

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM: 21.1
(ID # 29205)

MEETING DATE:
Tuesday, November 04, 2025

FROM : HUMAN RESOURCES

SUBJECT: HUMAN RESOURCES: PUBLIC HEARING – Conduct a Public Hearing to Receive and Disclose Actuarial Analysis Regarding County of Riverside Other Postemployment Benefits (OPEB) Plan–County Contribution Benefit Increase Analysis and Setting of Public Hearing for the Adoption of County of Riverside Resolution No. 2025-218, Fixing the Employer Contribution Under the Public Employees' Medical and Hospital Care Act at an Equal Amount for Employees and Annuitants with respect to a Recognized Employee Organization; All Districts. [\$0] (Set for Public Hearing on November 18, 2025 at 9:30 A.M.)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Conduct a public hearing on November 4, 2025 to receive and disclose the Actuarial Analysis regarding County of Riverside Other Postemployment Benefits (OPEB) Plan – County Contribution Benefit Increase Analysis, pursuant to California Government Code Section 7507; and
2. Direct the Clerk of the Board to set a public hearing for November 18, 2025 to adopt Resolution No. 2025-218 Fixing the Employer Contribution Under the Public Employees' Medical and Hospital Care Act at an Equal Amount for Employees and Annuitants with respect to a Recognized Employee Organization for County of Riverside Management Unrepresented; Confidential Unrepresented; Laborer's International Union of North America (LIUNA) Local 777; and Service Employees International Union (SEIU) Local 721.


ACTION:Set for Hearing

Tami Douglas-Schatz
Tami Douglas-Schatz, Director of Human Resources 10/27/2025

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Washington, seconded by Supervisor Gutierrez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended and is set for public hearing on Tuesday, November 18, 2025, at 9:30 a.m. or as soon as possible thereafter.

Ayes: Medina, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: November 4, 2025
xc: HR, COB/NS

Kimberly A. Rector
Clerk of the Board
By: 
Deputy

(Companion Items 14.3, 15.2, 16.1)

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$0	\$0	\$0	\$ 0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: 25/26	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

In 2024, the County of Riverside (County) Board of Supervisors (Board) approved a series of actions related to an increase in employer contribution for retiree medical by \$25 a month for eligible retirees, effective January 1, 2026:

- A. April 2, 2024 (Item No. 3.20): 2024 – 2027 Tentative Agreement between Service Employees International Union, Local 721 (SEIU) and the County of Riverside.
- B. April 30, 2024 (Item No. 3.37): Resolution No. 2024-077 for Exempt Management, Management, Confidential and Other Represented Employees (Management Resolution).
- C. December 3, 2024 (Item No. 3.47): 2024 – 2027 Memorandum of Understanding (MOU) between the Laborers’ International Union of North America, Local 777 (LIUNA) and the County of Riverside.

The County, which contracts with CalPERS, is required to file a resolution (specifically, Resolution No. 2025-218) to change the amount it contributes monthly for retiree health benefits. The referenced resolution becomes effective on the first day of the second month in which the resolution is filed and received by CalPERS. Prior to adopting the resolution, the County must comply with applicable provisions of the California Government Code Section 7507 (“Section 7507”). Section 7507 ensures transparency and consideration of the financial impact of any changes to other postemployment benefits (OPEB) including retiree health benefits.

The County is required under Section 7507 to obtain a statement of actuarial impact on future annual costs, including normal cost and any additional accrued liability, for the proposed benefit changes (“Actuarial Analysis”). The actuary’s determination must be made public at a public meeting at least two weeks prior to the adoption of such benefit changes. Accordingly, staff requests the Board to conduct this public hearing to receive and disclose the Actuarial Analysis prepared by Aon Consulting, Inc., as detailed in Attachment A. The actuary will be present to provide information as needed. This public hearing serves as a two-week public notice under Section 7507 before adopting benefit changes.

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
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To summarize the results of the Actuarial Analysis, the County of Riverside OPEB plan's projected long-term obligation is expected to increase by \$8.33 million due to the change in the retiree medical contribution that will affect both retirees and employees still working, based on the service they have already earned. The yearly cost of benefits is expected to increase by \$320,000; however, this increase applies only to employees still working, which reflects the additional benefits they will keep earning each year going forward. The overall value of future benefits is even higher at \$10.98 million, since it includes both what employees and retirees have already earned and what employees will earn in the future. For the affected bargaining units, raising the current County contribution by a flat \$25 per month leads to an estimated 5% to 7% increase in the overall cost of retiree health benefit contribution.

