



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 16-799

Board Meeting Date: 12/5/2017

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: John L. Maltbie, County Manager
Subject: Adoption of Employer and Member Retirement Contribution Rates for FY 2018-2019.

RECOMMENDATION:

Adopt a resolution setting employer and member contribution rates for the San Mateo County Employees' Retirement Association for all members and employers for fiscal year 2018-2019 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 contributions of all members and 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 2018-2019.

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 staff of the County, Court and the San Mateo County Mosquito and Vector Control District.

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. SamCERA places these payments in a Supplementary Contribution Account (CSCA). The County's SCR would have increased to 37.84% of payroll for FY 2018-19, however, when the value of the County's CSCA account is factored in the calculation, the County's contribution rate is reduced to 35.48% of payroll. The blended fixed rate the County intends on contributing is 37.14%. The additional contributions needed to reach 37.14% can be accomplished by making one lump sum payment of \$9.2 million.

As for member rates, the basic member rates and rates to fund Cost of Living will increase for all

plans (except Safety and Probation Plan 1 and 2) due to the new economic assumptions and demographic assumptions adopted by the Board of Retirement.

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 \$215.7 million in FY 2018-19. This figure includes the County statutory contribution of \$191.8 million, statutory contributions from non-County funds totaling \$4.7 million (First 5, SamCERA, LAFCo and County Library), and \$19.2 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%.