

# NORTH BAY COOPERATIVE LIBRARY SYSTEM

[HTTPS://NORTHNETLIBS.ORG/ABOUT-NLS/NBCLS/](https://northnetlibs.org/about-nls/nbcls/)

## Board of Directors Meeting

Thursday, October 17, 2019

10:00 a.m. – 11:00 a.m.

### MARINet Office

1600 Los Gamos Drive, Suite 180

San Rafael, CA

Conference Call

Phone Number: 1-877-216-1555

Passcode: 907394

- |                                                                                                                                         |          |                     |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------|---------------------|
| 1. Call to Order                                                                                                                        | Olowski  |                     |
| 2. Roll Call                                                                                                                            | Olowski  |                     |
| 3. Public Invited to Address the Board                                                                                                  |          |                     |
| 4. Approval of Agenda <b>(Action Item)</b>                                                                                              | Olowski  |                     |
| 5. Approval of Minutes of June 7, 2019 Meeting <b>(Action Item)</b>                                                                     | Olowski  | Attachment 1 pg. 3  |
| 6. Approval of Minutes of August 5, 2019 Special Meeting <b>(Action Item)</b>                                                           | Olowski  | Attachment 2 pg. 7  |
| 7. Approval of Minutes of August 16, 2019 Special Meeting <b>(Action Item)</b>                                                          | Olowski  | Attachment 3 pg. 8  |
| 8. Approval of Minutes of August 29, 2019 Meeting <b>(Action Item)</b>                                                                  | Olowski  | Attachment 4 pg. 9  |
| 9. Recommendation to Appoint Olowski as NBCLS Chair and Dodd as Vice-Chair for FY 2019/20 <b>(Action Item)</b>                          | Brinkley |                     |
| 10. Recommendation of Approval of NBCLS Retiree Health Insurance <b>(Action Item)</b>                                                   | Olowski  | Attachment 5 pg. 14 |
| 11. Update on Research Regarding Current and Former Members' Legal Obligations to Fund NBCLS's CalPERS Obligations <b>(Action Item)</b> | Olowski  | Attachment 6 pg. 25 |
| 12. Review of NBCLS Fund Balance and Consider Adopting Financial Formula for CalPERS Payment <b>(Action Item)</b>                       | Olowski  | Attachment 7 pg. 31 |
| 13. Adjournment                                                                                                                         |          |                     |

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## **Brown Act:**

The legislative body of a local agency may use teleconferencing in connection with any meeting or proceeding authorized by law. Cal. Gov't Code §54953(b)(1). A "teleconference" is "a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both." Cal. Gov't Code § 54953(b)(4). A local agency may provide the public with additional teleconference locations. Cal. Gov't Code § 54953(b)(4).

The teleconferenced meeting must meet the following requirements:

- (1) it must comply with all of the Act's requirements applicable to other meetings;
- (2) all votes must be taken by roll call;
- (3) agendas must be posted at all teleconference locations and the meeting must be conducted in a manner that protects the statutory and constitutional rights of the parties or public appearing before the body;
- (4) each teleconference location must be identified in the notice and agenda and each location must be accessible to the public;
- (5) during the teleconferenced meeting, at least a quorum of the members of the legislative body must participate from locations within the boundaries of the body's jurisdiction; and
- (6) the agenda must provide the public with an opportunity to address the legislative body at each teleconference location. Cal. Gov't Code § 54953(b).

## **Meeting Locations**

|                            |                                                     |
|----------------------------|-----------------------------------------------------|
| NorthNet Library System    | 2471 Flores Street, San Mateo, CA 94403             |
| Belvedere-Tiburon Library  | 1501 Tiburon Boulevard, Tiburon, CA 94920           |
| Benicia Public Library     | 150 East L Street, Benicia, CA 94510                |
| Dixon Public Library       | 230 North First Street, Dixon, CA 95620             |
| Lake County Library        | 1425 N. High Street, Lakeport, CA 95453             |
| Larkspur Public Library    | 400 Magnolia Avenue, Larkspur, CA 94939             |
| Marin County Free Library  | 3501 Civic Center Drive, #414, San Rafael, CA 94903 |
| Mendocino County Library   | 105 North Main Street, Ukiah, CA 95482              |
| Mill Valley Public Library | 375 Throckmorton Avenue, Mill Valley, CA 94941      |
| Napa County Library        | 580 Coombs Street, Napa, CA 94559                   |
| St. Helena Public Library  | 1492 Library Lane, St. Helena, CA 94574             |
| San Anselmo Public Library | 110 Tunstead Avenue, San Anselmo, CA 94960          |
| San Rafael Public Library  | 1100 E Street, San Rafael, CA 94901                 |
| Sausalito Public Library   | 420 Litho Street, Sausalito, CA 94965               |
| Solano County Library      | 1150 Kentucky Street, Fairfield, CA 94533           |
| Sonoma County Library      | 6135 State Farm Drive, Rohnert Park, CA 94928       |

**2471 FLORES STREET, SAN MATEO, CA 94403 T: 650-349-5538 F: 650-349-5089**

# NORTH BAY COOPERATIVE LIBRARY SYSTEM

**DRAFT**

## Board of Directors Meeting Minutes June 7, 2019

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**1. Call to Order:**

Meeting called to order at 10:01 a.m. by Chair, Suzanne Olawski

**2. Roll Call:**

David Dodd (Benicia), Catherine Wesenfeld (Dixon Public Library), Christopher Veach (Lake County), Sara Jones (Marin County), Danis Kreimeier (Napa County Library), Linda Kenton (San Anselmo), Henry Bankhead (San Rafael Public Library), Abbott Chambers (Sausalito), Suzanne Olawski (Solano County Library), Ann Hammond (Sonoma County Library), Chris Kreiden (St. Helena Public Library)

Carol Frost, Pacific Library Partnership; Andrew Yon, Pacific Library Partnership; and Jacquie Brinkley, NorthNet Library System/Pacific Library Partnership

**3. Public Comment:**

No public in attendance

**4. Approval of Agenda:**

Motion to Approve: Kreimeier moved; Bankhead seconded. Motion carried.

**5. Approval of Minutes of April 23, 2019:**

Motion to Approve: Jones moved; Bankhead seconded. Motion carried.

**6. Approval of CalPERS FY 19/20 Pre-Payment Option for Annual Payment:**

Olawski presented memo regarding CalPERS annual payment with recommendation to approve pre-payment lump sum option of \$72,635 using NBCLS funds balance to take advantage of discount offered. Kreimeier also recommended this option be taken.

Motion to approve pre-payment option for CalPERS 2019/20 Annual Payment: Kreimeier moved; Bankhead seconded. Motion carried.

**7. Approval of Payment for FY19/20 Retiree Health Benefits and Resolution #538**

Olawski presented the Health Benefits & Resolution #538 for 2020. One retiree continues to receive health benefits paid in full by NBCLS per agreement.

Motion to approve payment for 2020 Health Benefits and Resolution #538: Dodd moved; Bankhead seconded.

Kreimeier requested more information as to what health care plan NBCLS is purchasing for this retiree. Discussion ensued regarding past minutes and research conducted in 2014 that indicates no contracts or MOUs have been identified to confirm an obligation of on-going payment of health benefits for this retiree. Emails and research documents available indicate past practice and a reference to a Union agreement to support on-going payment for health benefits. Frost confirmed that retiree health plan is not Medicare which would be a lower cost

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**DRAFT**

## Board of Directors Meeting Minutes June 7, 2019

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option. Frost also confirmed that from past minutes and documentation available, on-going payment of health benefits was part of this retiree's contract and retiree would have right to sue NBCLS should they discontinue payment of this benefit. Discussion continued regarding capping amount paid for this retiree to amount of Medicare Part B (Supplemental) and allowing retiree option to use funds for plan they select.

Wesenfeld reported that Dixon Library has file boxes of NBCLS materials and she would look through all to determine if any documentation exists related to retiree health agreements and/or CalPERS.

Hammond also agreed to research NBCLS files that may still be housed at Sonoma County Library.

Dodd withdrew motion to approve payment for 2020 Health Benefits and Resolution #538.

Olawski suggested that, moving forward to FY 20/21 and beyond, NBCLS pay only amount of Medicare Part B. Also, that all NBCLS members should research records of past NBCLS meetings or events and send any documentation referencing agreements regarding CalPERS or retiree health coverage to her.

Bankhead recommended approval of Resolution #538 for 2020 payment of health benefits. Olawski recommended a Special Meeting be held in the Fall to review all documentation that can be acquired by that time and determine what action NBCLS will take on future payment of retiree health benefits moving forward.

Members noted that the current Resolution reads "calendar year" but NBCLS budget is approved on fiscal year status. Advised the Resolution to be revised and include exact effective dates and approve payment of health benefits through June 30, 2020.

Motion to approve current health benefit payment through June 30, 2020 and send notification to retiree to inform them that a Special Meeting will be held in Fall 2019 to review future payments. Retiree to be notified upon decision of the NBCLS Board regarding future health benefit amount paid by NBCLS: Dodd moved to approve; Bankhead seconded. Motion Carried.

Members took a break from 11:10 to 11:20. Meeting resumed at 11:25 a.m.

Frost reported that the SEIU agreement referred to in the records of emails from retiree expired in 2010 and no updates or amendments are on record to indicate extension of health benefits into the future.

Frost recommended that the Board set aside \$2,000 for legal fees to have the attorney review all documentation available regarding NBCLS retiree health benefit obligation. In absence of

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**DRAFT**

## Board of Directors Meeting Minutes June 7, 2019

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documentation that can be retrieved by NBCLSL members, an attorney's review and analysis would be advised.

Olawski will send out a notice to all NBCLS members to request search for NBCLS records related to CalPERS and retiree health benefit agreements. Members to scan and email any documentation to Olawski. Brinkley to assist with compiling and disbursing all documentation to membership.

### **8. Adoption of NBCLS FY2019/20 Budget**

Olawski presented NBCLS FY 2019/20 Budget for approval. Olawski recommended that \$2,000 be set aside for legal review of retiree health benefits.

