



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/Human
Resources
Department No.: 064
For Agenda Of: 2/12/08
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Susan Paul, Assistant CEO/HR Director 568-2817
Director(s)
Contact Info: Joseph Pisano, Senior HR Analyst, 568-2839
SUBJECT: Receive and File Actuarial Report for Benefit Changes for Certain Employee
Groups

County Counsel Concurrence

As to form: Select_Concurrence

Other Concurrence: Select_Other

As to form: Select_Concurrence

Recommended Actions:

That the Board of Supervisors:

- A. Receive and file the attached report (Attachment A) from the Retirement System's actuary, Milliman, regarding the anticipated financial impact of implementing changes in retirement benefits (three-year final average salary (FAS-3) and retirement half-rates) for employees represented by the Service Employees International Union Local 620 (Local 620), Service Employees International Union Local 535 (Local 535) and the Engineers and Technicians Association (ETA), and for unrepresented Confidential Employees (Unit 32). This action is part of the required process necessary to implement changes previously adopted by the Board.

Summary Text:

Pursuant to Government Code Sections 7507 and 23026, the anticipated future cost of a proposed change in retirement benefits must be made public at a meeting no less than two weeks prior to implementing the change. Attachment A includes the relevant excerpts from the Milliman report adopted by the Retirement Board. The report reflects the estimated cost of the changes to retirement benefits for the employees affected. The costs have also been reviewed by the County's actuary, Mercer, and Mercer concurs with the cost estimates.

Background:

Collective bargaining agreements have been negotiated with Local 620, the ETA and Local 535. Successor Memoranda of Understanding (MOU) with Local 620 and the ETA were adopted by the Board of Supervisors on November 27, 2007. At that time the Board extended the terms and conditions of the Local 620 agreement to employees in Unit 32. The successor MOU with Local 535 was adopted by the Board on January 15, 2008. All of the contracts included the adoption of FAS-3 and employee half-rates. The change will impact employees in each bargaining unit who were hired on or after October 10, 1994. This Board letter is a required step in the implementation process.

At the request of the County, the Retirement System's actuary estimated the cost of implementing these changes. The calculations were based on the economic and non-economic assumptions used to perform the June 30, 2007 actuarial valuation.

Fiscal and Facilities Impacts:

Budgeted: Select_Budgeted

Fiscal Analysis:

The attached information is provided at this time for public review purposes in accordance with the requirements of the Government Code.

The cost information on implementing employee half rates pertains to all employees hired on or after October 10, 1994 who are either represented by Local 620, Local 535, ETA or who are Confidential employees in Unit 32.

The additional annual employer contribution associated with providing employee half-rates and three-year Final Average Salary is estimated at approximately \$2,075,000 for Fiscal Year 2008-2009. There is no additional cost in Fiscal Year 2007-2008.

Attachments: Attachment A: Milliman Report including relevant financial information

Authored by: Joseph Pisano

<u>cc:</u>	County Executive Officer	County Counsel	Auditor-Controller
	Department Directors/Heads	Retirement Administrator	