



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: CEO
Department No.:
For Agenda Of: 3-15-11
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Chandra L. Wallar, County Executive Officer – x3404
Jason Stilwell, Budget Director – x3413

Contact
Info:

SUBJECT: Adoption of Fiscal Year 2011-2012 Retirement Rates

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence:

As to form: N/A

Recommended Actions:

That the Board of Supervisors, pursuant to Government Code Section 31454, adopt the Fiscal Year 2011-2012 employer contribution rates recommended by the Santa Barbara County Employees Retirement System (SBCERS) actuary and approved by the Board of Retirement on December 15, 2010 to be effective on July 1, 2011 or for the payroll cycle in which that date occurs.

Summary Text:

The proposed action will set an overall employer contribution rate of 34.48%. This is an increase from the Fiscal Year 2010-2011 rate of 28.88%. The increase is a result of a variety of factors including: increases in salaries, benefit enhancements, benefit formulas used to compute retirement allowances, investment losses in recent years, and changes to the economic and demographic assumptions made by the Board of Retirement in October 2010. It is estimated that this increase will be approximately \$21 million annually, commencing in July 2011.

Background:

On October 20, 2010, the Board of Retirement (BOR) approved actuarial assumptions, some changed and some unchanged, to be used in the 2010 Actuarial Valuation and directed its actuary to conduct the annual Actuarial Valuation for 2010.

The 2010 Actuarial Valuation was presented to the BOR at its December 15, 2010 meeting at which time the BOR approved the three-year experience study and adopted the recommended overall Employer Contribution Rate of 34.48% effective July 1, 2011. This represents a 19.4% increase over the current rate of 28.88%. The rate for General Members plans is 29.94% and 47.28% for Safety Member plans. The primary cause of the increase is the change in actuarial assumptions, in particular the reduction in the assumed rate of return from 8.16% to 7.75%.

On January 13, 2011, the County received correspondence from the SBCERS Chief Executive Officer, Mr. Vincent Brown, confirming the County's 2011-2012 Employer Contribution Rate of 34.48%. In the correspondence, Mr. Brown requested the matter be brought to Board of Supervisors for adoption of the new rate. The referenced correspondence and the 2010 Actuarial Valuation are attachments to this correspondence.

At the March 15, 2011 Board Meeting Vincent Brown and Assistant SBCERS Director, Lila Deeds, will be present if the Board has any questions related to this item.

Fiscal and Facilities Impacts:

Budgeted: Yes.

Staffing Impacts:

None.

Attachments:

January 12, 2011 Correspondence from SBCERS CEO
June 30, 2010 Actuarial Valuation