

Agenda Date: August 16, 2012
Agenda Placement: Regular
Estimated Time: 5 Minutes
Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Dave Van Mullem, Air Pollution Control Officer

CONTACT: Bob Van Beveren, Business Manager (961-8863)

SUBJECT: Retirement Benefits for Employees Hired on Or after August 16, 2012

RECOMMENDATION:

Adopt the resolution in Attachment A implementing a new retirement plan, Santa Barbara County Retirement System's Plan 7, for all District employees hired on or after August 16, 2012.

DISCUSSION:

The recommended actions implement retirement provisions negotiated with represented employees as part of successor Memoranda of Understanding, as well as for management and confidential-unrepresented employees hired on or after August 16, 2012.

BACKGROUND:

The resolution in Attachment A adopts Santa Barbara County Retirement System's new retirement plan, Plan 7, also referred to as Tier III by the District, for all employees hired into District service on or after August 16, 2012 that includes the following components:

- Formula per Government Code § 31676.1 (referred to as 2% @ 61 ¼)
- Half-rates
- Retirement benefit based on three-year final average salary
- No retiree medical program
- Maximum retirement COLA of 2% per year

FISCAL ANALYSIS:

An actuarial review was completed on the retirement system, as a whole, which provided a 10-year analysis of the estimated potential cost savings of the new plan. The District represents about 1.1% of the total retirement system. The calculated potential savings would be approximately \$2,300 in 2012-13, and increase gradually to approximately \$172,500 in Fiscal Year 2021-2022. This analysis assumes that each current employee who separates from District service would be replaced by a new hire entering Retirement Plan 7. The true savings will depend on actual turnover and replacement of employees over time.