permitted, and are subject to income tax if not rolled over

Annual IRS Reporting

Section 457(b) Plans are not required to file Form 5500 (information return)

Plan Documentation

The employer is required to provide a written plan document defining provisions in accordance with the requirements of IRC Section 457

Fees

\$1,500 Plan Documentation Fee

\$150/hour Administration Services Fee



January 28, 2010 – Item 12
RESOLUTION 2010-33

RESOLUTION OF THE WATERSHED CONSERVATION
AUTHORITY (WCA) AUTHORIZING A CONTRACT WITH ROBERT,
REEVES & STOUT.

WHEREAS, the Watershed Conservation Authority has been established to facilitate joint projects between the Rivers and Mountains Conservancy and Los Angeles County Flood Control District; and

WHEREAS, the Watershed Conservation Authority (WCA) has been established to focus on projects which will provide open space, habitat restoration, and watershed improvement projects in both the San Gabriel and Lower Los Angeles Rivers watershed; and

WHEREAS, this action is exempt from the environmental impact report requirements of the California Environmental Quality Act (CEQA; NOW

Therefore be it resolved, that the WCA hereby:

1. FINDS that this action is consistent with the purposes and objectives of the WCA.
2. FINDS that the actions contemplated by this resolution are exempt from the environmental impact report requirements of the California Environmental Quality Act.
3. ADOPTS the staff report dated January 28, 2010.
4. APPROVES a contract with Robert, Reeves & Stout in the total amount of \$8,726.

~ End of Resolution ~

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Resolution 2010-33

Passed and Adopted by the Board of the
WATERSHED CONSERVATION AUTHORITY on January 28, 2010.

Teresa Villegas, Chair

ATTEST:

Terry Fujimoto,
Deputy Attorney General