

**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 1, 2003
Department Name: Employees Retirement System
Department No.: 810
Agenda Date: May 13, 2003
Placement: Departmental
Estimate Time: 10 minutes
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Oscar Peters, Retirement Administrator
Santa Barbara County Employees' Retirement System

STAFF CONTACT: Oscar Peters, Retirement Administrator
x 2998

SUBJECT: Board of Retirement Recommendations Regarding Actuarial Report for period ended December 31, 2002

Recommendation(s):

That the Board of Supervisors:

Adopt the Board of Retirement recommendations for employer retirement contribution rate of 13.92% to be effective July 1, 2003.

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, 2002. The report, dated April 30, 2003, prepared by Buck Consultants, was received and adopted by the Board of Retirement at their meeting on May 7, 2003, pursuant to Government Code § 31453.

This report recommends a 2.05% increase in the County actuarial contribution rate. The actuary identified the three most significant experience gains and losses that impacted the contribution rates. The most significant was the decline in the value of the portfolio. This resulted in a 5.75% increase in the contribution rate. That increase was partially offset by the Board adopting a different asset valuation procedure that

reduced the County contribution rate by 2.41%. The other significant identified change was the 1.30% increase in the contribution rate from higher than expected salaries.

The following tables shows the current and the recommended contribution rate by plan.

TOTAL EMPLOYER CONTRIBUTION RATES – CURRENT Based on 12/31/2002 Payroll							
	GENERAL			SAFETY	SAFETY	APCD	
	Plan 5A	Plan 2	Plan 5B	Plan 4A	Plan 4B	Plan 1	Plan 2
Total Employer Contribution Rate	10.36%	3.01%	9.74%	19.32%	15.41%	12.23%	15.63%

Average Rate for Total Group: 11.87%

TOTAL EMPLOYER CONTRIBUTION RATES – RECALCULATED Based on 12/31/2002 Payroll							
	GENERAL			SAFETY	SAFETY	APCD	
	Plan 5A	Plan 2	Plan 5B	Plan 4A	Plan 4B	Plan 1	Plan 2
Total Employer Contribution Rate	11.66%	4.62%	11.33%	22.83%	19.57%	14.82%	16.39%

Average Rate for Total Group: 13.92%

ATTACHMENT ‘A’ shows the changes in the summary actuarial balance sheet by plan

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 \$50,313,000 for fiscal year 2003-04 based on the December 31, 2002 payroll, representing an increase of approximately \$5.2 million dollars.

Special Instructions:

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

Concurrence:

Santa Barbara County Board of Retirement

c: Special Districts
Auditor-Controller