With this amendment, Motion to approve NBCLS FY 2019/20 Budget: Bankhead moved; Kreimeier seconded. Motion carried.

### **9. Election of FY19/20 Chair and Vice Chair**

Olawski requested nomination of incoming Chair. Dodd nominated Christopher Veach.

Motion to elect Veach as NBCLS Chair for FY 2019/20: Dodd moved; Kreimeier seconded. Motion carried.

### **10. Discussion of CalPERS Cost Sharing Options for Current and Former NBCLS Members**

Olawski updated members on CalPERS standing for NBCLS. Notice was sent to current and former members to inform them of their CalPERS obligation as NBCLS members and to invite them to this meeting. This notice included a request to provide documentation of when/if member withdrew from NBCLS, as required in bylaws. Olawski noted that cost sharing model provided in agenda packet reflected only the current and active NBCLS members and asked how cost sharing models might be drafted to show past members or affiliate members. Discussion ensued regarding other considerations in creating a cost sharing model for NBCLS. Members asked what is the ability to enforce non-payment from past members? Discussion ensued regarding one option of asking former members for a one-time lump sum payment and then removing them from the list. Members suggested all current NBCLS members meet with their county counsels to obtain their advice. Recommendation to include all benefits members received when they were active in NBCLS, including Transaction Based Reimbursement (TBR) funds, second-level reference services, cataloging services, etc. Members suggested obtaining a letter of support from the State Librarian.

Member suggested that letter to former members include notice that if CalPERS were to be required to make decision on what is owed, would be based on service population of that member.

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## Board of Directors Meeting Minutes June 7, 2019

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Yon clarified that CalPERS can provide payoff amount for NBCLS as an entity, but not for individual members. A cost-sharing model would be developed for that calculation.

Members requested other cost sharing models be developed for their review at Fall meeting. Criteria for other models should include:

- Using FY 2017/18 library statistics obtained from State Library data (population)
- Use Operating Budget of FY 2017/18 (no capital budget included)
- One model would reflect total of all active member budgets and divide by # of members – use this % as base for calculating individual amounts
- Another model should reflect years of participation in NBCLS (based on documentation available)

For meeting in September (date to be determined), members will review:

- 3 additional cost sharing models (reflecting criteria from above);
- Dollar amount of what former members would owe (based on years of membership)
- Draft memo to former members detailing benefits received and amount owed

Frost suggested that an Active Member-only cost sharing model also be presented for review.

NBCLS has authorized NLS staff to contact the legal firm of BB&K and attorney Isabel Safie to request services of reviewing NBCLS records regarding retiree health benefits. A contract will be drafted by PLP for these services, not to exceed \$2,000.

Members clarified that no “payout” option would be offered to former NBCLS members.

Meeting Adjourned at 12:20 p.m.

# **NORTH BAY COOPERATIVE LIBRARY SYSTEM**

**DRAFT**

## **Board of Directors Special Meeting Minutes**

**August 5, 2019**

1. Meeting called to order at 3:03 p.m. by Chair, Suzanne Olawski.
2. Roll Call  
Present were: Suzanne Olawski (Solano County Library), David Dodd (Benicia Public Library), Henry Bankhead (San Rafael Public Library), Anji Brenner (Mill Valley Public Library), Danis Kreimeier (Napa County Library), Ann Hammond (Sonoma County Library), Linda Kenton (San Anselmo). Also present was Jacquie Brinkley, NLS.
3. Public address – No public in attendance.

Quorum of NBCLS Directors was not made for this meeting.

Meeting adjourned at 3:15 p.m.

# **NORTH BAY COOPERATIVE LIBRARY SYSTEM**

**DRAFT**

## **Board of Directors Special Meeting Minutes**

**August 16, 2019**

1. Meeting called to order at 11:32 a.m. by Chair, Suzanne Olawski.
2. Roll Call  
Present were: Suzanne Olawski (Solano County Library ), Henry Bankhead (San Rafael Public Library), David Dodd (Benicia), Danis Kreimeier (Napa County Library), Ann Hammond (Sonoma County Library), Chris Kreiden (St. Helena Public Library), Linda Kenton (San Anselmo), Sara Jones (Marin County), Abbott Chambers (Sausalito). Also present was Jacquie Brinkley, NLS.
3. Public address – No public in attendance.
4. Approval of Agenda.

Motion to Approve. Kreimeier moved; Dodd seconded. Motion carried.

5. Olawski reviewed background on agenda item to approved additional funds for legal research on the NBCLS obligation of payment for one retiree's health care coverage. The original amount approved for this research was \$2,000, but the attorney's scope of work estimate, including any new documentation to be reviewed on obligation of former NBCLS members for CalPERS payments totaled close to \$5,000. NBCLS had revised the legal request at this time to cover only the retiree health coverage. This research would require additional funds to be approved by NBCLS.

Motion to approve an additional \$3,000 for legal retainer with BB&K.

Kreimeier moved; Hammond seconded. Motion carried.

Kreimeier asked Olawski to give a summary of their recent meeting with City Manager of Sonoma regarding CalPERS. Olawski reported that she, Kreimeier and Hammond met with the Sonoma City Manager to discuss cities within the County of Sonoma who were former NBCLS members as individual cities. Olawski offered to write up a summary of this meeting for distribution to NBCLS members. Olawski also stated that, based on their meeting, if NBCLS was to dissolve, it was recommended that they work with an actuary to work through the process of current and former member obligations to CalPERS payments. Olawski reported that there is a CalPERS contact with whom NBCLS can work with.

Meeting adjourned at 11:43 a.m.



# **NORTH BAY COOPERATIVE LIBRARY SYSTEM**

**DRAFT**

## **Board of Directors Meeting Minutes**

**August 29, 2019**

1. Meeting called to order at 9:04 a.m. by Chair, Suzanne Olawski.

2. Roll Call

Present were: Suzanne Olawski (Solano County Library ), Henry Bankhead (San Rafael Public Library), David Dodd (Benicia), Danis Kreimeier (Napa County Library), Linda Kenton (San Anselmo), Aida Buelna (Dixon), Bonnie Katz (Solano County). Also present were Carol Frost, Pacific Library Partnership, Andrew Yon, Pacific Library Partnership, and Jacquie Brinkley, NLS.

3. Public address – No public in attendance.

Quorum was not made for this meeting. Action Items were deferred until next NBCLS Board meeting; date to be determined.

Agenda Items 4, 5, 6 & 7 were deferred until next Board Meeting:

8. Olawski announced that Veach, Lake County, was unable to continue in Chair role due to family obligations and had given his resignation. Olawski asked for volunteers to accept NBCLS Chair position. Discussion ensued. Olawski agreed to continue as Chair. Dodd volunteered to be Vice Chair. Vote will be taken at next NBCLS Board Meeting.

9. Olawski reviewed background on research to date of NBCLS retiree health benefit and obligation of NBCLS to continue payment. NBCLS contracted legal assistance of BB&K to provide analysis and opinion on this issue. A summary opinion from attorney Isabel Safie was provided for review at this meeting and discussed. Summary stated in brief that NBCLS was not legally obligated to continue payment of retiree health benefit. (Legal summary was distributed at the meeting and full report was submitted later in the day, both of which are attached to these Minutes). Attachment 4 was also reviewed with reference to rates for Medicare and that rates depend on financial circumstances for each individual. Information regarding rates for an individual are not available to the public. If NBCLS were to consider partial payment of retiree's health coverage with retiree to pay balance, NBCLS would ultimately be responsible for full payment. NBCLS would need to invoice the retiree to obtain their portion of payment.

Discussion continued regarding question from Dodd about retiree's union membership referenced in legal summary. This retiree was management and not a member of SEIU. With further reading of past documents, it was determined that all employees of NBCLS were receiving the same benefits as those represented by the SEIU members, although there is no management or union contract documentation available to NBCLS that can be found to support the claim of benefits to retiree. Continued discussion in reviewing the SEIU contract confirmed that when the contract was in place, current employees and retirees were paying a percentage of their health care costs, with percent on employee increasing by 1% each year. These agreements are documented in early NBCLS Minutes and Articles.

Discussion continued regarding NBCLS history of Board approving the continued payment of the retiree(s) health benefit (two (2) retirees until now) and payment was made and verified by Resolution at the discretion of the Board annually. NBCLS has the obligation to taxpayers to validate this on-going payment. Payment of health benefits could be perceived by the public a gift of public funds. There is a need to explain and justify with documentation this expenditure.

Member asked if NBCLS could pay less than what it is currently paying. Currently, NBCLS supplements the full cost of the Medicare plan for the retiree.

Olawski stated she supports continuing to pay retiree health benefit. NBCLS has approved payment through June 30, 2020. Olawski asked if the Board wanted to continue payment of this obligation. The members present affirmed a desire to continue supporting this benefit. Olawski noted that as NBCLS fund balance is depleted due to CalPERS increased payments, active NBCLS member libraries will be invoiced for both CalPERS and retiree health benefit.

Members present discussed capping the portion NBCLS to pay at 80%, with employee paying 20% of health benefit plan.

Members asked if retiree had been contacted to inform of the NBCLS review of her health care benefits and on-going payment. No contact with retiree has been made by NLS, and it had been decided to wait until after a legal opinion was obtained.

Olawski recommended that NBCLS Board meet again within next 2 months and invite retiree and ask for documentation she may have that supports the agreement with NBCLS of health benefit payment (letter of separation, MOU, etc).

Frost read from documents of May 2018 NBCLS meeting agenda that included letters from retiree to NBCLS consultant Jane Light who was researching CalPERS and retiree health obligation. Reference was made to Personnel Policies and long-standing practice of NBCLS to pay benefits on both employees and retirees.

Olawski and other members acknowledged a precedent of NBCLS to pay retiree health care costs, pointing out a previous shared model where employee or retiree paid a portion, but since 2010, NBCLS had paid retiree premium in full.

