


## MEMO

**Date:** August 21, 2012  
**To:** CCCERA Board of Retirement  
**From:** Marilyn Leedom, Chief Executive Officer   
**Subject:** Request from County for Contribution Rate Calculations on New Tiers

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### Background:

The County introduced legislation (SB1494) in the current legislative year. This legislation introduces two new tiers, a Safety tier of 3% @ 55 and a General tier of 2% @ 60. Both tiers include a 36 month period for final average compensation, a cost of living adjustment maximum of 2% per year and a pension cap of 90% of final compensation.

SB 1494, the Contra Costa bill, passed the Assembly Floor and is back in the Senate for a concurrence vote. If the bill passes the Senate and is signed by the Governor, it would become effective for new employees on January 1, 2013.

The County has requested that the Board of Retirement provide employee and employer contribution rates for these new tiers as soon as possible. If the legislation had already been signed into law, it would necessitate these calculations by the system's actuary, the Segal Company, as a part of administering the retirement system. However, because SB 1494 is still in the legislative process, it is not yet a necessary cost of administering the retirement system. The County is aware that the requested study by the Segal Company could take approximately 6 to 8 weeks to complete.

### Recommendations:

Staff recommends the Board direct staff to work with The Segal Company to begin the process of an actuarial study to calculate new contribution rates for the new 3% @ 55 and 2% @ 60 immediately. If SB 1494 is enacted, the cost of this study should be borne by the Retirement Association as a cost of administering the system. If SB 1494 does not pass, or is vetoed, the cost would be borne by the County.

Alternatively, we will know by the end of September if SB 1494 will become law and can wait until that time to begin the study.

# County Administrator

County Administration Building  
651 Pine Street, 10th Floor  
Martinez, California 94553-1229  
(925) 335-1080  
(925) 335-1098 FAX

David J. Twa  
County Administrator

# Contra Costa County



REC'D AUG 15 2012

## Board of Supervisors

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August 14, 2012

Marilyn Leedom  
Retirement Administrator  
Contra Costa County Employees' Retirement Association  
1355 Willow Way, Suite 221  
Concord, CA 94520

Dear Marilyn,

The County and its employee organizations have explored the establishment of two new retirement benefit tiers, one for safety and one for general employees. Implementation of the new tiers is contingent upon the parties' agreement and adoption of legislation authorizing the new tiers. Agreement has been reached with the majority of the County's employee organizations, and the necessary legislation is pending (SB 1494).

The County requests that the Board of Retirement provide employer and employee contribution rates for the pending new safety retirement benefit tier as of January 1, 2013. Assume that effective January 1, 2013, all employees hired on or after that date by Contra Costa County and designated as Safety members (both unrepresented and represented), inclusive of all of the following employee organizations: Professional and Technical Engineers, IFPTE, Local 21; Public Employees Union, Local One; SEIU, Local 1021; Contra Costa County Deputy Sheriffs Association Rank and File Unit; Contra Costa County Deputy Sheriffs Association Management Unit; District Attorney Investigators' Association; Probation Peace Officers Association of Contra Costa County; and Professional and Technical Employees, AFSCME, Local 512, would receive the retirement benefit reflected under proposed Section 31755.6 of the County Employees Retirement Law of 1937 (CERL), which we refer to as the "3% at 55" benefit (Tier D), with an annual cost of living adjustment of 2%, a 36-month final average compensation period used for calculating retirement benefits, and a 90% cap on final compensation as of the date of retirement.

The County also requests that the Board of Retirement provide employer and employee contribution rates for a pending new general retirement benefit tier as of January 1, 2013. Assume that effective January 1, 2013, all employees hired on or after that date by Contra Costa County and designated as General members (both unrepresented and represented), inclusive of all employees in the following organizations: Professional and Technical Engineers, IFPTE, Local 21; Professional and Technical Employees, AFSCME, Local 512; United Clerical, Technical and Specialized Employees, AFSCME, Local 2700; Public Employees Union, Local One; Public Employees Union, Local One, CSB-Site Supervisor Unit; SEIU, Local 1021, Rank and File Unit; SEIU, Local 1021, Service Line Supervisors Unit; Western Council of Engineers; Contra Costa County Deputy Sheriffs Association Rank and File Unit; Contra Costa County Deputy Sheriffs Association Management Unit; and California Nurses Association/National Nurses United, would receive the retirement benefit reflected under proposed Section 31755.5 of the County Employees Retirement Law of 1937 (CERL), which we refer to as the "2% at 60" benefit (Tier IV), with an annual cost of living adjustment of 2%, a 36-month final average compensation period used for calculating retirement benefits, and a 90% cap on final compensation as of the date of retirement.

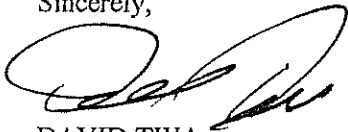
**Summary**

The County requests revised employer and employee contribution rates and the actuarial impact on future annual costs be provided pursuant to Government Code section 7507, B.1 for the new tiers summarized by the table below:

|                 | Authorization                           | Benefit Level  | Covered Group   | Effective Date |
|-----------------|---|--|---|----------------|
| Safety Tier D   | Pending Adoption of Legislation SB 1494 | 3% at 55, 2% COLA, 36 month final average compensation, 90% compensation cap | Mandatory for new and rehired safety management employees and employees in the following bargaining groups: Professional and Technical Engineers, IFPTE, Local 21; Public Employees Union, Local One; SEIU, Local 1021; Contra Costa County Deputy Sheriffs Association Rank and File Unit; Contra Costa County Deputy Sheriffs Association Management Unit; District Attorney Investigators' Association; Probation Peace Officers Association of Contra Costa County; and Professional and Technical Employees, AFSCME, Local 512   | 1/1/2013       |
| General Tier IV | Pending Adoption of Legislation SB 1494 | 2% at 60, 2% COLA, 36 month final average compensation, 90% compensation cap | Mandatory for new and rehired general management employees and employees in the following bargaining groups: Professional and Technical Engineers, IFPTE, Local 21; Professional and Technical Employees, AFSCME, Local 512; United Clerical, Technical and Specialized Employees, AFSCME, Local 2700; Public Employees Union, Local One; Public Employees Union, Local One, CSB-Site Supervisor Unit; SEIU, Local 1021, Rank and File Unit; SEIU, Local 1021, Service Line Supervisors Unit; Western Council of Engineers; Contra Costa County Deputy Sheriffs Association Rank and File Unit; Contra Costa County Deputy Sheriffs Association Management Unit; and California Nurses Association/National Nurses United | 1/1/2013       |

The County would like to receive these revised contribution rates as soon as possible. If you have any questions regarding the benefit provisions, eligible groups, implementation dates or other details, please contact Ted Cwiek at 335-1766.

Sincerely,



DAVID TWA  
County Administrator

- Cc: Ted Cwiek, Director of Human Resources  
Robert Campbell, County Auditor-Controller  
Lisa Driscoll, County Finance Director  
Mary Ann Mason, Assistant County Counsel