

**COUNTY OF SONOMA  
AGENDA ITEM  
SUMMARY REPORT**

**Clerk of the Board Use Only**  
**Meeting Date**                      **Held Until**  
 /   /                                      /   /  
**Agenda Item No:**                      **Agenda Item No:**  
 \_\_\_\_\_

**Department:** Retirement

(   ) **4/5 Vote Required**

**Contact:**  
Gary J. Bei

**Phone:**  
(707) 565-8103

**Board Date:**  
06/02/09

**Deadline for Board Action:**  
06/02/09

**AGENDA SHORT TITLE:**

Retirement Rates for the remainder of Fiscal Year 08-09 and Fiscal Year 09-10.

**REQUESTED BOARD ACTION:**

Resolution approving and adopting Sonoma County Employees' Retirement Association employee and employer retirement contribution rates for the period May 19, 2009 to June 29, 2009 and employee and employer retirement contribution rates and rates for pension obligation bonds for Fiscal Year 09-10.

**CURRENT FISCAL YEAR FINANCIAL IMPACT**

**EXPENDITURES**

**Estimated Cost**                      \$    400,000

**Amount Budgeted**                      \$

**Other Avail Approp.**                      \$  
(Explain below)

**Additional Requested:**                      \$

**ADD'L FUNDS REQUIRING BOARD**

**Contingencies \$**  
(Fund Name:)

**Unanticipated Revenue**                      \$  
(Source:)

**Other Transfer(s)**                      \$  
(Source:)

**Add'l Funds Requested:**                      \$

**Explanation (if required):** The \$400,000 above in additional costs will be charged to departments in FY 08-09 and the new rates for FY 09-10 have been included in the FY 09-10 departmental budgets.

**Prior Board Action(s):**

Routinely approved, usually on an annual basis.

**Alternatives - Results of Non-Approval:**

The two sets of contribution rates adopted by the Retirement Board will take effect ninety (90) days after May 19, 2009 and the beginning of the 2009/2010 fiscal year respectively without approval of the Board of Supervisors.

**Background:**

Each year the Board of Supervisors reviews and adopts employer and employee Sonoma County Employee's Retirement Association retirement contribution rates for the coming fiscal year. From time to time adjustments to the approved rates are considered, particularly when there is a need to fund a new benefit. This item seeks your approval to adjust the FY 08-09 contribution rates for the end of this fiscal year consistent with the onset of the new cash allowance benefit effective May 19, 2009 and also seeks approval of the FY 09-10 contribution rates, including the portion necessary to fund the debt service on previously issued pension obligation bonds. The remaining portion of the rates is charged to departments to provide for retiree health insurance obligations. That portion is not calculated or set by the Retirement Board. It appears separately on the Board of Supervisors agenda.

**Adjustment to the FY 08-09 Retirement Contribution Rates**

The Board of Retirement annually requires an actuarial valuation to be performed as authorized by Section 31453 of the California Government Code. An actuarial report was prepared by the actuarial firm of Gabriel, Roeder, Smith & Company based on conditions as of December 31, 2006. The Segal Company completed a contribution rate analysis dated November 20, 2007, based on the December 31, 2006 Gabriel, Roeder, Smith & Company valuation, to establish employer and employee contribution rates to be effective for the 2008/2009 Fiscal Year. Said rates were adopted by the Board of Supervisors on June 17, 2008, Resolution No. 08-0560 after the Board of Retirement adopted the contribution rates pursuant to its Resolution #82 of May 22, 2008.

The Segal Company completed an actuarial analysis dated January 14, 2009 to compute the increase in employer retirement contribution rates to fund the new cash allowance benefit effective May 19, 2009. The Board of Retirement of the Sonoma County Employees' Retirement Association has determined that it is appropriate to implement the increased employer retirement rates at the time the new cash allowance benefit is effective.

**Attachments:**

- Resolution
- Retirement Board Resolution #86 (with Schedule A and B).
- Retirement Board Resolution #89 (with Appendix A).

**On File With Clerk:**

**CLERK OF THE BOARD USE ONLY**

**Board Action (If other than "Requested")**

**Vote:**

**Background: (Continued)**

As a result of this analysis and actuarial recommendation, on March 19, 2009 the Board of Retirement approved and is now recommending the following contribution rates be adopted by the Board of Supervisors for the period May 19, 2009 to June 29, 2009 for employees (see Schedule A for General Members and Schedule B for Safety Members) and employer contribution rates as follows:

**COUNTY OF SONOMA**

<u>Retirement Rates</u>	<u>General</u>	<u>Safety</u>
05/19/09	12.74%	21.19%

The increase in the employer retirement rate is 1.22% for General and 1.07% for Safety.

**FY 09-10 Retirement Contribution Rates**

The Board of Retirement annually requires an actuarial valuation to be performed as authorized by Section 31453 of the California Government Code. Based upon the actuarial valuation the actuary makes a report to the Board of Retirement as to the funding adequacy of the system. If necessary, the actuary also recommends rate and assumption changes. The Board of Retirement then makes a recommendation to the Board of Supervisors for their approval (see attached copy of Retirement Board Resolution #89).

As a result of this study and the actuarial recommendation, the Retirement Board recommends that the Board of Supervisors approve for the Fiscal Year 2009/2010 employee rates pursuant to Retirement Board Resolution #89 and the following employer contribution rates:

**COUNTY OF SONOMA**

<u>Retirement Rates</u>	<u>General</u>	<u>Safety</u>
06/30/09	14.30%	23.10%

Upon approval of this resolution, the Retirement contribution rates, when combined with other County Retirement related rates for pension obligation bonds, will total for Fiscal Year 2009/2010 as follows:

**COUNTY RETIREMENT CONTRIBUTION RATES**

	<u>General</u>	<u>Safety</u>
06/30/09		
Retirement Rates	14.30%	23.10%
Pension Bonds Rate (1993)	2.92%	4.19%
Pension Bonds Rate (2003)	4.80%	5.62%
<b>Total Retirement Related Rates</b>	<b>22.02%</b>	<b>32.91%</b>

The above retirement and pension bond rates are included in the 2009/2010 proposed budget.

The retirement related general member rate for the employer in FY 2005/2006 was 15.94%; for FY 2006/2007 the retirement related rate was 17.17%; for FY 2007/2008 the retirement related rate is 18.41%; for FY 2008/2009 the retirement related rate was 19.26%; and for FY 2009/2010 the retirement related rate will be 22.02% as shown above.

The retirement related safety member rate for FY 2005/2006 were 23.28% (effective 7/1/05) and 25.34% (effective 2/1/06), respectively; for FY 2006/2007 the retirement related rate was 27.29%; for FY 2007/2008 the retirement related rate was 29.15%; for FY 2008/2009 the retirement related rate was 29.96%; and for FY 2009/2010 the retirement related rate will be 32.91% as shown above.