Katz suggested looking for NBCLS budgets of years prior to 2010 where detail on employee and retiree health benefits would be found. Olawski requested that staff consolidate all available documentation on retiree health payment history and any such agreements or policies found in NBCLS records in order to create a complete history for current and future NBCLS Board members. Documentation should include latest legal opinion obtained from BB&K. Documentation should also include any budget history that can be found regarding retiree health care payments to determine amount paid by retiree. Also to include any correspondence from or between retirees and any NBCLS representative or Board member. Olawski stated that upon gathering all documentation available, NBCLS would contact the retiree and invite them to the next NBCLS Board meeting where a decision regarding on-going payment will be made.

Frost noted that additional research on the part of NLS or PLP staff would require a contract revision between PLP and NLS, as time worked on the retiree health benefit and legal communications for

NBCLS had exceeded allocation for FY 2019/20. It was noted by members that many pieces of information cannot be found and that it may be that NBCLS will never find the documentation they are searching for regarding retiree benefits.

Kreimeier also acknowledged that NBCLS wants to honor what was agreed upon in the past and agrees to pay the retiree's health benefits into perpetuity, but documentation to support this agreement should be organized to provide a clear history of the agreement and precedent of payment

Buelna asked if the CalPERS payment for Dixon would change if Dixon were to join Solano County Library system. Katz confirmed that, should Dixon join the Solano County Library, Dixon's CalPERS payment would continue as Dixon would remain an independent library district with all obligations as before.

Buelna recommended a motion to determine a final percentage for what the retiree would contribute to their health care benefits and use that as basis for moving forward. Olawski and Kenton asked if this work would require additional research and contract revision for NLS & PLP, or if this was in the existing/current Scope of Work.

Frost suggested that if additional work is needed, Olawski could draft a Scope of Work and PLP would provide a quote for the work requested. Olawski would present this request to the NLS Executive Committee, if current requested work for NBCLS included any other research beyond collecting existing documentation, including attorney's report of 8/29/2019. After continued discussion, it was determined not to move forward with this additional work request at this time.

Recommended next steps:

- Communicate with the retiree NBCLS's plan of action for moving forward, including any change to existing rate paid by NBCLS.
- Agree to pay full premium balance for Calendar Year 2020 (July 1, 2020 through December 31, 2020). \*\* This recommendation will be an Action Item on next NBCLS meeting agenda.
- Board Action at the next meeting to approve the recommendation of retiree paying 80% of health insurance premium payment and amount that the retiree will contribute.
- After NBCLS approves the percentage, send a letter to the retiree to notify her of the change, and her ability to change insurance in October 2020 during the next open enrollment

Member recommended that the records of Resolutions approved since the retirement of DeBacker be included in documentation to note that annual payment of health benefits was always at the discretion of the NBCLS Board.

Olawski suggested reviewing the full report from Safie (distributed via email on afternoon of 8/29/2019) and determine any additional work or research that may be requested from NLS or PLP staff. If required, Olawski would draft a Scope of Work and obtain a quote for work requested. This quote would be taken to the NLS Executive Committee for approval.

10 minute Break. -- Meeting resumed at 10:15 a.m.

11. Olawski reviewed background on CalPERS obligation for NBCLS and referred to attachments that included letter sent on June 1, 2019 to all current and former NBCLS members requesting documentation of their NBCLS affiliation. Three former members responded to the June 1<sup>st</sup> letter. Olawski stated that she felt that the on-going CalPERS liability would fall to the current active membership of 15 public libraries. CalPERS is unable to determine % of liability for individual members and would only apportion % of payment should NBCLS file an intent to terminate the contract. Olawski recommended that former individual cities who were NBCLS members that joined their county systems should not be considered as individually obligated, as they were still paying into CalPERS, now through their county affiliation. Olawski noted that incomplete documentation for terms of membership also created a challenge to determine individual library obligation.

Dodd asked about Redwood Health Library and noted it was not included on list of former NBCLS members. Brinkley will check into documentation available for this library.

Dodd agreed that city libraries who joined their county systems should not be held separately, as they were still paying into the CalPERS system, now through their county.

12. Yon reviewed NBCLS fund balance and noted that funds will be depleted after FY 2020/21 CalPERS and retiree health care payments. Yon continued to say that a cost-sharing formula for NBCLS will need to be in place for obligations due in FY 2021/22.

Yon reviewed the shared-cost models developed at request of NBCLS members from meeting of June 7, 2019. Yon explained that the models were prepared using the current 15 active NBCLS member public libraries.

Discussion ensued regarding impact to libraries in various models.

Olawski asked for a poll from members in attendance regarding their cost-sharing model preference:

- Dodd/Benicia – recommended taking Option 4 off the table. Selected Option 2 as most fair to all.
- Kreimeier/Napa County - between Option 2 and Option 3
- Buelna/Dixon – Option 2
- Bankhead /San Rafael – Option 1 or Option 2
- Kenton/ San Anselmo – Option 2 or Option 3
- Katz/Solano County – Option 2

Dodd noted that he likes how MariNet makes financial decisions that require 4 + 1 large system to approve so that the smaller libraries cannot make decisions without a large system's vote.

Discussion on how to communicate with other NBCLS members that their input is needed on selecting a cost-sharing model.

Katz recommended that whatever cost-sharing model is selected, that the CalPERS payment schedule be reviewed and approved annually due to economic and budget fluctuations.

Yon affirmed that data was obtained from the California State Library website of State Data Portal of library statistics. Dodd recommended that for purpose of developing annual cost-sharing models,

NLS/PLP obtain annual data direct from each member library to avoid delay as the CSL website can be late in posting most current information.

Olawski said that she would draft another memo to NBCLS members with the following:

- Cost Sharing models for their review, including Option 4
- Next NBCLS Board meeting date
  - **Motion** – Vote will be taken to select cost-sharing model to begin FY 2021/22
- Retiree Health Care decision –
  - **Motion 1** – Cap NBCLS contribution to retiree health payment at 80% of supplemental plan which is currently in place, with retiree to pay 20%
  - **Motion 2** – Approve payment of health care premium for retiree – July 1, 2020 through Dec 31, 2020. Retiree can make changes in open enrollment of October 2020, if so desired.

Yon suggested that NBCLS codify with all NBCLS member libraries an MOU or other binding contract to indicate their agreement of the cost sharing model they select. Dodd said obtaining an MOU would be very complicated and require city council approval. Katz agreed that a binding agreement would be difficult to obtain.

Olawski asked Yon to confirm that if NBCLS were to pay off 100% of CalPERS unfunded liability, would payment obligation continue? Olawski and members agreed to hold that discussion for another meeting.

Brinkley asked for suggestions for next meeting date. Kenton suggested that NBCLS meet within the MARINet Board meeting of October 17, 2019. She will request that NBCLS be included on the MARINet agenda at next MARINet Executive Committee meeting on September 5. Brinkley will follow-up with Kenton on September 6.

Meeting adjourned at 10:55 a.m.

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**To:** North Bay Cooperative Library System  
**From:** Suzanne Olawski  
**Subject:** NBCLS Retiree Health Insurance Research  
**Date:** October 17, 2019

## Overview

The health insurance for the remaining retiree is provided through an annual contract between NBCLS and Golden State Risk Management Authority (GSRMA), an organization that provides services to small public agencies in California. GSRMA administers a program of the California State Association of Counties Excess Insurance Authority (EIA) called EIA Health Program. The current health medical plan is EPO Medicare (Single with Medicare). When someone is enrolled in a group Medicare plan with Medicare A and B, the Medicare Parts A and B will be primary in paying the claim. The group plan then pays the secondary portion. If the benefit they are seeking is not covered by Medicare parts A or B the group plan would supplement the shortfall in benefit if the group plan shows it as a covered benefit. If it is not covered by either benefit, the member would pay 100% of the cost.

Participating agencies are expected to pay for any covered retiree a minimum of the Single rate for the applicable plan.

## Summary of Discussions

At the June 2019 NBCLS Board of Directors meeting, the ongoing medical payments for a current retiree were discussed. A Motion was approved to continue health care payments until June 30, 2020. It was suggested that there could be a cap on the amount paid for health benefits to match the amount of Medicare Part B (Supplemental) the retiree receives. It was agreed that an attorney would be hired to review the benefit history and make a recommendation.

At the August 29, 2019 NBCLS Board of Directors meeting, it was asked if historical documents could be reviewed and a timeline could be developed of decisions:

- NBCLS employees had an SEIU contract, which lapsed in 2010
- The Contract included a provision where current employees would pay for a portion of their health care (about 15%), and that retirees hired before 1992 and working for 10 years or more would receive the same health benefits as current employees.
- 2013 – Jane Light explores retiree benefits and contacts DeBacker, who states that when contract lapsed, the employees used the Personnel Manual, which was largely silent on benefits. There is no official documentation that can be found, but it appears the practice was to continue the previous practices.
- 2014 – Light prepares memo for NBCLS Board of Directors. The following is decided:
  - o Benefits for spouses of retirees will no longer be covered
  - o Retirees will receive health benefits by annual approval of a resolution of the Board. Board approves paying full cost of health benefits for current retirees.
- Since that meeting, each year the NBCLS has approved the full payment of retiree benefits through resolutions.

# NORTH BAY COOPERATIVE LIBRARY SYSTEM

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## Summary of Attorney's Findings

**Exhibit A** is the letter to NBCLS regarding the obligation to continue health care payments. The attorney concludes that NBCLS is not required to continue paying for the retiree health benefits of the one retiree for which it is currently providing health benefits.

