



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager's Office



DATE: August 1, 2016
BOARD MEETING DATE: August 9, 2016
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors

FROM: John Maltbie, County Manager

SUBJECT: Adoption of Amended Employer and Member Retirement for Certain Contribution Rates for FY 2016-2017.

RECOMMENDATION:

Adopt a resolution amending the rates set for employer and member contributions for the San Mateo County Employees' Retirement Association for certain members for fiscal year 2016-2017 in accordance with Government Code Sections 31453 and 31454.

BACKGROUND:

Government Code Section 31453 requires the Board of Retirement to conduct periodic actuarial valuations of the retirement system and to recommend contribution rates to the Board of Supervisors. Section 31454 requires the Board of Supervisors, not later than 90 days after the beginning of the immediately succeeding fiscal year, to adjust the rates of interest, the rates of contributions of all members all participating employers in accordance with the recommendations of the Board of Retirement.

On March 29, 2016, the Board set all employer and member contribution rates for FY 2016-2017. Subsequently, the County and the Probation and Detention members (PDA) agreed that PDA members would contribute 50% of the retirement Cost of Living Adjustment (COLA) costs and that the County would no longer pick up of 20% the PDA member contributions.

DISCUSSION:

The Board of Retirement recommends the amended employer and employee contribution rates as set forth in the attached resolution and accompanying letter from the SamCERA Chief Executive Officer. These amended rates reflect the shifting of a portion of the COLA costs from the employer to the PDA employees and the termination of the pick-up of a portion of PDA employee contributions. The amended rates have been previously communicated to County staff. The table below illustrates the changes from March 29, 2016:

Plan	Description	Previous Rate	Revised Rate
XG1	GEN PLN 1 - NO COLA PICK-UP*	N/A	27.83%
P2	PROB SAFETY PLN 2	47.09%	42.72%
P4	PROB SAFETY PLN 4	45.33%	42.15%
PM1	PROB MGMT PLN 1*	N/A	57.82%
PM5	PROB MGMT PLN5*	N/A	42.42%
PM6	PROB MGMT PLN6*	N/A	42.24%
* Represents plans not included in 2015 valuation - no current employees.			

The resolution has been reviewed and approved by County Counsel as to form and content.

Approval of this resolution contributes to the Shared Vision 2025 outcome of a Collaborative Community by managing the financial assets of the County and maintaining the appropriate level of contributions to the retirement fund.

FISCAL IMPACT:

The County's budgeted statutory retirement contributions will approximate \$158.6 million in FY 2016-17, not including \$33.6 million in additional payments to accelerate the elimination of the unfunded pension liability. The impact of the amended rates reflecting the PDA cost shifting is estimate to be \$567,000 in annual ongoing savings.