

SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: Supervisors John Tavaglione & Marion Ashley      SUBMITTAL DATE: March 2, 2010

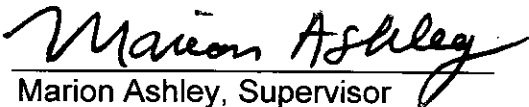
SUBJECT: Formation of County Pension Reform Advisory Committee

RECOMMENDED MOTION:

- 1) That the Board of Supervisors form a **Pension Reform Advisory Committee** consisting of one (1) member each from the following county organizations: County Treasurer, County Finance Director (EO's Office), Department of Social Services (DPSS), Regional Medical Center, Transportation Land Management Agency (TLMA), Sheriff's Department, District Attorney's Office, an "at-large" member representing other county agencies and special districts (Flood, Waste, etc.), as selected by the Executive Officer, and one member each (President, Manager, Regional Director, or Executive Director), from each of our county labor unions - SEIU 721, LIUNA 777, DDA, RSA and LEMU. That the committee be facilitated by an "independent" labor attorney as selected by the Board of Supervisors, reporting directly to the Board Chairman and Executive Officer. HR Director shall provide staff to assist and report to the independent facilitator.
  
- 2) That the purpose of the Pension Reform Advisory Committee will be to review our county's current pension system and determine how it can be improved and/or modified for all "NEW" county employees. Where necessary and when approved by the Board Chairman, a committee stakeholder may request the input/involvement of experts in the field of pension issues germane to the discussion. Expenses for such experts will be sole responsibility of the requesting stakeholder, and will be limited only to the discussion at hand – not for ongoing involvement in the committee. That said committee shall meet at least once monthly starting in March of this year and completing its task and recommendations to the full Board of Supervisors not later than September 1, 2010, unless extended by the Board Chairman.

BACKGROUND: (Continued on Page 2)

  
John Tavaglione, Supervisor  
Second District

  
Marion Ashley, Supervisor  
Fifth District

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### **Background:**

Throughout the U.S., states, counties, cities and special districts are attempting to grapple with the challenges of unsustainable pension costs. The unfunded liabilities associated with the current system, coupled with substantial investment losses resulting from the current recession and U.S. financial crisis, has compounded the pension challenges, making the system, as currently structured, unsustainable for new employees.

It must be noted that the ***current system for "current and existing employees and retirees" cannot be touched.*** They are vested benefits. However, government agencies throughout the State of California are looking at new/restructured pension plans to help lessen the future financial burden on their agencies. Ideas being explored are a ***"second-tier"*** pension system whereby all ***"new employees"*** will fall under a more financially manageable and sustainable system. Such ideas being explored are ***"defined contribution plans"*** rather than the current ***"defined benefit plan"***. As well, increasing the retirement age benefit from the 3@60 to 3@65, or 2.5@ 60, just to name a few examples.

It is our belief that a new and modified pension plan is inevitable for all ***"new"*** employees, and, ultimately, it would be best to start at the state level to insure consistency and a level of competitiveness and fairness across jurisdictional boundaries. However, in order to be ahead of the process and engage a transparent process with our county agencies and labor organizations, the need for this proposed Pension Reform Advisory Committee is critical.