*"Ms. DeBacker retired after the only agreement granting retiree health benefits at the time of her employment, the memorandum of understanding between NBCLS and SEIU, had expired. Though NBCLS paid Ms. DeBacker's retiree health benefits upon her retirement, there is no evidence that the agency did so other than as a matter of past practice, and therefore a windfall to her, rather than pursuant to action by the NBCLS Board of Directors ("Board"). In fact, it was not until a few years after Ms. DeBacker retired that the Board took action to approve a retiree health benefit but only on a year to year basis and each time setting the portion of a premium that NBCLS agreed to cover.*

*As such, NBCLS may terminate Ms. DeBacker's retiree health benefit. Though not required, we would recommend that NBCLS give Ms. DeBacker a grace period between notification and the end of the agency's payment of her premiums. It may also be prudent to check with Golden State Risk Management Authority whether Ms. DeBacker has the option to continue enrollment in the supplemental health insurance policy on a self-pay basis and, if so, extending that option to her. Finally, the communication to Ms. DeBacker of the agency's decision, should it proceed to end the agency-paid benefit, should include that the agency's resources are depleting and that those resources will be allocated for the continued payment of the agency's pension obligations."*

## Recommendation from the August NBCLS Board of Directors Meeting

The NBCLS members attending the August meeting recommended the following:

- Continue to provide health care benefits to the retiree currently receiving them
- Cap NBCLS' contribution at 80%, with the retiree paying 20% of the health care premium
- Retiree will be invoiced on a regular basis to pay the premiums
- Approve full payment of retiree's health benefits for Calendar Year 2020 (July 1, 2020 through December 31, 2020) At a previous Board Meeting, the health care was approved for the first 6 months of 2020
- Notify retiree of changes and notify her that she may make changes in open enrollment in October 2020, if desired.

**MEMORANDUM**

**To:** North Bay Cooperative Library System  
**From:** Isabel C. Safie  
**Date:** August 29, 2019  
**Re:** Obligation to Continue Providing Retiree Health Benefits

**QUESTION PRESENTED**

Whether North Bay Cooperative Library System (“NBCLS”) is required to continue paying for the retiree health benefits of Annette DeBacker?

**SHORT ANSWER**

No. Ms. DeBacker retired after the only agreement granting retiree health benefits at the time of her employment, the memorandum of understanding between NBCLS and SEIU, had expired. Though NBCLS paid Ms. DeBacker’s retiree health benefits upon her retirement, there is no evidence that the agency did so other than as a matter of past practice, and therefore a windfall to her, rather than pursuant to action by the NBCLS Board of Directors (“Board”). In fact, it was not until a few years after Ms. DeBacker retired that the Board took action to approve a retiree health benefit but only on a year-to-year basis and each time setting the portion of a premium that NBCLS agreed to cover.

As such, NBCLS may terminate Ms. DeBacker’s retiree health benefit. Though not required, we would recommend that NBCLS give Ms. DeBacker a grace period between notification and the end of the agency’s payment of her premiums. It may also be prudent to check with Golden State Risk Management Authority whether Ms. DeBacker has the option to continue enrollment in the supplemental health insurance policy on a self-pay basis and, if so, extending that option to her. Finally, the communication to Ms. DeBacker of the agency’s decision, should it proceed to end the agency-paid benefit, should include that the agency’s resources are depleting and that those resources will be allocated for the continued payment of the agency’s pension obligations.

While NBCLS has no other retirees receiving a retiree health benefit, the agency has 10 employees. We similarly conclude that NBCLS has no obligation to pay for the health benefits of current employees upon their retirement because there is no vested right to such benefit in light of existing documentation. That is, NBCLS decides whether to provide retiree health benefits on a year-to-year basis and could, consistent with its retained authority, decide to cease the practice at any given time.



**KEY FACTS AND ASSUMPTIONS**

Ms. DeBacker first became employed by NBCLS in May 1988. It appears that during certain periods of her employment with NBCLS she was a member of Service Employees' International Union, AFL-CIO, Local 1021 ("SEIU"). SEIU's memorandum of understanding with NBCLS terminated on June 30, 2010 ("MOU") when SEIU failed to negotiate a new contract. Ms. DeBacker's employment with NBCLS ended on December 31, 2011 when she retired for service through CalPERS.

We have been informed that the only documents approved by the Board of Directors of NBCLS ("Board") which address retiree health benefits of agency employees are the MOU, which terminated on June 30, 2010, and resolutions adopted by the Board beginning with Resolution #533 adopted on October 2, 2014. Resolution #533 specifies that the Board will annually determine whether NBCLS will provide retiree health benefits during the following calendar year and, if so, the portion of retiree health premiums that NBCLS will cover. For each calendar year since 2015 to date, the Board has annually agreed to provide retiree health benefits at the employee only rate for a specified plan.

**ANALYSIS**

**A. PRINCIPLES ON VESTING OF RETIREE HEALTH BENEFITS**

The pensions of public employees are deemed part of the employee's compensation and are thus earned from the first day of employment. In *Kern v. City of Long Beach*,<sup>1</sup> the California Supreme Court held that the repeal of the City of Long Beach Charter provision providing employee pensions was in violation of the contracts clause of the California and federal Constitutions. Since a pension right is "an integral portion of the contemplated compensation" it cannot be destroyed once it has vested without unconstitutionally impairing a contractual obligation.<sup>2</sup> This principle is referred to as the vested rights doctrine.

Until recently, the vested rights doctrine had not been definitively extended to retiree health benefits. However, there existed authority arising under state law that suggested that retiree health benefits should be accorded the same status as any other component of an employee's pension, and that they are therefore subject to the same vesting principles.<sup>3</sup> The preceding conclusion appears reasonable when one considers that, like pensions, retiree health benefits are simply another form of deferred compensation conferred upon retirement. Further, drawing parallels between pensions and retiree health benefits is plausible if one considers that retiree health benefits can be as important to employees as pensions, especially in light of current health care costs. However, a 2009 Ninth Circuit Court decision concluded that modifications to employee *eligibility requirements* for retiree health benefits of *represented* employees (thus the

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<sup>1</sup> *Kern v. City of Long Beach*, 29 Cal. 2d 848 (1947).

<sup>2</sup> *Id.* at 856.

<sup>3</sup> See *Thorning v. Hollister School County*, 11 Cal. App. 4th 1598 (1992).

health benefits of retirees were not implicated) did not amount to an impairment of a vested contractual right in violation of the *federal* Contracts Clause.<sup>4</sup> As a result, at the time that the *San Diego* case was decided, there was a difference in opinion between state and federal courts regarding whether retiree health benefits should be accorded the same protection as is accorded to pension rights. While a San Diego Superior Court ruling appeared to resolve this issue by concluding that retiree health benefits are not vested benefits, a close reading of the ruling revealed that the court merely concluded that retiree health benefits were not a vested *pension* benefit.<sup>5</sup> This conclusion makes sense since the sole question before the court was whether the provision of retiree health benefits was a *pension* benefit under the San Diego City Employees' Retirement System.

Interestingly enough, the same question – whether retiree health benefits are a vested right – came before the Ninth Circuit one year later in *Retired Employees Association of Orange County v. County of Orange* (“REAOC II”).<sup>6</sup> Rather than answering the question raised in *REAOC II*, the Ninth Circuit Court certified the following question to the Supreme Court: whether as a matter of California law, a California county and its employees can form an implied contract that confers vested rights to health benefits on retired county employees. As discussed later, the Supreme Court answered this question affirmatively in 2011 (“REAOC III”),<sup>7</sup> but did not resolve whether the *REAOC III* plaintiffs had a vested right to certain retiree health benefits. Instead, the matter was remanded back to the Ninth Circuit Court which returned the matter to the district court that rendered its original decision in favor of the county.<sup>8</sup> The district court affirmed its original decision and the Retired Employees Association of Orange County appealed to the Ninth Circuit Court.<sup>9</sup> In 2014, the case was finally resolved by the Ninth Circuit Court's decision to affirm the district court's ruling in favor of the county.<sup>10</sup> The flaw in the retirees argument was that they were unable to show that the benefit at issue has been approved by the board of supervisors by resolution or ordinance.

Although the Supreme Court has now told us that it is possible to create a vested right to retiree health benefits, it is now clear that the courts will look to action taken by the governing body to determine whether a vested right has been created. The remainder of this Section A will

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<sup>4</sup> *San Diego Police Officers' Association v. San Diego City Employees' Retirement System, et al.*, 568 F.3d 725 (2009).

<sup>5</sup> *Levitt v. City of San Diego*, Case No. 37-2010-00094272-CU-OE-CTL (April 28, 2011).

<sup>6</sup> *Retired Employees Association of Orange County v. County of Orange*, 610 F.3d 1099 (9th Circuit, 2010). (hereinafter referred to as “REAOC II”).

<sup>7</sup> See *Retired Employees Association of Orange County v. County of Orange*, 52 Cal. 4th 1171 (2011) (hereinafter referred to as “REAOC III”).

<sup>8</sup> See *Retired Employees Association of Orange County v. County of Orange*, 663 F.3d 1292 (2011) (hereinafter referred to as “REAOC IV”).

<sup>9</sup> See *Retired Employees Association of Orange County v. County of Orange*, 2012 U.S. Dist. LEXIS 146637 (2012) (hereinafter referred to as “REAOC V”).

<sup>10</sup> See *Retired Employees Association of Orange County v. County of Orange*, 742 F.3d 1137 (2014) (hereinafter referred to as “REAOC VI”).

evaluate the application of the vested rights doctrine to the health benefits of retired employees since the only population receiving retiree health benefits from NBCLS are retirees.

1. *Vested Rights of Retired Employees*

It is not surprising that the greatest amount of protection is granted to the benefits, pension or health, that a retiree is receiving such that the benefits which have been promised and provided to retirees cannot be taken away or reduced *if* it can be established that a vested right to lifetime benefits was conferred. Further, in determining the *scope* of retiree health benefits, courts will interpret the language that provided the benefit to see what was actually promised.

For example, in *Sappington v. Orange Unified School Agency*,<sup>11</sup> the school district had been providing retirees fully paid PPO and HMO plans for twenty years pursuant to a unilaterally adopted district policy. Due to increasing medical insurance costs, the school district decided to require a contribution for the PPO plan while continuing to provide fully paid HMO benefits. The retirees filed suit, alleging that the school district was obligated to continue providing fully paid PPO benefits. In support of their position, the retirees relied upon language in a school district policy which stated, “The district shall underwrite the cost of the district’s medical and hospital insurance program for all employees who retire from the district provided they have been employed in the district for the equivalent of ten (10) years or longer.” In finding for the school district, the court held that this language only required that the school district provide the full cost for some type of insurance coverage, not a specific type of coverage. The court held that the school district’s past actions in providing free coverage for both HMO and PPO plans did not create a contractual obligation to do so, stating, “generous benefits that exceed what is promised in a contract are just that: generous . . . [t]hey reflect a magnanimous spirit, not a contractual mandate.”<sup>12</sup> The Court concluded that the retirees had not presented any evidence that they had a reasonable expectation that the school district would continue to provide PPO coverage and as such did not have a vested right to continued PPO coverage.<sup>13</sup>

In other words, it was sufficient that the school district provided retirees with full payment of a health insurance plan, albeit the least expensive one. Therefore, depending on the benefit-granting language in a resolution, MOU or policy, current judicial precedence may allow some room for changes to the type of retiree health benefits provided to current retirees. However, *Sappington* does not support, nor are we aware of any other judicial authority that supports, the elimination or reduction in employer contributions for health benefits currently received by, or paid on behalf of, retirees if a vested right to those benefits was conferred.