Subject to the Board's adoption of Resolution No. 2025-218, the following summarizes the increase in employer monthly contribution for retiree health benefits for impacted bargaining units, effective January 1, 2026:

Bargaining Unit	2026 Monthly Contribution	Approved Increase	New 2026 Monthly Contribution
Management Unrepresented, Confidential Unrepresented	\$256	\$25	\$281
SEIU	\$162*	\$25	\$187
LIUNA	\$162*	\$25	\$187

*The Public Employees' Medical and Hospital Care Act (PEMHCA) rate is set annually by CalPERS. The \$162 PEMHCA rate will be reflected on the July 1, 2025, actuarial valuation report, which is pending the Pension Advisory Review Committee (PARC) approval. The actuarial analysis is using the PEMHCA rate of \$157 based on the July 1, 2024, actuarial valuation report.

At a public hearing set for November 18, 2025, staff will present Resolution No. 2025-218 to the Board for adoption of the foregoing benefit change. The actuary will be present to provide information as needed. Upon adoption, the County Executive Officer is required to acknowledge in writing that he or she understands the current and future costs of the benefit as determined by the actuary (refer to Attachment B for Acknowledgment of Actuarial Analysis).

Impact on Residents and Businesses

While there is no immediate impact on residents and businesses, offering cost-effective benefits is a key strategy for recruiting and retaining a strong workforce to ensure quality service for our constituents.

Additional Fiscal Information

This public disclosure of the Actuarial Analysis is intended to update the public on the projected expenses associated with the benefit increase. The funded status of the County's OPEB plan is projected to decrease by 4.3% from 84.5% to 80.2%. Given that the funding level remains above 80%, the County is well-positioned to absorb the added cost.

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Contract History and Price Reasonableness

This is an amendment to the County's Health Program contract with CalPERS. The CalPERS Health Program contract has been in effect since 1990. This change is to increase the Employer Contribution by \$25 a month for eligible retirees under the Management Resolution, LIUNA and SEIU effective January 1, 2026 under the CalPERS Health Program.

ATTACHMENTS:

- A. County of Riverside Other Postemployment Benefits (OPEB) Plan – County Contribution Benefit Increase Analysis
- B. Acknowledgement of Actuarial Analysis Pursuant to California Government Code Section 7507 (Informational Purposes Only)


Cesar Bernal, PRINCIPAL MGMT ANALYST 10/28/2025



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October 21, 2025

Ms. Tami Douglas-Schatz
Director of Human Resources
County of Riverside
4080 Lemon Street
Riverside, CA 92502

Subject: County of Riverside's Other Post-Employment Benefits (OPEB) Plan – County Contribution Benefit Increase Analysis

Dear Tami,

As requested, we analyzed the impact of increasing the County of Riverside's contributions for eligible retirees enrolled in the County of Riverside's OPEB Plan, as required under California Government Code Section 7507 (GC 7507).

Background - County Contributions

The County of Riverside makes contributions to eligible retirees for their medical plan premiums when the retiree enrolls in a County sponsored health plan. The current monthly amount paid by the County ranges from \$25 – \$256, depending on the retiree's bargaining unit at retirement.

CalPERS Health Benefits program retirees are eligible for the greater of the stated Public Employees' Medical and Hospital Care Act (PEMHCA) amounts and the bargaining unit's negotiated amount. The PEMHCA monthly amounts are \$157 and \$158 in 2024 and 2025, respectively, and increase annually thereafter by Medical CPI. The negotiated benefit amounts are not currently inflation-indexed.

Analysis Provided

This summary provides the following information intended to satisfy GC 7507:

- Annual cost, or Actuarially Determined Contribution (ADC), of proposed benefit changes
- Increase in liability, or unfunded liability
- Actuarial assumptions used

In particular, the County requested analysis on the impact due to a one-time \$25 increase in the monthly negotiated contribution amounts to the following bargaining units:

- Management Unrepresented and Confidential Unrepresented (CNF, MGT, UNC, UNR, MLX)
- SEIU (SE2, SE8, SE9, SES, SPD, SPG, SPS)
- LIUNA (UP4, UP5 UP6)

For the purpose of this analysis, the \$25 increase has been valued effective 1/1/2026 and applied to the current monthly negotiated contribution amount for each bargaining unit affected. The \$25 increase is also applied to the current PEMHCA rate and future projected rates (i.e., PEMHCA + \$25).



Summary of Results

The +\$25 increase to the County's contribution is expected to increase the County's total projected liability (i.e., Present Value of Benefits, discussed below) by \$10.98M, of which:

1. \$8.33M is attributable to service accrued to date (i.e., an increase to the Accrued Liability), plus
2. \$2.65M attributable to future accruals (i.e., a higher Normal Cost of approximately \$0.32M a year).

Regarding funding, the \$25 higher County contribution increases the County's annual funding to the Plan by approximately \$1.13M (i.e., 15-year amortization of the additional Accrued Liability plus the Normal cost increase).

The following tables summarize the results of our analysis, which are based on the most recent July 1, 2024 actuarial valuation report. The analysis assumes the PEMHCA rate increases 4% annually while the additional \$25 remains unchanged. The projected date when the PEMHCA plus \$25 amount is expected to surpass the \$281 bargained amount is 2036.

