BOARD OF SUPERVISORS
AGENDA LETTER

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

Agenda Number:

Department Name:	CEO
Department No.:	012
For Agenda Of:	May 1, 2012
Placement:	Administrative
Estimated Tme:	
Continued Item:	No
If Yes, date from:	
Vote Required:	Majority

TO: Board of Supervisors

FROM: Chandra Wallar, County Executive Officer, 568-3404
Jeri Muth, Human Resources Director, 568-2816

Contact Info: Joseph Pisano, Employee Relations Manager, 568-2839

SUBJECT: ***Actuarial Study of Reduced Retirement Benefit for Future General Employees***

County Counsel Concurrence
As to form: Yes

Auditor-Controller Concurrence
As to form: N/A

Other Concurrence:
As to form: N/A

Recommended Actions:

That the Board of Supervisors receives and files the report in Attachment A from the Santa Barbara County Employees' Retirement System's (SBCERS) actuary regarding the anticipated financial impact of establishing a new retirement plan for employees hired on or after June 25, 2012.

Summary Text:

Pursuant to Government Code § 7507, actuarial studies of the financial implications of a proposed change in retirement benefits must be made public at a meeting no less than two weeks prior to adopting the proposed benefit change. The purpose of this Board Item is to make those actuarial findings public.

Background:

In 2011, the County engaged in negotiations for successor Memoranda of Understanding (MOUs) with all non-safety employee organizations. Agreements were reached with four of these groups and included pension reform for the future workforce, among various other concessions. In addition, the Board imposed these reforms on the one employee group that did not reach agreement with the County, implemented for all unrepresented non-safety employees, and achieved agreement with one safety organization that represents a small number of non-safety employees.

As a result, all new non-safety employees hired on or after June 25, 2012 will participate in a new retirement plan that includes the following elements:

- Formula per Government Code § 31676.1 (referred to as 2% @ 61 ¼)
- Member half-rates
- Retirement benefit based on a three-year final average salary
- Maximum 2% annual cost-of-living adjustment in retirement
- No retiree medical benefit

Fiscal Analysis:

The attached information is provided at this time for public review purposes in accordance with the requirements of the Government Code. The actuarial report shows that the County's cost for Retirement Plan 7 per employee will be 27.81% of pay, lower than County costs for the current plans for newly hired non-safety employees (29.41% of pay for Plan 5B and 30.78% of pay for Plan 5C) as approved by the Board on December 6, 2011(see rates in Attachment B).

At the request of the County, the SBCERS's actuary provided a 10-year analysis of the estimated potential cost savings of the new plan. The actuary estimates savings at approximately $219,000 in Fiscal Year 2012-2013, increasing gradually to approximately $4,698,000 in Fiscal Year 2021-2022. This analysis assumes that each current non-safety employee who separates from County service would be replaced by a new hire entering Retirement Plan 7. The true savings will depend on actual turnover and replacement of employees over time.

cc: Dennis A. Marshall, County Counsel
Robert W. Geis, Auditor Controller
Gary A. Amelio, Chief Executive Officer, SBCERS
County Department Heads

Attachment A: SBCERS Actuarial Report for Retirement Plan 7
Attachment B: FY 2012-13 Employer Rates for New Non-safety Employees