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<sup>11</sup> *Sappington v. Orange Unified School City*, 119 Cal. App. 4th 949 (2004).

<sup>12</sup> *Id.* at 955.

<sup>13</sup> *Id.*

2. *Determining Whether Retiree Health Benefits are Vested*

Whether an employer may make modifications to retiree health benefits is ultimately determined on a fact-specific basis and will vary from employer to employer. In *REAO III*,<sup>14</sup> the California Supreme Court concluded that a health benefit is vested if it is determined that the public employer intended, expressly or implicitly, to create a vested benefit. It further noted, “implied rights to vested benefits should not be inferred without a clear basis in the contract or convincing extrinsic evidence.” Although a court would exercise caution in finding any implied vested right, it may consider evidence *beyond* written employee communications and agreements to establish whether an employer promised to provide the retiree health benefit and, if so, to what extent (e.g., lifetime or specified term).

Relevant to our analysis, the *REAO III* case clarified the holding in an earlier appellate court decision which had extended the vested rights doctrine to any benefit which could be considered “fundamental”. In *California League of City Employee Associations v. Palos Verde Library District* (“*Palos Verde*”), the court found that “in determining whether [benefits] are fundamental the court is to evaluate the effect of it in human terms and the importance of it to the individual in the life situation.”<sup>15</sup> To determine whether a benefit is “fundamental” we must examine:

- (1) whether the benefit is declared in the employer’s policy of employment;
- (2) whether employees can demonstrate the importance of the benefit;
- (3) whether such benefits were an inducement for the employee to either accept the position or continue in their existing position; and
- (4) whether the benefit is a form of compensation which is earned by remaining in employment.

Using these criteria, the court in *Palos Verde* concluded that several non-pension benefits (a longevity salary increase, extra vacation after ten years of continuous service, and a paid sabbatical after each six years of full-time) were fundamental benefits which could not be terminated unilaterally by the public employer. The Supreme Court in *Orange County* clarified this ruling to mean that the presence of the four criteria reflected the intent of the public agency to provide a vested benefit.

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<sup>14</sup> *Retired Employees Association of Orange County v. County of Orange*, 52 Cal. 4th 1711 (2011).

<sup>15</sup> *California League of City Employee Associations v. Palos Verde Library District*, 87 Cal. App. 3d 135, 139-140 (1978).

Recently in *Fry v. City of Los Angeles* (“*Fry*”)<sup>16</sup>, an appellate court applied the holding from *REAOC III*, finding no vested or fundamental benefit. In *Fry*, four safety employees sued after the City of Los Angeles (“City”) froze the maximum subsidy on health insurance premiums in 2011.<sup>17</sup> The employees argued that the City had bestowed a vested right to a board-determined subsidy based on an ordinance the City passed in 2006 (the “Ordinance”). The Ordinance gave the pension board authority to make automatic and discretionary changes to the monthly subsidy within certain parameters. However the court cited *REAOC III* for the presumption “that a statutory scheme is not intended to create private contractual or vested rights and a person who asserts the creation of a contract with the state has the burden of overcoming that presumption....a party asserting a violation of the contract clause must show a clear and unambiguous constitutional violation.”<sup>18</sup> The court found that the City’s ordinance freezing the subsidy effectively revoked its delegation of authority to the board. The court noted that the City “did not state that the delegation to the Board was absolute or in perpetuity or that the council was divesting itself of authority to set the subsidy under other circumstances.”<sup>19</sup>

In addressing the *scope* of vested retiree health benefits the *Sappington* decision, discussed above, is consistent with the above principles. As a reminder, *Sappington* concluded that it was sufficient that the school district provided retirees with full payment of a health insurance plan, albeit the least expensive one. The decision is particularly significant in that it rejects an “all or nothing” approach to vesting—i.e., the employer may have the intent to provide vested health benefits but have no intent to guarantee a certain level of coverage or, for that matter, a particular level of premium reimbursement. Thus, changes may be made to retiree health benefits to the extent nothing is being taken away that has been *specifically promised* to employees who have met the requirements to retire.

Thus, to determine whether a vested right to retiree health benefits exists, we must look to whether the employer intended to confer retiree health benefits and, if so, what was actually promised, if anything, when that promise was made, and how that promise was communicated to employees. In the absence of a collective bargaining agreement other written documents, such as resolutions, ordinances, written policies and employment contracts, become instrumental in this analysis. In other words, the determination of what can be changed requires an analysis of the relevant documents and other evidence reflecting intent.

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<sup>16</sup> *Fry v. City of Los Angeles*, 245 Cal. App. 4th 539 (2016).

<sup>17</sup> *Id.* at 547.

<sup>18</sup> *Id.* at 550.

<sup>19</sup> *Id.* at 552.

B. APPLICATION OF VESTED RIGHTS DOCTRINE TO RETIREE HEALTH BENEFITS PROVIDED BY NBCLS

1. Overview of NBCLS Documents

For purposes of our analysis regarding retiree health benefits we have been provided, and have reviewed, Section 9.1 of the Agreement between SEIU Local 1021 and North Bay Cooperative Library System in effect between July 1, 2007 and June 30, 2010 (“MOU”). With respect to retiree health benefits, the MOU provides the following:

“(1) The System will provide health insurance benefits to all career employees hired before July 1, 1992 who retire after July 1, 1992 with ten (10) or more years of System service (consecutive or non-consecutive) at the same level of benefits as those being provided for current career employees and in accordance with the schedule of payments for the same.

(2) For any career employee hired or rehired after July 1, 1992, retiree health care shall be available under the following terms and conditions:

For career employees who retire with a minimum of ten years of System service (consecutive or non-consecutive) after July 1, 1992 the System shall contribute for the retiree only on the same basis and in the same manner as is done for employees hired before July 1, 1992. The retiree may enroll eligible dependents in the group health plan covering the retiree, but the retiree shall be responsible for the full costs of dependent(s) premium.

For career employees who retire with a minimum of twenty years of System service (consecutive or non-consecutive) after July 1, 1992, the System shall contribute an additional 50% of the cost of coverage for one dependent on the same basis and in the same manner as is done for employees hired before July 1, 1992. The retiree may enroll additional eligible dependents in the group health plan covering the retiree, but the retiree shall be responsible for the full costs of dependents(s) premiums.

In no event shall career employees hired or rehired after July 1, 1992 be entitled to receive greater contributions from the System for a health plan upon retirement than the System pays for employees hired prior to July 1, 1992 upon their retirement.

(3) The System shall provide health insurance benefits to all career employees who retire after July 1, 1983 and prior to July 1, 1992 at the same level of benefits as those being provided for current career employees and in accordance with the schedule of payments for the same.

(4) All other retiring System employees shall be provided access to health insurance at the same level of benefits provided to career employees, but the costs shall be borne by the retiree.”

The MOU expired on June 30, 2010 and was not renewed. We also reviewed the following:

- An e-mail from Ms. DeBacker dated June 10, 2013 detailing her understanding of the NBCLS retiree health benefit. She referenced that key principles of the MOU were reflected in a personnel policy but that such policy was merely a quick reference to provisions of the MOU. There is no indication that such personnel policy referenced *retiree* health benefits.

- Memorandum from Jane Light to the Board dated September 16, 2014 detailing: (1) the retiree health premiums paid on behalf of Ms. DeBacker and Ms. Stickney, the latter passed away earlier this year, and (2) information on the health insurance carrier for NBCLS. The memorandum also states that she could find no evidence of a retiree health benefit approved by the Board after the MOU expired. In light of the preceding, Ms. Light recommended Board action specifying that a decision to provide retiree health benefits would be made on an annual basis. The recommendation was approved in the form of Resolution #533 on October 2, 2014.

- Memorandum from Jacquie Brinkley dated May 31, 2018, providing background information on the retiree health benefit. This memorandum similarly concluded that there was no evidence of Board action to approve a retiree health benefit after the MOU expired until Resolution #533.

- Resolution #533 specifies that the Board will annually determine whether NBCLS will provide retiree health benefits during the following calendar year and, if so, the portion of retiree health premiums that NBCLS will cover.

2. *Application of the Vested Rights Doctrine*

It is our understanding that the materials described in Section B.1 of this Memorandum (collectively, the “Materials”), are the only materials that discuss retiree health benefits. It is further our understanding that any actions taken by the Board after Resolution #533 are consistent with said resolution. Thus, the following analysis assumes that there are no other materials that address retiree health benefits in a manner which differs from the Materials.

To determine whether a vested right to retiree health benefits exists, we look at whether NBCLS intended to confer lifetime retiree health benefits and, if so, what was actually promised, when that promise was made, and how that promise was communicated to employees.

**BBK**  
**BEST BEST & KRIEGER**  
**ATTORNEYS AT LAW**

In the absence of a collective bargaining agreement, written documents, such as resolutions, ordinances, written policies and employment contracts, become instrumental to this analysis.

After reviewing the Materials, we conclude that there is no evidence that NBCLS intended to confer a lifetime retiree health benefit to Ms. DeBacker. In fact, the only evidence of Board action with respect to retiree health benefits after the expiration of the MOU, which occurred prior to Ms. DeBacker's retirement, is the adoption of Resolution #533 which clearly establishes that the determination of whether to provide retiree health benefits will be made each year. The fact that NBCLS paid for the retiree health benefits of Ms. DeBacker on terms consistent with an MOU that was no longer in effect despite the absence of Board approval of such benefit is, as noted in *Sappington*, a generosity that does not create a contractual obligation to continue doing so for Ms. DeBacker's lifetime. As such, NBCLS may terminate Ms. DeBacker's retiree health benefit.