Liability / Unfunded Liability Impact (as of 7/1/2024)

The Present Value of Benefits (PVB) represents the actuarial present value of all future benefits expected to be paid to current participants. The Actuarial Accrued Liability (AAL) is the portion of the PVB attributable to past service and the Normal Cost is the portion of the PVB that is allocated to the current plan year for active employees. The full cost of the \$25 increase is reflected in the PVB impact, where a portion is reflected immediately in the AAL impact and the remaining will be reflected annually through the Normal Cost.

The following summarizes the impact of the \$25 increase on the PVB, AAL, and Normal Cost, based on a 7.00% discount rate.

		(\$millions)					
	Bargaining Unit	Current Monthly Rate	Projected Monthly Rate +\$25 (Eff. 1/1/2026)	Participant Count (actives & retirees)	PVB	AAL	Normal Cost
Total Plan	All (current)			25,624	\$221.96	\$162.20	\$7.08
Impact	Management Unrepresented & Confidential Unrepresented	\$256	\$281	2,449	\$2.50	\$2.17	\$0.04
	SEIU	\$157	\$193	9,681	4.81	3.58	0.15
	LIUNA	\$157	\$193	8,498	3.67	2.58	0.13
					\$10.98	\$8.33	\$0.32
Total Plan	All (after impact)				\$232.94	\$170.53	\$7.40

Currently, Management Unrepresented and Confidential Unrepresented are above the PEMHCA amount while SEIU and LIUNA are at the PEMHCA amount.



For the total plan, increasing the current County contribution amount by a flat \$25 per month results in approximately \$10.98 increase (~5%) in the PVB, \$8.33M increase (~5%) in the AAL, and \$0.32M increase (~5%) in the normal cost. To be clear, the AAL Impact is equal to the unfunded liability impact.

For the impacted bargaining units listed above, increasing the current County contribution amount by a flat \$25 per month results in an approximate increase of 5% to 7% of their respective bargaining unit costs.

Funded Status Impact

The following summarizes the impact of the \$25 increase on the funded status of the plan under the funding policy basis as of 7/1/2024 and projected to 7/1/2025.

Total Plan	7/1/2024		Projected to 7/1/2025	
	Baseline	+\$25	Baseline	+\$25
Funded Status	78.8%	75.0%	84.5%	80.2%

The projected funded status as of 7/1/2025 decreases by 4.3% from 84.5% to 80.2%.

Actuarially Determined Contribution (ADC) Impact (for FYE 2026)

The following summarizes the current annual impact of the \$25 increase on the Actuarially Determined Contribution (ADC).

(\$ millions)	Current ADC ¹	ADC reflecting + \$25
Normal Cost with Interest	\$7.52	\$7.87
Amortization with Interest ²	(3.88)	(3.10)
Total	\$3.64	\$4.77
% of Pay	0.19%	0.24%

Reflecting the +\$25 contributions increases the Normal Cost and “Past Service” Amortization amounts, resulting in an increase in the County’s ADC by 0.05% from 0.19% to 0.24% of pay.

To further clarify, the ADC includes amounts for other employee groups not considered in this analysis.

While not specifically addressed here, it should be noted the impact on other liability measures (e.g., GASB Accounting) will differ from the above due to various issues, including benefit liability basis, assumptions, and recognition methodologies.

¹ As shown in 2024 actuarial valuation report.

² Assumes 15-year amortization.

Methods and Assumptions

Except for those stated in this letter, all other methods and assumptions are consistent with those shown for funding policy disclosures stated in the 2024 "Postretirement Benefits Plan" actuarial valuation report dated November 1, 2024.

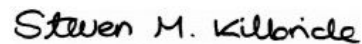
The undersigned is familiar with the near-term and long-term aspects of OPEB valuations, meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein, and qualifies as an actuary as defined in California Government Code §7504. The information provided in this report is dependent upon various factors as documented in the July 1, 2024 valuation report unless noted otherwise.

We would be happy to discuss any questions you have.

Regards,



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**ACKNOWLEDGMENT OF ACTUARIAL ANALYSIS
PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 7507
(COUNTY OF RIVERSIDE)**

I, Jeff Van Wagenen, County Executive Officer of County of Riverside, hereby acknowledge, pursuant to California Government Code Section 7507, that I have reviewed and understand the current and future costs of the increase of other post-employment benefits of the County of Riverside's medical contribution for eligible retirees, as determined by the actuary. This is set forth in the actuarial analysis titled "County of Riverside Other Post-Employment (OPEB) Plan – County Contribution Benefit Increase Analysis," prepared by Aon Consulting, Inc., on October 21, 2025. The actuary analysis has been made public at a public hearing at least two weeks prior to the County of Riverside Board of Supervisors' adoption of Resolution No. 2025-218.

Signed: _____

Date: _____

Jeff Van Wagenen

County Executive Officer

County of Riverside