



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.: 012
For Agenda Of: June 27, 2023
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Director(s) Mona Miyasato, County Executive Officer – 568-3400

Contact Info: Paul Clementi, Budget Director – 568-3400

SUBJECT: Adoption of Fiscal Year 2023-24 Employer and Member Contribution Rates

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

- a) That the Board of Supervisors, pursuant to Government Code Section 31454, adopts the Fiscal Year 2023-24 employer and member contribution rates, recommended by Cheiron, the Santa Barbara County Employees Retirement System (SBCERS) actuary, and recommended by the Board of Retirement on December 7, 2022, with an effective date of July 1, 2023 or for the payroll cycle in which that date occurs;
- b) That the Board of Supervisors, pursuant to Government Code Section 31873, elects to pay the portion of the normal cost of living adjustment that would be otherwise assessed to individual members who are not deemed to be new members pursuant to Government Code Section 7522.04(f), with an effective date of July 1, 2023 or for the payroll cycle in which that date occurs; and
- c) That the Board of Supervisors determines that the actions above are not a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), because they consist of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary Text:

The proposed action will set an overall employer contribution rate of 41.23% prior to negotiated employee offsets of the County contribution rate. This is a 0.28% contribution rate increase from the Fiscal Year 2022-23 rate of 40.95%. Negotiated employee offsets are expected to reduce the overall employer contribution rate by 1.75% to 39.48%, an increase of 0.41% from the prior year net contribution rate of 39.07%. The Fiscal Year 2023-24 Recommended Budget includes these expected retirement contribution rates. SBCERS reports that adjusting the rates of contribution as recommended will not reduce the individual benefits provided by either the County Employee Retirement Act of 1937 or the California Public Employees' Pension Reform Act (PEPRA) of 2013.

The Board of Retirement took action at its December 7, 2022, meeting to accept and approve the valuation and recommend the rates of contribution for approval to the Board of Supervisors.

Background:

In correspondence dated June 7, 2023, SBCERS requested that the recommended rates be brought to the Board of Supervisors for adoption. The referenced correspondence is Attachment A to this item and the employer and member contribution rates resulting from the June 30, 2022 Actuarial Valuation are included in Attachment B.

Fiscal and Facilities Impacts:

The Fiscal Year 2023-24 Recommended Budget released on May 30, 2023, and scheduled for adoption on June 16, 2023 or June 20, 2023, includes the employer contribution rates and employee offsets discussed above. It contains budgeted retirement costs of \$185.8 million and employee offsets of \$7.2 million, for a net budgeted cost to the County of \$178.6 million. This is an increase of \$11.3 million (or 6.8%) from the County's Fiscal Year 2022-23 Adopted Budget net retirement contribution of \$167.3 million. This action formally adopts the rates as recommended by the retirement board in their letter dated June 7, 2023 (Attachment A), and is required by Government Code 31454.

Attachments:

Attachment A – June 7, 2023 Correspondence from SBCERS to County
Attachment B – June 30, 2022 Actuarial Valuation Report

Authored by:

Paul Clementi, Budget Director

cc:

Betsy Schaffer, Auditor-Controller
Maria Elena De Guevara, Human Resources Director
Rachel Van Mullem, County Counsel
Greg Levin, SBCERS, Chief Executive Officer