Of course, the absence of a viable claim against NBCLS in the event that it elects to terminate Ms. DeBacker's retiree health benefit does not necessarily mean that Ms. DeBacker will not pursue a claim. As such, we recommend that NBCLS give Ms. DeBacker a grace period between notification and the end of the agency's payment of her premiums. NBCLS may also wish to obtain a release of claims from Ms. DeBacker in exchange. It may also be prudent to check with Golden State Risk Management Authority whether Ms. DeBacker has the option to continue enrollment in the supplemental health insurance policy on a self-pay basis and, if so, extending that option to her. Finally, the communication to Ms. DeBacker of the decision, should NBCLS proceed to terminate her retiree health benefit, should include that the agency's resources are depleting and that those resources will be allocated for the continued payment of its pension obligations. Considering that Ms. DeBacker is a recipient of a NBCLS-funded pension benefit she may realize that it may not be in her interest to deplete the agency's resources with a lawsuit when the retiree health benefit she receives represents a supplemental health insurance policy rather than a primary health insurance policy. The latter is provided by Medicare.



# NORTH BAY COOPERATIVE LIBRARY SYSTEM

[HTTPS://NORTHNETLIBS.ORG/ABOUT-NLS/NBCLS/](https://northnetlibs.org/about-nls/nbcls/)

**To:** North Bay Cooperative Library System  
**From:** Suzanne Olawski, NBCLS Vice-Chair  
**Subject:** Update on Research Regarding Current and Former Members' Legal Obligations to Fund NBCLS's CalPERS Obligations  
**Date:** October 17, 2019

## WHAT HAS BEEN DONE SINCE THE LAST NBCLS ADMIN COUNCIL MEETING

On June 1, 2019, a letter (**Exhibit A**) was sent to current and past member agencies informing them of the upcoming June 7, 2019 annual meeting of the board and discussion about NBCLS' CalPERS unfunded liability of \$2,742,370 and how it will be paid off, as current and past members are liable for the obligation. The letter also included a request to provide documentation of when/if the member withdrew from NBCLS, as required in bylaws. Agencies were encouraged to attend or send a proxy to the meeting; neither any of the past member agencies attended the meeting nor did any submit their withdrawal documentation. An updated list of NBCLS agencies has been developed (**Exhibit B**), grouping past and current agencies by library type and association.

While they did not attend the annual meeting, conversations were had with three (3) past member agencies: Lanora Cox, Supervisory Librarian, Mitchell Memorial Library at Travis Air Force Base; Karen Schneider, Dean of the Library, Jean & Charles Schulz Information Center at Sonoma State University; and, Cathy Capriola, City Manager, City of Sonoma. In June, Ms. Cox stated that there are no NBCLS records at the Mitchell Memorial Library on base and would reach out the central Air Force Libraries to see if they have any records dating back to the 1980s. She communicated the potential liability to the base legal department. Also in June, Ms. Schneider was unable to attend the annual meeting and had requested the recording or minutes of the meeting. She has not provided any additional documentation but alerted the college legal department. Ms. Capriola met with three (3) NBCLS board members in August to discuss the backgrounds of NBCLS and NLS and the City's potential liability if NBCLS were to dissolve its cooperative.

At the annual meeting, the Board discussed other considerations in creating a cost sharing model for NBCLS, the ability to enforce non-payment from past members, and requesting a one-time lump sum payment from former members then removing them from the members list.

Additionally, the board authorized NLS staff to contact the legal firm of BB&K and attorney Isabel Safie to request services of reviewing NBCLS additional review and analysis of NBCLS's CalPERS obligation and review of records regarding retiree health benefits. The attorney's scope of work was amended to focus only on the health benefit portion.

## WHAT CALPERS WILL AND WILL NOT DO

It was asked if CalPERS has an actuarial person who could develop a formula for NBCLS for shared pension liability. Staff spoke with Jean Fannjiang, A.S.A., Senior Pension Actuary at CalPERS who is assigned to the Sonoma area. Below are the notes from that conversation as reported by Andrew Yon, PLP Controller:

# NORTH BAY COOPERATIVE LIBRARY SYSTEM

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*Jean said she **unable** to develop a cost-sharing formula that would distribute the Unfunded Liability balance to legacy system's library members. Without statistical data about each library system (NBCLS has no library members in CalPERS), she wouldn't have data to base her cost-share formula. Jean thinks the formula Marci Frost stated (when Carol Frost spoke with her at the Public Library Director's Forum) is the calculation of "what if" a legacy system would like to pay-off the Unfunded Liability (UAL) using a shorter period, she would be able to redo the formula to estimate what the UAL balance would be say on June 30, 2020 utilizing various investment returns and actuarial assumptions for the agency. She can also provide amortization schedules if we request 12 Yr vs 15Yr or other number of years up to 15 Year to amortize out the Unfunded Liability yearly payments. I did ask what if the Legacy System defaulted on paying off the UAL and she said that CalPERS would hold the legacy system liable, but she wasn't sure about the members. I found this section in BKK memo of 11/29/18 to NorthNet. One important note, for instance, NBCLS is expected to deplete their fund balance on June 30, 2021 (pending 5% increase in annual retirees medical cost) and decides to pay off the UAL balance on June 30, 2021, NBCLS will continue to have UAL if investment returns fall short and the Plan's market value of Assets decreased. On the other hand, if NBCLS plan has a surplus (Market Value of Assets exceeds Plan's UAL), the surplus will be used to pay-off the UAL balance.*

In summary, CalPERS can provide payoff amount for NBCLS as an entity, but not for individual members. CalPERS states they are unable to develop a cost-sharing formula that would distribute the Unfunded Liability balance to legacy system's library members.

## ATTORNEY ASSESSMENT OF AB1912 AND MEMBER LIABILITY

The NorthNet Library System (NLS) had previously hired Best Best and Krieger Attorneys at Law (BB&K) to review NLS's obligation for CalPERS obligations of the three legacy systems, as well as to review the documentation of each of the three legacy systems to determine their members' fiscal obligations.

In November 2018, BB&K provided NLS an assessment of the legacy system's CalPERS obligations as it related to AB1912. Below is an excerpt from that assessment as it pertains to NBCLS.

*In our previous Memorandum dated June 12, 2018, we concluded that members of North Bay could not be held liable for the JPA's retirement liabilities since North Bay's JPA agreement specifically provided that members would not be responsible for the debts of the JPA....*

*In light of AB 1912 becoming law, our previous conclusion with regard to North Bay changes significantly—North Bay member agencies would now be liable for the JPA's retirement liabilities in the event North Bay intends to adopt a resolution of intent to terminate its contract with CalPERS or CalPERS gives notice of potential termination.*

*Members of North Bay ... will share liability for the retirement obligations of their respective library system. However neither system will be required to allocate liability unless either intends to adopt a resolution of intent to terminate its contract with CalPERS or CalPERS provides either with a notice of a potential termination. Members of North Bay ... will not be required to*

# NORTH BAY COOPERATIVE LIBRARY SYSTEM

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*apportion liability if their respective systems are not at risk of failing, continue to pay required employer contributions, and do not plan to terminate their CalPERS contract.*

*In the event either system decides to terminate its contract with CalPERS, the member agencies would need to decide how to allocate retirement liability amongst themselves and provide CalPERS with a copy of the allocation agreement prior to filing a notice to terminate. Since the entire termination process begins with filing a notice to terminate and can generally last up to one (1) year, member agencies should work on the allocation agreement as soon as possible once it is determined that the system is terminating its contract, to avoid further delays.*

*If member agencies cannot agree on apportioning liability, CalPERS would determine apportionment between the member agencies based on share of service received from the legacy system by each agency, or the population of each member agency. A member agency may challenge the Board's determination, in which case an arbitrator would make the final and binding determination.*

## RECOMMENDATION

It is my recommendation that as the Board discusses the additional cost sharing models for active members that they consider forgoing pursuit of the individual cities where former city libraries joined a county system, especially if forty or more years ago. Additional discussion by the Board is needed in regard whether or not to pursue contribution from the other non-active member agencies. I recommend a Motion to Approve NBCLS, as a current active cooperative, forgoing pursuit of the individual cities and agencies where former city libraries joined a county system at least forty years ago.



2471 Flores Street, San Mateo, CA 94403  
650-349-5538 Fax: 650-349-5089

[www.northnetlibs.org](http://www.northnetlibs.org)

June 1, 2019

Dear Library Director,

The purpose of this letter is to inform you of the upcoming annual meeting of the North Bay Cooperative Library System (NBCLS) to be held on June 7, 2019 from 10am to 12pm at the Sonoma County Library Headquarters, 6135 State Farm Drive, Rohnert Park, CA 94928, during which NBCLS' CalPERS unfunded liability of \$2,742,370 and how it will be paid off will be discussed. You are a recipient of this letter because of your organization's standing as a current or past member of the NBCLS consortium. Current and past members are liable for this obligation; debt payment options will be discussed at the annual meeting. You are encouraged to attend or send a proxy in your stead and have a voice in the conversation.

North Bay was formed pursuant to a JPA agreement entitled "In re North Bay Cooperate Library System" effective April 1960 ("North Bay JPA Agreement"), which agreement was supplemented and amended effective May 13, 1964 and January 9, 1979. North Bay's members include various libraries, cities, counties, and school districts. North Bay originally contracted with the California Public Employees' Retirement System ("CalPERS") effective January 1, 1965, and amended its contract effective July 1, 1966, May 1, 1973, June 11, 1983, May 11, 1985, December 20, 1997, September 2, 1999, June 8, 2001, and November 8, 2002. NBCLS has no active employees, and has five (5) transferred members, five (5) separated members, and 18 retired members covered under its CalPERS contract as of June 30, 2015. NBCLS' employer contribution for CalPERS unfunded liability for fiscal year 2019-2020 is \$75,222 due to CalPERS newly adopted (February 2018) 15-year amortization period, an increase of 134% from fiscal year 18/19.

