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**FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)**  
**EXECUTIVE OFFICER'S REPORT**

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**CONSENT AGENDA ITEM No. 5E**

**DATE:** January 15, 2014

**TO:** Fresno Local Agency Formation Commission

**FROM:** David E. Fey, AICP, Executive Officer

**SUBJECT:** Consider Authorization: Authorize a Memorandum of Understanding Between LAFCo and the Fresno County Board of Supervisors to Allow LAFCo Employees to Participate in the County's Health Insurance Plans

**RECOMMENDATION**

That the Commission authorize the Chair to sign the attached Memorandum of Understanding.

**BACKGROUND**

On August 7, 2013, the Commission authorized the Executive Officer to establish a Memorandum of Understanding between LAFCo and the Fresno County Board of Supervisors to allow LAFCo employees to participate in the County's health insurance plan.

On December 10, 2013, the Fresno County Board of Supervisors authorized its Chair to execute a Memorandum of Understanding (MOU) between the County of Fresno and LAFCo allowing eligible employees of LAFCo to participate in the County Group Health Plan program effective January 1, 2014.

A copy of the MOU approved by the Board of Supervisors is attached to this report as Attachment A.

The Commission has previously authorized payment of the Executive Officer's COBRA payment through June, 2014. This will end when County coverage becomes effective. With the commencement of the County Group Health Plan program, staff recommends that the Commission authorize a contribution toward this benefit similar to that provided by Fresno County, that is a biweekly contribution of \$223.00 for employee only coverage, \$318.00 for employee plus spouse coverage, \$318.00 for employee plus child(ren) coverage, and \$323.00 for employee plus family coverage for all LAFCo employees.

See Attachment B.

# EXHIBIT A

## MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING, hereinafter referred to as "MOU", is made and entered into this 1<sup>st</sup> day of January, 2014, by and between the COUNTY OF FRESNO, a Political Subdivision of the State of California, hereinafter referred to as "COUNTY", and Fresno Local Agency Formation Commission (LAFCo) whose address is 2607 Fresno Street, Suite B, Fresno, California 93721.

### WITNESSETH:

WHEREAS, the COUNTY currently provides group health insurance coverage to its employees; and

WHEREAS, LAFCo would like for up to five (5) of its employees to obtain health insurance coverage via COUNTY'S group health insurance plans; and

WHEREAS, the COUNTY understands the insurance companies and/or Joint Powers Authority cooperatives that currently provide group health insurance coverage to COUNTY employees are willing to extend the COUNTY'S group health plans to include up to five (5) LAFCo employees.

NOW, THEREFORE, It is agreed by both parties as follow:

#### 1. OBLIGATIONS OF LAFCo

A. LAFCo shall provide to the COUNTY timely written communication of new and updated information of health insurance eligibility of LAFCo employees and their contact information, , including new enrollees, changes and terminations. This written notice shall be provided to COUNTY in accordance with applicable health plan contractual requirements, COUNTY requirements and/or state and federal requirements.

B. LAFCo shall timely pay health insurance premiums to COUNTY or COUNTY's designee for benefits on behalf of enrolled LAFCo employees. Said payments shall be made no later than thirty (30) days from LAFCo's receipt of an invoice from COUNTY. Failure to pay premiums timely may result in the termination of health insurance coverage and this MOU pursuant to section 4.

C. LAFCo shall comply with the terms of all written health plan agreements that the COUNTY has entered into relating to health plan benefits provided for LAFCo employees.

1 D. LAFCo shall comply with COUNTY policy on health insurance product packaging (e.g.  
2 if COUNTY offers insurance as a bundled package, LAFCo must also offer as a bundled package).

3 2. OBLIGATIONS OF THE COUNTY

4 A. COUNTY shall work with the insurance companies or Joint Powers Authority currently  
5 providing group health insurance coverage to COUNTY employees, to extend coverage under the  
6 COUNTY'S current group plans to up to five (5) LAFCo employees. If necessary to extend coverage to  
7 these LAFCo employees, COUNTY shall use its best efforts to execute an amendment to its current  
8 agreements to provide for health care coverage to the LAFCo employees.

