



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: 4-5-11
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 and employee contribution rates recommended by the Santa Barbara County Employees Retirement System (SBCERS) actuary and approved by the Board of Retirement on December 15, 2010, with an effective date of 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%. Attachment A provides the Employer Contribution Rates for each of the County's retirement plans. It will also set Employee Contribution Rates as shown on Attachment B. These increases are 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 for the County, 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. It also resulted in Employee Contribution Rate increases. The primary cause of the increases is the change in actuarial assumptions, in particular the reduction in the assumed rate of return from 8.16% to 7.75%.

In correspondence dated March 23, 2011, the SBCERS Chief Executive Officer, Mr. Vincent Brown, requested that the recommended rates be brought to Board of Supervisors for adoption. The referenced correspondence and the 2010 Actuarial Valuation are additional attachments to this correspondence.

At the April 5, 2011 Board Meeting Vincent Brown and Assistant SBCERS CEO, Lila Deeds, will be present to answer questions related to this item.

Fiscal and Facilities Impacts:

Budgeted: Yes.

Staffing Impacts:

None.

Attachments:

Attachment A – Employer Contribution Rates

Attachment B – Employee Contribution Rates

Attachment C - March 23, 2011 Correspondence from SBCERS CEO

Attachment D - June 30, 2010 Actuarial Valuation (previously filed; will not be re-filed)