



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: May 15, 2012
Placement: Departmental
Estimated Tme: 10 minutes
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: *Retirement Benefits for General Employees Hired on Or after June 25, 2012*

County Counsel Concurrence

As to form: Yes

Other Concurrence:

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

1. Adopt the resolution in Attachment A establishing a new retirement plan, Plan 7, for general (non-safety) employees hired on or after June 25, 2012;
2. Adopt the Ordinance (second reading) in Attachment B implementing a 2% retirement Cost-of-Living-Adjustment (COLA) as part of Retirement Plan 7 for general member (non-safety) employees hired on or after June 25, 2012, waive reading of the Ordinance in its entirety; and

3. Adopt the employer and employee rates for Retirement Plan 7 for Fiscal Year 2012-2013 as previously adopted by the Santa Barbara County Retirement System (SBCERS) Board on April 25, 2012 and shown in Attachment C.

Summary Text:

The recommended actions implement retirement provisions of Memoranda of Understanding with certain employee organizations, as previously adopted by the Board, and implement the same provisions as terms and conditions of employment (also previously adopted by the Board) for other groups of general (non-safety) employees.

Background:

The resolution in Attachment A establishes a new retirement plan, Plan 7, for all general (non-safety) employees hired into County service on or after June 25, 2012 that includes the following components previously adopted by the Board:

- Formula per Government Code § 31676.1 (referred to as 2% @ 61 ¼)
- Half-rates
- Retirement benefit based on three-year final average salary
- No retiree medical program

The Ordinance in Attachment B implements an additional pension reform previously adopted by the Board. Currently existing County employees are eligible for annual COLAs of up to 3% in retirement. As part of the broader pension reforms referenced above, the Board approved provisions that will reduce the maximum retiree COLA from 3% to 2% for general (non-safety) employees hired on or after June 25, 2012. This is the second reading of the Ordinance implementing the 2% maximum retirement COLA for these future general (non-safety) employees.

The recommendation to adopt employer and member rates in Attachment C for Retirement Plan 7 for Fiscal Year 2012-2013 sets an employer rate of 27.81% of pay and establishes member rates that vary by age of entry into the plan as shown in Attachment C. The SBCERS' actuary notes that the expected average member rate for Retirement Plan 7 is 2.79% of pay.

Fiscal Analysis:

In accordance with the provisions of Government Code Section 7507, the fiscal impact of these proposed changes was made available for public review at the May 1, 2012 Board of Supervisors meeting.

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. Those savings were estimated 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.

Special Instructions:

Please return signed copies of both the resolution and the Ordinance to SBCERS and to the Human Resources Department

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

- Attachment A:** Resolution establishing Retirement Plan 7
- Attachment B:** Ordinance establishing a 2% maximum retirement COLA for employees in Retirement Plan 7
- Attachment C:** Fiscal Year 2012-2013 Employer and Member Contribution Rates for Retirement Plan 7