

Agenda Item #7

To: Administration & Finance Committee

Date: December 30, 2025

From: Amber Johnson, Chief Financial Officer

Reviewed by: WC.

SUBJECT: Update on Lump Sum Payment for Retiree Health Savings Plan

Background:

In June and July 2025, staff presented reports to the Board of Directors regarding changes to the Authority's post-employment medical plan. At that time, the estimated cost of the one-time lump sum payment for current retirees was estimated at \$182,270, based on actuarial calculations of the present value of reductions in retiree medical contributions under the new structure.

Since those reports were presented, additional employees have retired, increasing the total lump sum payment required to fully implement the plan.

Lump Sum Payment:

The final cost of the one-time lump sum payment for current retirees is now \$280,870, reflecting the inclusion of retirees who became eligible after the initial estimate.

Financial Implications:

The updated amount represents an increase of \$98,600 over the previously reported estimate of \$182,270. This change to the one-time lump sum amount will be accommodated within the FY 2026 budget and does not alter the actuarial assumptions or methodology previously reviewed by the Board under Government Code Section 7507.

Recommendation:

Information only.

Action Requested:

Staff requests that the A&F Committee forward this update to the full Board of Directors for their review and acknowledgment.

Attachments:

None