



## Legislation Details (With Text)

**File #:** 2019-1980  
**Type:** Consent Calendar Item **Status:** Agenda Ready  
**File created:** 1/3/2020 **In control:** County Administrator  
**On agenda:** 3/24/2020 **Final action:**  
**Title:** Annual State of the Retirement System Report  
**Sponsors:** County Administrator, Auditor-Controller-Treasurer-Tax Collector, Retirement  
**Indexes:**  
**Attachments:** 1. Summary Report, 2. Attachment 1

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

**To:** Board of Supervisors of Sonoma County, Board of Directors of the Sonoma County Water Agency, Board of Directors of the Sonoma County Agricultural Preservation and Open Space District, Board of Commissioners of the Community Development Commission

**Department or Agency Name(s):** County Administrator's Office, Auditor-Controller-Treasurer-Tax Collector, Sonoma County Employees' Retirement Association

**Staff Name and Phone Number:** Nikolas Klein (CAO), 707-565-5312, Julie Wyne (SCERA), 707-565-8103, Erick Roeser (ACTTC), 707-565-3295

**Vote Requirement:** Majority

**Supervisory District(s):** Countywide

### Title:

Annual State of the Retirement System Report

### Recommended Action:

- A) Receive an informational report on the state of the County's pension system covering historical and projected future costs, unfunded liabilities, pension plan data, results from the 2018 annual actuarial valuation, and an update on local reform efforts.
- B) Direct staff to develop additional Unfunded Liability Reduction strategies to be considered as part of FY 2020-21 Budget Hearings.

### Executive Summary:

The County's second annual State of the Retirement System Report highlights annual pension costs, unfunded liabilities, future year cost projections, local reform efforts, and impacts of actuarial valuations. This update is part of the County's ongoing efforts to improve accountability and transparency with respect to reporting on the County's pension costs and liabilities, which is one of the Board's major pension reform goals. The need for annual pension system reports has been identified and recommended in the FY 2014-15 Sonoma County Grand Jury Report, the July 2016 report of the former Independent Citizens' Advisory Committee on Pension Matters, and most recently, the September 2018 report of the Board's Ad Hoc Committee on Pension Reform.

### Discussion:

This latest annual State of the Retirement System Report presents data and information on several topics

related to the County's retirement system:

- Historical pension costs over the past five fiscal years through FY 2018-19, as compared to total Salaries & Benefits costs, pensionable payroll, and operating revenue;
- Pension Obligation Bond annual costs, payment schedules, and principal balances;
- Historical trends for Net Pension Liability and Unfunded Actuarial Accrued Liability;
- Future year pension cost projections through FY 2030-31;
- Retirement system membership data, average retirement benefits, and historical investment returns;
- 2018 retirement system actuarial valuation results, and impact on the County's anticipated pension contribution rates and overall budget in FY 2020-21;
- Update on the Board's specific actions taken to contain pension costs over the past year, including approving a new financial policy authorizing accelerated payments towards unfunded liabilities, and negotiating an extension of certain employees' cost sharing of unfunded liabilities beyond 2024; and
- Pending and decided California Supreme Court cases with pension reform implications.

Refer to the attached State of the Retirement System Report for details.

#### Prior Board Actions:

12-08-2018 - First Annual State of the Retirement System Report

09-18-2018 - Approved Pension Ad Hoc Report Recommendations

07-12-2016 - Received final report of the Independent Citizens Advisory Committee.

06-14-2016 - Pension System Actuarial Valuation Update

01-27-2015 - Received a staff update on Pension Reform efforts initiated in November 2011.

#### FISCAL SUMMARY

| Expenditures                       | FY 19-20<br>Adopted | FY20-21<br>Projected | FY 21-22<br>Projected |
|------------------------------------|---------------------|----------------------|-----------------------|
| Budgeted Expenses                  |                     |                      |                       |
| Additional Appropriation Requested |                     |                      |                       |
| <b>Total Expenditures</b>          |                     |                      |                       |
| <b>Funding Sources</b>             |                     |                      |                       |
| General Fund/WA GF                 |                     |                      |                       |
| State/Federal                      |                     |                      |                       |
| Fees/Other                         |                     |                      |                       |
| Use of Fund Balance                |                     |                      |                       |
| Contingencies                      |                     |                      |                       |
| <b>Total Sources</b>               |                     |                      |                       |

#### Narrative Explanation of Fiscal Impacts:

None

#### Staffing Impacts:

| <b>Position Title (Payroll Classification)</b> | <b>Monthly Salary Range<br/>(A-I Step)</b> | <b>Additions<br/>(Number)</b> | <b>Deletions<br/>(Number)</b> |
|--|--|-------------------------------|-------------------------------|
|  |  |                               |                               |
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|  |  |                               |                               |

**Narrative Explanation of Staffing Impacts (If Required):**

None

**Attachments:**

State of the Retirement System Annual Report

**Related Items “On File” with the Clerk of the Board:**