



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Department Name: 5<sup>th</sup> District Supervisor  
Department No.: 011  
For Agenda Of: 3/16/2010  
Placement: Administrative  
Estimated Tme: 30 mins on Mar. 23, 2010  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors  
**FROM:** Department Board Member Joseph Centeno, Supervisor, 5<sup>th</sup> District  
Director(s)  
Contact Info: Joseph Centeno, 346-8400  
**SUBJECT: Creation of an Advisory Commission on Retirement Program Alternatives**

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**County Counsel Concurrence**

As to form: Select\_Concurrence

**Auditor-Controller Concurrence**

As to form: Select\_Concurrence

**Other Concurrence:** Select\_Other

As to form: Select\_Concurrence

**Recommended Actions:**

That the Board of Supervisors set a public hearing on March 23, 2010 for the purpose of considering the establishment of a limited term (six months) Advisory Commission on Retirement Benefit Alternatives.

**Background:**

The Board of Supervisors has held public hearings on the future of the Retirement System several times during the past year. It has also held a joint hearing with the Board of Retirement on this subject. The Board has engaged its own actuarial and legal experts who have confirmed the Board of Retirement's short and long-term projections for significant and continuously increasing employer contributions to the System if the current benefit structure and vesting provisions are maintained indefinitely into the future. These costs will continue to escalate and erode the ability of the County to provide the very services for which it exists.

**Recommendation:**

It is therefore recommended that the Board consider creating a five-member Commission which would exist for limited six-month term (and the possibility of being renewed for one additional six-month term) with responsibility for working with County staff to assist with the development of alternatives which would mitigate the growing cost related to providing retirement benefits in the near term and into the future. It is envisioned that this would be a study committee creating a report and recommendations which could then possibly be

implemented through the collective bargaining process. There may be changes that would require legislative reform in Sacramento. It should be noted in this regard that CSAC and the League of California Cities are also looking at potential changes with which County efforts could be integrated. Potential changes that would not require legislative changes would be handled through the collective bargaining process.

Individuals for consideration for appointment to the Commission should be selected Countywide with the requirement that they have extensive experience in finance, fund management, investing, retirement planning, employee benefits and related disciplines. Nominees could be selected with both public sector and private sector experience but should not be current or potential future beneficiaries of the Santa Barbara County Employees' Retirement System. The committee would be staffed by a team jointly provided by the Auditor-Controller's Office and the CEO/Human Resources Department as these are the units which have been working on this matter continuously for the past several years. Moreover, the Commission would need the access to HR expertise and guidance with respect to which matters require formal process with the labor unions. The Commission would provide recommendations to the Board for consideration.

**Fiscal and Facilities Impacts:**

There are no facility impacts for establishing this Commission. The Commission may request the assistance of the County's expert actuaries and pension counsel, which depending on the nature and complexity of the issues considered, could cost in the range of \$50,000. Failure to curb the County's share of retirement costs could cost billions of dollars over time which would be unavailable to fund County services and capital needs.

Budgeted: No

**Attachments:**

**Authored by:** Joseph Centeno, Supervisor, 5<sup>th</sup> District

**Cc:** Robert Geis, Auditor-Controller  
Vincent Brown, Administrator, SBCERS  
Joni Gray, Chari, Board of Retirement  
Michael F. Brown, County Executive Officer, SBC  
Susan Paul, ACEO/HR Director  
Jason Stilwell, ACEO/Budget Director