9 B. When obtaining group health insurance coverage each year, COUNTY shall include  
10 coverage for up to five (5) LAFCo employees on the same terms and conditions as coverage provided to  
11 COUNTY employees. Should COUNTY fail to enter into group health insurance plan contracts in any  
12 given year, or be unable to include LAFCo employees under the group health insurance plan contracts the  
13 COUNTY negotiates for its employees, COUNTY shall provide immediate written notice to LAFCo  
14 pursuant to section 4 of this MOU.

15 D. COUNTY shall oversee administration of the group health insurance plans on behalf of  
16 LAFCo including the gathering, maintaining and communicating of eligibility for LAFCo employees.

17 E. COUNTY will provide monthly premium invoices to LAFCo for health insurance plans  
18 based on the eligibility of LAFCo employees during that period.

19 F. COUNTY shall timely communicate with LAFCo regarding benefits structure changes,  
20 annual open enrollment periods and other applicable benefit changes affecting coverage for LAFCo  
21 employees that may occur.

22 3. TERM

23 This MOU shall become effective on the 1<sup>st</sup> day of January, 2014, and shall remain in effect  
24 until such time as it is terminated pursuant to section 4.

25 4. TERMINATION

26 A. Non-Payment - The COUNTY may immediately terminate this MOU should LAFCo  
27 fail to make premium payments as specified by this MOU.

28 B. Breach of Contract - The COUNTY may immediately suspend or terminate this

1 MOU in whole or in part, where in the determination of the COUNTY there is:

- 2 1) An illegal or improper use of funds;
- 3 2) A failure to comply with any term of this MOU;
- 4 3) A substantially incorrect or incomplete report submitted to the COUNTY;
- 5 4) Improper use and/or disclosure of COUNTY confidential information/data.

6 In no event shall any payment by the COUNTY constitute a waiver by the COUNTY of any  
7 breach of this MOU or any default which may then exist on the part of LAFCo.

8 C. Without Cause - Under circumstances other than those set forth above, this MOU may  
9 be terminated by COUNTY upon the giving of thirty (30) days advance written notice of an intention to  
10 terminate to LAFCo. LAFCo must provide a ninety (90) day advance written notice of intent to terminate  
11 this MOU.

12 5. COMPENSATION/INVOICING

13 COUNTY shall submit monthly invoices to LAFCo. LAFCo will issue payment within  
14 thirty (30) days of receipt of an approved invoice.

15 6. MOU ADMINISTRATION

16 LAFCo and COUNTY shall comply with all applicable provisions of law and the rules and  
17 regulations, if any, of governmental authorities having jurisdiction over matters the subject thereof.

18 7. MODIFICATION

19 Any matters of this MOU may be modified from time to time by the written consent of all  
20 the parties without, in any way, affecting the remainder.

21 8. NON-ASSIGNMENT

22 Neither party shall assign, transfer or sub-contract this MOU nor their rights or duties under  
23 this MOU without the prior written consent of the other party.

1           9.     NOTICES

2           The persons and their addresses having authority to give and receive notices under this MOU  
3 include the following:

4           COUNTY

5           County of Fresno  
6           Beth Bandy  
7           Director of Personnel Service  
8           2220 Tulare Street Suite 1600  
9           Fresno, CA 93721

          LAFCo

          Fresno Local Agency Formation Commission  
          David Fey  
          Executive Officer  
          2607 Fresno Street, Suite B  
          Fresno, CA 93721

8           Any and all notices between the COUNTY and LAFCo provided for or permitted under this  
9 MOU or by law shall be in writing and shall be deemed duly served when personally delivered to one of  
10 the parties, or in lieu of such personal services, when deposited in the United States Mail, postage prepaid,  
11 addressed to such party.

12          10.    GOVERNING LAW

13          Venue for any action arising out of or related to this MOU shall only be in County of Fresno,  
14 California. The rights and obligations of the parties and all interpretation and performance of this MOU  
15 shall be governed in all respects by the laws of the State of California.

