



**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: June 19, 2018
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Mona Miyasato, County Executive Officer
Contact Jeff Frapwell, Assistant CEO - Budget Director
Info:
SUBJECT: Adoption of Fiscal Year 2018-19 Employer and Member Contribution Rates

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

- a) That the Board of Supervisors, pursuant to Government Code Section 31454, adopts the Fiscal Year 2018-2019 employer and member contribution rates, recommended by Cheiron, the Santa Barbara County Employees Retirement System (SBCERS) actuary, and recommended by the Board of Retirement on December 13, 2017, with an effective date of July 1, 2018 or for the payroll cycle in which that date occurs;
- b) That the Board of Supervisors, pursuant to Government Code Section 31873, elects to pay the portion of the normal cost of living adjustment that would be otherwise assessed to individual members who are not deemed to be new members pursuant to Government Code Section 7522.04(f), with an effective date of July 1, 2018 or for the payroll cycle in which that date occurs; and
- c) That the Board of Supervisors determines that the actions above are not a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), because they consist of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary Text:

The proposed action will set an overall employer contribution rate of 39.14%. This is a contribution rate increase of 43 basis points from the Fiscal Year 2017-2018 rate of 38.71%. It is also 36 basis points *lower* than the projected 2018-2019 rate of 39.5% assumed in the Five-Year Forecast, presented in October 2017. The final rate has come in lower than originally projected due to favorable investment returns in the 2016-2017 fiscal year. The Fiscal Year 2018-2019 Recommended Budget includes the recommended retirement contribution rates. SBCERS reports that adjusting the rates of contribution as recommended will not reduce the individual benefits provided by either the County Employees Retirement Law of 1937 or the California Public Employees' Pension Reform Act (PEPRA) of 2013.

The Board of Retirement took action at its December 13, 2017 meeting to accept and approve the valuation and recommend the rates of contribution for approval to the Board of Supervisors.

Background:

In correspondence dated May 25, 2018, SBCERS requested that the recommended rates be brought to Board of Supervisors for adoption. The referenced correspondence is Attachment A to this item and the member and employer contribution rates resulting from the June 30, 2017 Actuarial Valuation are included in Attachment B and Attachment C, respectively.

Fiscal and Facilities Impacts:

The Fiscal Year 2018-2019 Recommended Budget includes the expected retirement cost increases, estimated to be \$7.4 million, or a 5.6% increase over the FY 2017-2018 Adopted Budget (from \$131.3 million to \$138.7 million).

Attachments:

Attachment A – May 25, 2018 Correspondence from SBCERS to County
Attachment B - June 30, 2017 Actuarial Valuation – Member Contribution Rates
Attachment C - June 30, 2017 Actuarial Valuation – Employer Contribution Rates

Authored by:

Paul Clementi, CEO Fiscal & Policy Analyst

cc:

Theodore A. Fallati, CPA, Auditor-Controller
Michael C. Ghizzoni, County Counsel
Greg Levin, SBCERS, Executive Officer