



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



Date: March 6, 2017
Board Meeting Date: March 28, 2017
Special Notice/Hearing: None
Vote Required: Majority

TO: Honorable Board of Supervisors

FROM: John Maltbie, County Manager

SUBJECT: Adoption of Employer and Member Retirement Contribution Rates for FY 2017-2018.

RECOMMENDATION:

Adopt a resolution amending employer and member contribution rates for the San Mateo County Employees' Retirement Association for all members and employers for fiscal year 2017-2018 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.

Adoption of the attached resolution will set all employer and member contribution rates as needed for positions covered by all currently existing retirement plans for FY 2017-2018.

DISCUSSION:

The Board of Retirement and the SamCERA Chief Executive Officer recommend the contribution rates as set forth in the attached resolution. The rates have been previously communicated to County staff.

Pursuant to the 2013 Memorandum of Understanding (MOU) regarding retirement system funding, the County may pay more than the Statutory Contribution Rate (SCR) to address the unfunded liability. The SCR for the fiscal year 2017-2018, as calculated by the County's Actuary, is 33.91%. The blended fixed rate the County intends on contributing is 37.14%. The additional contributions needed to reach the 37.14% can be accomplished by making one lump sum payment of \$17.6 million.

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 retirement contributions will approximate \$209.3 million in FY 2017-18. This figure includes the County statutory contribution of \$178.0 million, statutory contributions from non-County funds totaling \$3.7 million (First 5, SamCERA, LAFCo and County Library), and \$27.6 million from the General Fund for the accelerated pay down of the unfunded liability, which includes the annual lump sum contribution of \$10 million and the amount needed to achieve the blended fixed rate of 37.14%.