

# SANTA BARBARA COUNTY BOARD AGENDA LETTER



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

## Agenda Number:

**Prepared on:** May 7, 2001  
**Department Name:** Treasurer-Retirement  
**Department No.:** 065  
**Agenda Date:** May 15, 2001  
**Placement:** Departmental  
**Estimate Time:** 20 minutes  
**Continued Item:** NO  
**If Yes, date from:**

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**TO:** Board of Supervisors

**FROM:** Gary L. Feramisco, Treasurer-Administrator  
Santa Barbara County Employees' Retirement System

**STAFF CONTACT:** Bernice James, Assistant Treasurer-Administrator  
x 2998

**SUBJECT:** Board of Retirement Recommendations Regarding Actuarial Report for period ended December 31, 2000

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## Recommendation(s):

That the Board of Supervisors:

Adopt the Board of Retirement recommendations implementing economic and non-economic actuarial assumptions, funding methods, and member and employer retirement contribution rates to be effective when benefit enhancements are adopted by your Board, as set forth in Exhibits A and B.

## Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with actions required by law or by routine business necessity.

## Executive Summary and Discussion:

An actuarial valuation of the retirement system was conducted for the period ended December 31, 2000. The report, dated April 30, 2001, prepared by Buck Consultants, was accepted and adopted by the Board of Retirement at their meeting on May 7, 2001, pursuant to Government Code § 31453.

Your Board is being asked to implement the actuarial assumptions, funding methods and contribution rates necessary to maintain the actuarial soundness of the system. The funding progress of the retirement system is calculated in accordance with Government Accounting Standards Board Statement #25 and compares the

ratio of system liabilities for benefits earned versus current value of assets. The funding ratio prior to benefit enhancements is 102.2%.

The Retirement Board recommends that the current member and employer contribution rates remain in effect until the implementation of the benefit enhancements of 3 % @ 55 for safety members, retroactivity of 2 % @ 57 for general members, and a 1 year final average salary for all qualified members.

With the Retirement Board transfer of \$28.4 million for the unfunded liability, employer contributions will increase by \$158,000 in the aggregate. Member rates will increase by \$1,012,000 in the aggregate. These increases are mainly associated with the enhanced benefit formula of 3 % @ 55 for safety members. The general member rate remains fairly constant. The following charts show the comparison of current rates with those recommended.

EMPLOYER CONTRIBUTION RATES BASED ON 12/31/2000 PAYROLL								
	GENERAL			SAFETY		PROBATION	APCD	
	Plan 1/4	Plan 2	Plan 3/4	Plan 1	Plan 3	Plan 1	Plan 1	Plan 2
Current Employer Rate	10.36%	3.27%	9.51%	19.58%	16.11%	15.12%	12.47%	14.59%
Recommended Employer Rate	10.39%	3.04%	9.77%	19.79%	15.88%	15.88%	8.41%	11.81%

AVERAGE MEMBER BASIC CONTRIBUTION RATES							
	GENERAL		SAFETY		PROBATION	APCD	
	Plan 1/4	Plan 3/4	Plan 1	Plan 3	Plan 1	Plan 1	Plan 2
Current Employee Rates	3.42%	7.23%	4.26%	8.50%	8.82%	4.26%	8.85%
New Employee Rates	3.36%	7.22%	5.50%	11.71%	11.71%	4.05%	9.15%

“Exhibit C- Actuarial Highlights” shows changes over the past 3 years concerning plan participation. Also attached is “Exhibit D- Summary of Major Plan Provisions”.

**Mandates and Service Levels:**

There are no mandate or service level changes.

**Fiscal and Facilities Impacts:**

The combined member and employer contributions for the County and contracting agencies are \$38,770,000 for fiscal year 2000-01.

**Special Instructions:**

Please send a copy of the Minute Order and Resolution to the Retirement Office, Room 301.

**Concurrence:**

Santa Barbara County Board of Retirement

c: Special Districts  
Auditor-Controller