16          11.    ENTIRE MOU

17          This MOU constitutes the entire MOU between LAFCo and COUNTY with respect to the  
18 subject matter hereof and supersedes all previous MOU negotiations, proposals, commitments, writings,  
19 advertisements, publications, and understanding of any nature whatsoever unless expressly included in this  
20 MOU

1           IN WITNESS WHEREOF, the parties hereto have executed this MOU as of the day and year  
2 first hereinabove written.

3  
4 **LAFCo:**  
Fresno Local Agency Formation Commission

**COUNTY OF FRESNO**

5 By \_\_\_\_\_  
6 David Fey  
7 Executive Officer

By \_\_\_\_\_  
Henry Perea, CHAIRMAN  
BOARD OF SUPERVISORS

8 Date: \_\_\_\_\_  
9

Date: \_\_\_\_\_

10  
11 By \_\_\_\_\_  
12 Bernice E. Seidel, CLERK  
13 BOARD OF SUPERVISORS  
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15 Date: \_\_\_\_\_  
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# EXHIBIT B

## Employees

RATE SHEET

As of December 10, 2013, the Board of Supervisors approved a biweekly County contribution of \$223.00 for employee only coverage, \$318.00 for employee plus spouse coverage, \$318.00 for employee plus child(ren) coverage, and \$323.00 for employee plus family coverage for all Bargaining Units, Management, Senior Management, and Unrepresented employees.

These rates do not apply to part-time employees who are eligible for health insurance. For a copy of the part-time rates, please visit our website at [www.co.fresno.ca.us](http://www.co.fresno.ca.us) or call Employee Benefits at (559) 600-1810.

The premiums listed below are paid by the employee, via payroll deduction, on a biweekly basis.

	<i>Plan 1</i>			<i>Plan 2</i>		
Medical / Mental Health Prescription Vision  Dental Plans	Anthem Blue Cross HMO US Script VSP			Anthem Blue Cross PPO US Script VSP		
	Delta Dental DPPO	DeltaCare USA OR DHMO		Delta Dental DPPO	DeltaCare USA OR DHMO	
	<u>Employee Cost</u>			<u>Employee Cost</u>		
Employee Only	\$81.13	\$67.44		\$194.78	\$181.09	
Employee + Spouse	\$215.40	\$194.84		\$545.22	\$524.66	
Employee + Child(ren)	\$153.00	\$137.53		\$463.24	\$447.77	
Employee + Family	\$378.11	\$354.91		\$865.76	\$842.56	

  

	<i>Plan 3</i>			<i>Plan 4</i>		
Medical / Mental Health Prescription Vision  Dental Plans	Anthem Blue Cross HDPPPO Anthem Blue Cross VSP			Kaiser Permanente Kaiser Permanente Kaiser Permanente		
	Delta Dental DPPO	DeltaCare USA OR DHMO		Delta Dental DPPO	DeltaCare USA OR DHMO	
	<u>Employee Cost</u>			<u>Employee Cost</u>		
Employee Only	\$19.42	\$5.73		\$138.77	\$125.07	
Employee + Spouse	\$181.19	\$160.63		\$335.32	\$314.76	
Employee + Child(ren)	\$129.15	\$113.68		\$231.38	\$215.91	
Employee + Family	\$355.90	\$332.70		\$512.70	\$489.49	

As an employee, the health benefits available to you represent a significant component of your compensation package. They also provide important protection for you and your family in case of illness or injury.

Your plan offers a series of health coverage options. Choosing a health coverage option is an important decision. To help you make an informed choice, your plan makes available a Summary of Benefits and Coverage (SBC), which summarizes important information about any health coverage option in a standard format, to help you compare options.

The SBC is available online at [www.co.fresno.ca.us/summarybenefits](http://www.co.fresno.ca.us/summarybenefits). A paper copy is also available, free of charge, by calling Employee Benefits at (559) 600-1810.