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**COUNTY OF MENDOCINO
BOARD OF SUPERVISORS**

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August 16, 2016

Senator Mike McGuire
State Capitol, Room 5064
Sacramento, CA 95814-4900

Dear Senator McGuire:

On behalf of the Mendocino County Board of Supervisors, I write to express our opposition to Assembly Bill 1853, by Assembly Member Jim Cooper, which would allow any retirement system under the County Employees Retirement Law of 1937 (CERL) to elect to be independent districts by a simple vote by the Board of Retirement and assume specified responsibilities related to county employees.

Currently, retirement systems operating under CERL retain the ability to modify their operating systems by individually pursuing legislation to establish the different structure. Through this process, a public analysis can be performed of the effects such a change could have and the details of the shift of authority to the retirement system boards. This bill would eliminate a public view or conversation and, perhaps most troubling, requires no notice or resolution of the change by the Boards of Supervisors in those counties that originally adopted an ordinance to create the retirement system.

It is without question that such changes in operating structure that include new authority over and responsibilities for employees will result in increased administrative budgets for county retirement systems that opt into a new authority structure. While administrative costs for the retirement systems are capped in statute, nonetheless, a lack of review or oversight by the county Board of Supervisors regarding the hiring, pay and benefits of employees and the increase in system administrative costs that would be incurred by the county is problematic.

In addition, many counties contract with health care plans to provide health care benefits to their county personnel. AB 1853 contains a provision which would afford retirement system employees that were employees of the county the opportunity to participate in those county plans "under the same terms and conditions as those programs were available to county employees..." It should be noted that many health plans either do not offer or must approve coverage to those who are not actual employees of the contracting entity. The language of AB 1853 seems to imply that employees transferred to the county retirement systems must be offered coverage under the county plans for health care and other benefits; this could pose major administrative problems for both counties and

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the employees. Additionally, while AB 1853 does provide that the retirement system will cover the employer cost and “reasonable administrative expenses” for participation in these programs; however, “reasonable” remains undefined in the legislation and would expose counties to not being fully reimbursed for non-employees participating in their benefit plans.

For these reasons, we OPPOSE AB 1853 and respectfully request your “No” vote when this bill is heard on the Senate Floor.

Sincerely,

Dan Gjerde, Chair
Mendocino County Board of Supervisors

cc: The Honorable Jim Wood, California State Assembly
The Honorable Jim Cooper, California State Assembly
California State Association of Counties (CSAC)
Rural County Representatives of California (RCRC)