To date, NBCLS has been using its reserves to pay the CalPERS unfunded liability payments for the retirees. With the 15-year accelerated repayment schedule which CalPERS has adopted, NBCLS will run out of fund reserves within the next year. A cost share model must be developed. Per an attorney's analysis of AB-1912 as it relates to NBCLS, all former members are obligated to pay a portion of these costs. We have been notified by CalPERS that they will develop a model for payment only if NBCLS defaults. This is not desirable, as retirees' benefits would be affected and they could take legal action against NBCLS. It is therefore in the current and former members' interests to develop a cost share model within the next eight to twelve months.

On September 29, 2018, *AB-1912 Public employees' retirement: joint powers agreements: liability* was signed into law, effective January 1, 2019: a) members –former and current- will need to agree on the apportionment of liability, otherwise CalPERS will apportion liability; b) member agencies are liable for the JPA's retirement liabilities in the event the JPA intends to adopt a resolution of intent to terminate its contract with CalPERS or CalPERS gives notice of potential termination. Please see <https://northnetlibs.org/about-nls/nbcls/historical-documents/> for a copy of your agreement to join NBCLS. If there is not a withdrawal letter as part of your documentation, your organization is considered an active member, thus affecting your apportioned liability. If you have documentation demonstrating your withdrawal from NBCLS, please provide an electronic copy for our records. You also may see Attachment 5 (page 10) of the NBCLS Board of Directors Annual Meeting packet (June 7, 2019) for membership history.

Again, your attendance at the June 7, 2019 NBCLS annual meeting and/or participation in the discussion about apportionment of unfunded liabilities amongst NBCLS agencies to cover the unfunded liabilities of the JPA's inactive members is encouraged strongly.

Regards,

*Suzanne Olawski*

Suzanne Olawski, Chair, NBCLS  
Solano County Library

| Public Library Name                                        | Joined     | Affiliate  | Withdrew  | 2019 Member | Years      | Drop | Notes (* Agreement available)                                                                   |
|------------------------------------------------------------|------------|------------|-----------|-------------|------------|------|-------------------------------------------------------------------------------------------------|
| * Belvedere-Tiburon Library                                |            |            |           | x           |            |      |                                                                                                 |
| * Benicia Public Library                                   | 1960       |            |           | x           |            |      |                                                                                                 |
| Dixon Public Library                                       |            |            |           | x           |            |      |                                                                                                 |
| * Lake County Library                                      |            |            |           | x           |            |      |                                                                                                 |
| *Lakeport Public Library (Lake County)                     | 1964       |            |           |             |            | x    |                                                                                                 |
| * Larkspur Public Library                                  |            |            |           | x           |            |      |                                                                                                 |
| * Marin County Free Library (Marin County)                 | 1960       |            |           | x           |            |      |                                                                                                 |
| * Mendocino County Library                                 |            |            |           | x           |            |      |                                                                                                 |
| Ukiah Municipal / Public Library (Mendocino County)        | 1960       |            |           |             |            | x    |                                                                                                 |
| Mendocino Public Library Demonstration                     | 1964       |            |           |             |            | x    |                                                                                                 |
| * Mill Valley Public Library                               | 1964       |            |           | x           |            |      |                                                                                                 |
| Napa City-County Public Library (Napa County Library)      | 1960       |            |           | x           |            |      |                                                                                                 |
| * Richmond Public Library                                  | 1/4/1996   |            | 8/29/2005 |             | 9 yr, 7 mo |      |                                                                                                 |
| San Anselmo Public Library                                 |            |            |           | x           |            |      |                                                                                                 |
| * San Francisco Public Library                             | 7/1/1996   |            | 7/1/2002  |             | 6 yr       |      |                                                                                                 |
| * San Rafael Public Library                                |            |            |           | x           |            |      |                                                                                                 |
| * Sausalito Public Library                                 |            |            |           | x           |            |      |                                                                                                 |
| * Solano County Library                                    | 1960       |            |           | x           |            |      | Joined Solano County Library                                                                    |
| Vallejo Public Library (Solano County)                     | 1960       |            |           |             |            |      | 1974                                                                                            |
| Vacaville Unified School District                          | 1960       |            |           |             |            |      | 1978 (VUSDLD contract w/SCL)                                                                    |
| * Sonoma County Library                                    | 1960       |            |           | x           |            |      | Joined Sonoma County Library                                                                    |
| *Cloverdale Public Library (Sonoma County)                 | 1960       |            |           |             |            |      | 1966                                                                                            |
| * Healdsburg Public Library (Sonoma County)                | 1967       |            |           |             |            |      | 1975                                                                                            |
| *Petaluma Public Library (Sonoma County)                   | 1960       |            |           |             |            |      | 1975 (JPA?)                                                                                     |
| Santa Rosa Public Library (Sonoma County)                  | 1960       |            |           |             |            |      | 1965                                                                                            |
| *Sebastopol Public Library (Sonoma County)                 | 1960       |            |           |             |            |      | 1975 (JPA?)                                                                                     |
| Sonoma Valley Regional Library                             | 1960       |            |           |             |            |      | 1969                                                                                            |
| St. Helena Public Library                                  | 1960       |            |           | x           |            |      |                                                                                                 |
| Academic Library Name                                      | Joined     | Affiliate  | Withdrew  | 2019 Member | Years      | Drop | Notes                                                                                           |
| College of Marin/Marin Academic Library Consortium         | ?          |            |           |             |            |      | No documentation; can they be held liable?                                                      |
| Dominican University                                       | ?          |            |           |             |            |      | No documentation; can they be held liable?                                                      |
| * Pacific Union College                                    | 3/24/1998  | 11/1/2002  | 6/1/2004  |             | 6 yr, 3 mo |      |                                                                                                 |
| * Santa Rosa Jr College                                    |            | 10/1/2003  |           |             |            |      |                                                                                                 |
| * Solano Community College Library                         | 11/9/1990  |            |           |             |            |      |                                                                                                 |
| * Sonoma State University Library                          | 10/1/1980  |            |           |             |            |      |                                                                                                 |
| * UC Davis Library                                         | 11/24/1975 |            |           |             |            | x    | Different agreement; not sure if they can be held liable.                                       |
| School Library Name                                        | Joined     | Affiliate  | Withdrew  | 2019 Member | Years      | Drop | Notes                                                                                           |
| * Cloverdale Unified School District                       | 11/21/1975 |            |           |             |            |      | Agreement states 1 yr membership term                                                           |
| * Petaluma Unified School District (High School)           | 11/2/2000  |            |           |             |            |      |                                                                                                 |
| * Rancho Cotati High School Library                        | 1/9/1997   | 11/27/2002 |           |             |            |      |                                                                                                 |
| Solano County School Districts                             |            | 5/13/1964  |           |             |            |      | No documentation; can they be held liable?                                                      |
| * Sonoma County Office of Education                        | 4/7/1983   |            |           |             |            |      |                                                                                                 |
| Vacaville Unified School District                          | 1960       |            |           |             |            |      | No documentation; can they be held liable? Was this School/Library District; '78 contract w/SCL |
| Other Library Name                                         | Joined     | Affiliate  | Withdrew  | 2019 Member | Years      | Drop | Notes                                                                                           |
| * Alcohol Justice                                          | 3/6/1990   |            |           |             |            | x    | AKA: Marin Institute for Prevention Alcohol/Other Drug Problems; Marin Institute                |
| * City of Sonoma                                           | 1960       |            |           |             |            | x    | LMCB: Cathy Capriola, City Manager; Sonoma branch (SCL); 1969 Sonoma Lib merge w/ SCL           |
| The Goodman Library of Napa/Napa County Historical Society | 1960       |            |           |             |            | x    | No documentation; can they be held liable?                                                      |
| * Mitchell Memorial Library/Travis Air Force Base          | 9/18/1980  |            |           |             |            | x    | Lanora Cox, Librarian; no historical records on base;                                           |

# NORTH BAY COOPERATIVE LIBRARY SYSTEM

[HTTPS://NORTHNETLIBS.ORG/ABOUT-NLS/NBCLS/](https://northnetlibs.org/about-nls/nbcls/)

**To:** North Bay Cooperative Library System  
**From:** Suzanne Olawski  
**Subject:** Review of NBCLS Fund Balance and Consider Adopting Financial Formula for CalPERS Payments  
**Date:** October 17, 2019

## Background

At the June 2019 NBCLS Board of Directors meeting, the Board was provided a memo which estimated that due to the increased CalPERS Unfunded Liability repayment schedule, coupled with retiree health care costs, NBCLS will only be able to use fund balance to pay these costs in FY 2019/20, and that there will not be sufficient funds in FY 2021/22 for these ongoing costs.

For FY 2020/21, it is estimated that the costs will include \$81,572 for CalPERS Unfunded Liability (assuming a pre-payment discount), \$350 for the GASB 68 Accounting Valuation Report, and \$8,203 for retiree health care (assuming the full cost), for a total of \$90,125. NBCLS ending Fund Balance for FY 2019/20 is estimated to be \$92,484, leaving enough funds to cover FY2020/21 CalPERS Unfunded Liability obligations. It is anticipated that in FY2021/22, the remaining Fund Balance will not cover the CalPERS obligations.

Based on the above fiscal projection, NBCLS libraries will need to commence contribution to the ongoing CalPERS Unfunded Liability and retiree medical costs by FY 2021/22. NBCLS will need to establish a shared cost formula for these two ongoing fiscal obligations.

## Cost Share Formula

Members requested other cost sharing models be developed for their review at Fall meeting. Criteria for other models should include:

- Using FY 2017/18 library statistics obtained from State Library data (population)
- Use Operating Budget of FY 2017/18 (no capital budget included)
- One model would reflect total of all active member budgets and divide by # of members – use this % as base for calculating individual amounts
- Another model should reflect years of participation in NBCLS (based on documentation available)

When reviewing the feasibility of a model reflecting the years of participation in NBCLS, a survey was done to determine if there was enough data available to establish this model. As indicated in the chart below, for current active members, the date of joining is not known. Therefore, developing a model with this data is not possible unless either additional documentation is provided or else a common baseline for the unknown dates is established.

