



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 8, 2012
Placement: Departmental
Estimated Tme: 5 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: *Ordinance Adopting a 2% Retirement COLA for 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) Consider the introduction (first reading) of the Ordinance in Attachment A establishing a 2% maximum Retirement Cost of Living Adjustment (COLA) as part of a new retirement plan (Plan 7) for general member (non-safety) employees hired on or after June 25, 2012, waive reading of the Ordinance in its entirety; and

- 2) Set a second hearing on the administrative agenda for May 15, 2012 to consider the adoption of the Ordinance and a resolution implementing Retirement Plan 7.

Summary Text:

Employees in current retirement plans may receive COLAs of up to 3% annually once they retire from County service. The recommended actions are necessary to implement a reform that will reduce the COLA to a maximum of 2% for all general member (non-safety) employees hired on or after June 25, 2012. This change is one of the many pension-related reforms negotiated with general employees in 2011. These reforms were previously adopted by the Board.

Background:

Last year the County engaged in negotiations for successor Memoranda of Understanding (MOUs) with all non-safety employee organizations. Agreements were reached with four of these groups and included pension reform for the future workforce, among various other concessions. In addition, the Board imposed these reforms on the one employee group that did not reach agreement with the County, implemented the reforms for all unrepresented non-safety employees, and achieved agreement with the one safety organization that represents a small number of non-safety employees.

Per these prior Board actions, all non-safety employees hired on or after June 25, 2012 will participate in a new retirement plan, Plan 7, that includes a provision for a maximum 2% annual COLA in retirement. The recommended actions satisfy the public notice requirement and direct staff to return to the Board on May 15, 2012 with a recommendation to pass, approve, and adopt the Ordinance as part of an agenda item implementing all of the provisions of Retirement Plan 7.

Fiscal Analysis:

The recommended actions will reduce retirement COLAs from a maximum of 3% to a maximum of 2% as part of pension reforms for general member (non-safety) employees hired on or after June 25, 2012, which will result in cost savings to the County. Pursuant to Government Code § 7507, an actuarial study of the financial implications of the proposed changes in retirement benefits was made public at the May 1, 2012 Board meeting.

The exact savings associated specifically with the reduced cost of funding the lower retirement COLA is unknown, but a 10-year actuarial analysis of all the components of pension reform in Retirement Plan 7 estimates the savings will be approximately \$219,000 in Fiscal Year 2012-2013, increasing gradually to approximately \$4,698,000 in Fiscal Year 2021-2022. This analysis assumed that each current non-safety employee who separates from County service would be replaced by a new hire entering Plan 7. The true savings will depend on actual turnover and replacement of employees over time.

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: Ordinance Establishing a 2% Retirement COLA