

EXECUTIVE COMMITTEE MEETING

Agenda of March 5, 2015

TO: Sacramento Area Flood Control Agency
Board of Directors

FROM: Richard M. Johnson, Executive Director
(916) 874-8732

**SUBJECT: PUBLIC MEETING TO DISCLOSE THE FUTURE COSTS OF CHANGES
IN RETIREMENT BENEFITS PER GOVERNMENT CODE SECTION
7507**

OVERVIEW:

California Government Code Section 7507 requires that the future costs of changes in retirement benefits be discussed in public at a public meeting. With SAFCA's transition to self-administration of personnel, including benefits, SAFCA will be entering into a contract with the California Public Employees Retirement System (CalPERS) which will result in a change in the future costs of retirement benefits. Those costs are being made public at this meeting.

RECOMMENDATION:

Staff recommends that this information item be made public and any public comments be taken and considered.

MEASURES/EVALUATION:

A successful outcome will result in SAFCA completing the transition to self-administration of personnel services process including a final contract with CalPERS for a defined benefit retirement plan.

FISCAL IMPACT:

This informational item does not have fiscal impacts.

ENVIRONMENTAL IMPACTS:

This informational item does not have environmental impacts.

BACKGROUND:

In 2012 the City of Sacramento (City) asked SAFCA to explore the feasibility of a self-administered personnel system and requested that SAFCA leave the City system. Additionally, changes in the Internal Revenue Code require a change to the current arrangement. After several discussions with its Board of Directors, SAFCA staff commenced the CalPERS application process in April 2013 by submitting a New Agency Questionnaire and Applicant Questionnaire to CalPERS. At the July 2013 SAFCA Board meeting, the plan of action for transitioning to a self-administered personnel management system was fully presented to the Board with the

objectives being: (1) resolve the conflict between the SAFCA Joint Exercise of Powers Agreement (JPA) and the current personnel management system; (2) address administrative concerns which are impacting both the City's and SAFCA's efficient operations; and (3) address possible conflicts with the Internal Revenue Code, while maintaining comparable employee compensation and minimizing administrative costs. At the September 2013 Board meeting the Board took several actions related to the agreements with the City and County of Sacramento (County). At the November 2013 SAFCA Board meeting, the Board adopted eight resolutions to advance the self-administration of personnel process.

SAFCA staff has met with both City and County staff regarding this transition to self-administration of SAFCA's personnel system. Both entities desire the transition to occur with the commencement of the FY 2015-16 for ease of administration. CalPERS recently completed its actuarial evaluation and has provided SAFCA with a list of actions to take in order to complete the contracting process.

DISCUSSION:

In order to continue the CalPERS retirement contract process, CalPERS has provided staff with a list of actions that need to be completed prior to CalPERS preparing the final contract. One of these items is compliance with Government Code Section 7507 which requires any change in the future annual costs of retirement benefits be made public at a public meeting.

Based on CalPERS actuarial evaluation the following are the estimated future annual costs of the CalPERS retirement plan to SAFCA and SAFCA's current annual retirement costs under the City of Sacramento's CalPERS contract.

<u>Future Annual Costs</u>	<u>Current Annual Costs</u>	<u>Difference</u>
SAFCA-CalPERS contract	CITY-CalPERS contract	
\$32,730.99	\$45,771.85	(\$13,040.86)

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