# NORTH BAY COOPERATIVE LIBRARY SYSTEM

[HTTPS://NORTHNETLIBS.ORG/ABOUT-NLS/NBCLS/](https://northnetlibs.org/about-nls/nbcls/)

| Library           | Year Joined NBCLS | Library     | Year Joined NBCLS                                                  |
|-------------------|-------------------|-------------|--------------------------------------------------------------------|
| Belvedere-Tiburon | unknown           | Benicia     | 1960                                                               |
| Dixon             | unknown           | Marin       | 1960                                                               |
| Lake County       | unknown           | Mendocino   | Ukiah 1960;<br>Mendocino Public 1964                               |
| Larkspur          | unknown           | Mill Valley | 1964                                                               |
| San Anselmo       | unknown           | Napa        | 1960                                                               |
| San Rafael        | unknown           | Solano      | 1960                                                               |
| Sausalito         | unknown           | Sonoma      | 1960 (various other dates for smaller cities joining individually) |
|                   |                   | St. Helena  | 1960                                                               |

Below are four different cost share formulas for consideration:

- Distributed by population
- Distributed by budget
- Distributed by 50% population and 50% budget
- Distributed by 5-tier based on Budget

## OPTION 1: COST SHARE BASED ON DISTRIBUTION BY POPULATION

| Library           | FY17/18<br>CSL Certified<br>Population | %<br>Population<br>Base Factor | Total Proposed<br>Unfunded<br>Liability &<br>Medical Costs |
|-------------------|----------------------------------------|--------------------------------|------------------------------------------------------------|
| Belvedere-Tiburon | 11,680                                 | 0.78%                          | \$ 701                                                     |
| Benicia           | 27,695                                 | 1.84%                          | \$ 1,663                                                   |
| Dixon             | 28,336                                 | 1.89%                          | \$ 1,701                                                   |
| Lake County       | 64,945                                 | 4.33%                          | \$ 3,899                                                   |
| Larkspur          | 12,572                                 | 0.84%                          | \$ 755                                                     |
| Marin             | 143,336                                | 9.55%                          | \$ 8,605                                                   |
| Mendocino         | 89,134                                 | 5.94%                          | \$ 5,351                                                   |
| Mill Valley       | 14,910                                 | 0.99%                          | \$ 895                                                     |
| Napa              | 136,375                                | 9.08%                          | \$ 8,187                                                   |
| San Anselmo       | 12,937                                 | 0.86%                          | \$ 777                                                     |
| San Rafael        | 60,842                                 | 4.05%                          | \$ 3,653                                                   |
| Sausalito         | 7,327                                  | 0.49%                          | \$ 440                                                     |
| Solano            | 379,992                                | 25.31%                         | \$ 22,812                                                  |
| Sonoma            | 505,120                                | 33.65%                         | \$ 30,324                                                  |
| St. Helena        | 6,033                                  | 0.40%                          | \$ 362                                                     |
| <b>Total</b>      | <b>1,501,234</b>                       | <b>100.00%</b>                 | <b>\$ 90,125</b>                                           |

Source: CSL Certification of Population Figures for 2017-18 Memo Dated 6/1/17



# NORTH BAY COOPERATIVE LIBRARY SYSTEM

[HTTPS://NORTHNETLIBS.ORG/ABOUT-NLS/NBCLS/](https://northnetlibs.org/about-nls/nbcls/)

## OPTION 2: COST SHARE BASED ON DISTRIBUTION BY BUDGET

| Library           | FY17/18 Budget Expenditure | % Budget       | Total Proposed Unfunded Liability & Medical Costs |
|-------------------|----------------------------|----------------|---------------------------------------------------|
| Belvedere-Tiburon | \$ 2,219,543               | 2.54%          | \$ 2,289                                          |
| Benicia           | \$ 2,062,802               | 2.36%          | \$ 2,128                                          |
| Dixon             | \$ 1,161,223               | 1.33%          | \$ 1,198                                          |
| Lake County       | \$ 1,036,665               | 1.19%          | \$ 1,069                                          |
| Larkspur          | \$ 835,415                 | 0.96%          | \$ 862                                            |
| Marin             | \$ 16,370,642              | 18.73%         | \$ 16,884                                         |
| Mendocino         | \$ 3,521,653               | 4.03%          | \$ 3,632                                          |
| Mill Valley       | \$ 2,553,878               | 2.92%          | \$ 2,634                                          |
| Napa              | \$ 8,340,061               | 9.54%          | \$ 8,602                                          |
| San Anselmo       | \$ 940,622                 | 1.08%          | \$ 970                                            |
| San Rafael        | \$ 4,274,236               | 4.89%          | \$ 4,408                                          |
| Sausalito         | \$ 927,097                 | 1.06%          | \$ 956                                            |
| Solano            | \$ 18,288,285              | 20.93%         | \$ 18,862                                         |
| Sonoma            | \$ 23,877,755              | 27.33%         | \$ 24,627                                         |
| St.Helena         | \$ 973,205                 | 1.11%          | \$ 1,004                                          |
| <b>Total</b>      | <b>\$ 87,383,082</b>       | <b>100.00%</b> | <b>\$ 90,125</b>                                  |

Source: CSL Ready Report - FY17/18 Expenditure

## OPTION 3: COST SHARE BASED ON DISTRIBUTION BY 50% POPULATION AND 50%BUDGET

| Library           | FY17/18 Budget Expenditure | 50% Based on Budget Size | FY17/18 CSL Certified Population | % Based on Population | Total Proposed Unfunded Liability & Medical Costs |
|-------------------|----------------------------|--------------------------|----------------------------------|-----------------------|---------------------------------------------------|
| Belvedere-Tiburon | \$2,219,543                | \$ 1,145                 | 11,680                           | \$ 351                | \$ 1,495                                          |
| Benicia           | \$2,062,802                | \$ 1,064                 | 27,695                           | \$ 831                | \$ 1,895                                          |
| Dixon             | \$1,161,223                | \$ 599                   | 28,336                           | \$ 851                | \$ 1,449                                          |
| Lake County       | \$1,036,665                | \$ 535                   | 64,945                           | \$ 1,950              | \$ 2,484                                          |
| Larkspur          | \$835,415                  | \$ 431                   | 12,572                           | \$ 377                | \$ 808                                            |
| Marin             | \$16,370,642               | \$ 8,442                 | 143,336                          | \$ 4,303              | \$ 12,745                                         |
| Mendocino         | \$3,521,653                | \$ 1,816                 | 89,134                           | \$ 2,676              | \$ 4,492                                          |
| Mill Valley       | \$2,553,878                | \$ 1,317                 | 14,910                           | \$ 448                | \$ 1,765                                          |
| Napa              | \$8,340,061                | \$ 4,301                 | 136,375                          | \$ 4,094              | \$ 8,394                                          |
| San Anselmo       | \$940,622                  | \$ 485                   | 12,937                           | \$ 388                | \$ 873                                            |
| San Rafael        | \$4,274,236                | \$ 2,204                 | 60,842                           | \$ 1,826              | \$ 4,030                                          |
| Sausalito         | \$927,097                  | \$ 478                   | 7,327                            | \$ 220                | \$ 698                                            |
| Solano            | \$18,288,285               | \$ 9,431                 | 379,992                          | \$ 11,406             | \$ 20,837                                         |
| Sonoma            | \$23,877,755               | \$ 12,314                | 505,120                          | \$ 15,162             | \$ 27,476                                         |
| St.Helena         | \$973,205                  | \$ 502                   | 6,033                            | \$ 181                | \$ 683                                            |
| <b>Total</b>      | <b>\$ 87,383,082</b>       | <b>\$ 45,063</b>         | <b>1,501,234</b>                 | <b>\$ 45,063</b>      | <b>\$ 90,125</b>                                  |

Source: CSL Ready Report - FY17/18 Expenditure

# NORTH BAY COOPERATIVE LIBRARY SYSTEM

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## OPTION 4: COST SHARE BASED ON 5-TIER DISTRIBUTION BY BUDGET

| Library           | FY17/18 Budget Expenditure | Library Base Rate | Base Factor  | Total Proposed Unfunded Liability & Medical Costs |
|-------------------|----------------------------|-------------------|--------------|---------------------------------------------------|
| Belvedere-Tiburon | \$2,219,543                | \$300             | 20.48        | \$6,145                                           |
| Benicia           | \$2,062,802                | \$300             | 20.48        | \$6,145                                           |
| Dixon             | \$1,161,223                | \$200             | 20.48        | \$4,097                                           |
| Lake County       | \$1,036,665                | \$200             | 20.48        | \$4,097                                           |
| Larkspur          | \$835,415                  | \$100             | 20.48        | \$2,048                                           |
| Marin             | \$16,370,642               | \$500             | 20.48        | \$10,242                                          |
| Mendocino         | \$3,521,653                | \$400             | 20.48        | \$8,193                                           |
| Mill Valley       | \$2,553,878                | \$300             | 20.48        | \$6,145                                           |
| Napa              | \$8,340,061                | \$400             | 20.48        | \$8,193                                           |
| San Anselmo       | \$940,622                  | \$100             | 20.48        | \$2,048                                           |
| San Rafael        | \$4,274,236                | \$400             | 20.48        | \$8,193                                           |
| Sausalito         | \$927,097                  | \$100             | 20.48        | \$2,048                                           |
| Solano            | \$18,288,285               | \$500             | 20.48        | \$10,242                                          |
| Sonoma            | \$23,877,755               | \$500             | 20.48        | \$10,242                                          |
| St.Helena         | \$973,205                  | \$100             | 20.48        | \$2,048                                           |
| <b>Total</b>      | <b>\$87,383,082</b>        | <b>\$4,400</b>    | <b>20.48</b> | <b>\$90,125</b>                                   |

Source: CSL Ready Report - FY17/18 Expenditure

Base Factor = Unfunded Liability & Medical Costs/ Total Base Rate

### Recommendation

It is recommended that the NBCLS Board of Directors approve one of the models above for its CalPERS cost share model.