

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



FROM: Human Resources and County Counsel

SUBMITTAL DATE:
October 3, 2011

SUBJECT: Review and Clarification of Board Direction on Pension Reform

RECOMMENDED MOTION: To receive and file Report of Human Resources and County Counsel on Review and Clarification of Board Direction on Pension Reform

BACKGROUND: On September 20, 2011, the Board requested Human Resources and County Counsel to review the Tier II pension reform proposal and clarify the flexibility of the guidelines. (Board Agenda Item No. 3.21.)

On March 29, 2011, the Board "approved, in concept the institution of a Tier II (lower benefit formula) plan for new employees immediately including: A) 2% @ 60 plan for miscellaneous. B) 2% @ 55 plan for safety." The Board further directed "Human Resources to return with appropriate resolutions to approve this policy." (Board Agenda Item No. 2.0.)

Departmental Concurrence



BARBARA OLIVIER, Assistant County Executive Officer/Human Resources Director



PAMELA J. WALLS, County Counsel

FINANCIAL DATA	Current F.Y. Total Cost:	\$	In Current Year Budget:
	Current F.Y. Net County Cost:	\$	Budget Adjustment:
	Annual Net County Cost:	\$	For Fiscal Year:

SOURCE OF FUNDS:	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

County Executive Office Signature

- Consent
- Policy
- Consent
- Policy

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: | **District:** | **Agenda Number:**

3.1

On April 26, 2011, the Board approved the following motion:

“That the Board of Supervisors recognize all current and future discussion related to wages and pension reform should occur through the formal process of collective bargaining. The Board requests all employee bargaining units currently representing Riverside County employees enter into collective bargaining in order to address the current economic crisis facing Riverside County. Further, that members of the Board of Supervisors should refrain from meeting with union representatives during negotiations, or making public demands that should occur at the negotiation table.” (Agenda Item No. 3.56.)

The Board approved, in concept, the institution of a second Tier as part of its pension reform proposal during the March 29th meeting. The Board clarified during the April 26th meeting that this pension reform proposal, along with other proposals, was being discussed and negotiated in collective bargaining with employee bargaining units. The resolutions were not returned because Human Resources was continuing to meet and confer with employee bargaining units over these proposals. It was anticipated that there would be some flexibility in negotiating the proposals during the collective bargaining process.

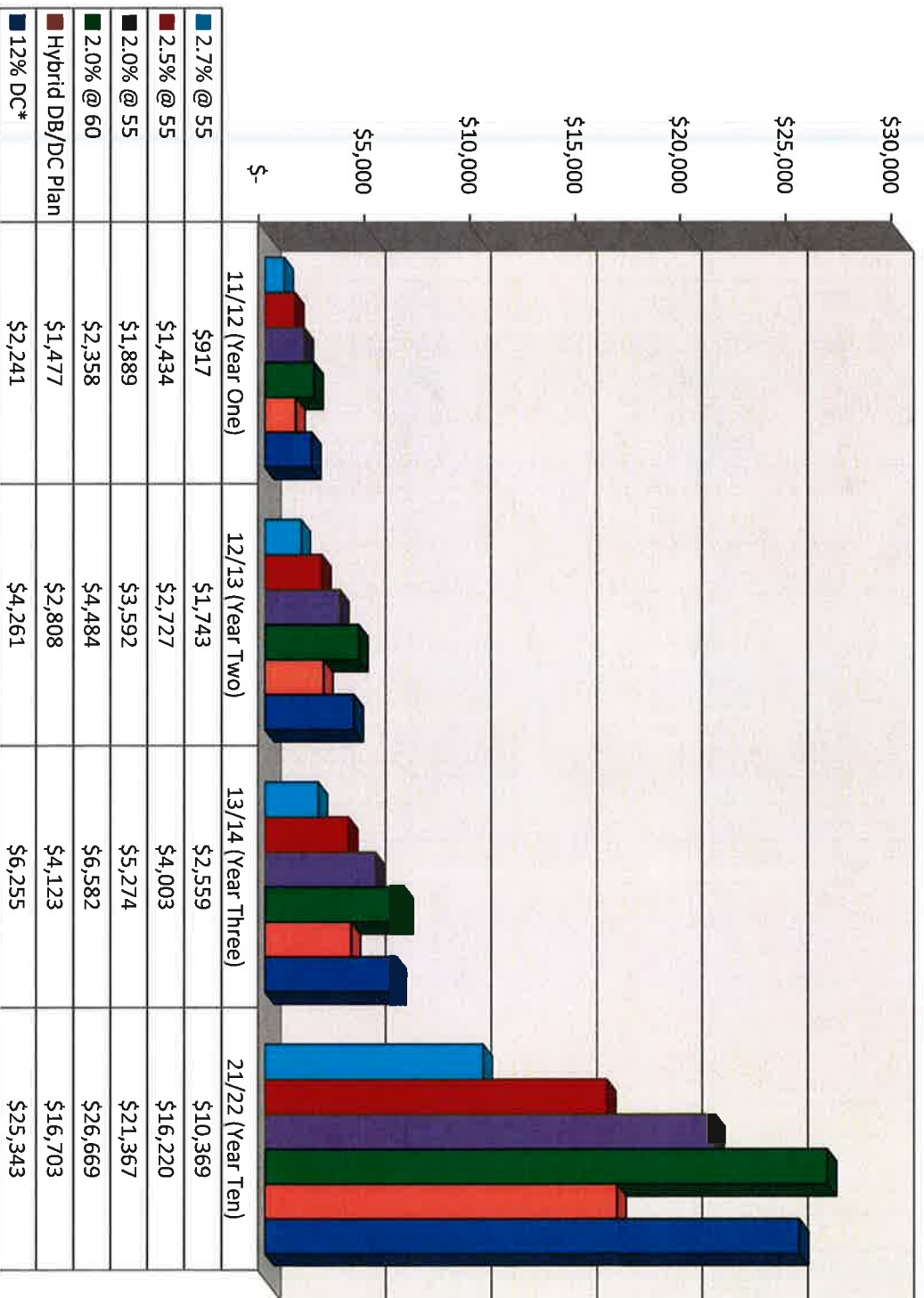
The request that the Board members refrain from meeting with union representatives during negotiations was consistent with Section 4 of Employee Relations Resolution No. 99-379. That section provides:

“County Representative. As designated by the Human Resources Director, the Employee Relations Manager shall be the principal representative of the County in employee relations matters and the official representative of the Board of Supervisors to meet and confer and to consult with recognized employee organizations. The Employee Relations Manager may temporarily delegate portions of these functions to qualified County personnel selected to assist him.”

The Board has the discretion to decide whether it wants to participate in the collective bargaining process as well as limit the intervention of its members in the process. Moreover, labor negotiations are an exception to the open meeting requirements of the Brown Act (Government Code section 54957.6(a)). The legislature, in all probability, did not intend to require bargaining committees to negotiate in public. (61 Ops. Cal. Atty. Gen. 1, 6 (1978).) While the Board can decide to discuss labor negotiations in open session and can agree to disclosure (Government Code section 54963), limiting collective bargaining to negotiating teams and advising those teams in closed session is typically done to foster negotiations and to not inhibit the give and take necessary for successful bargaining.

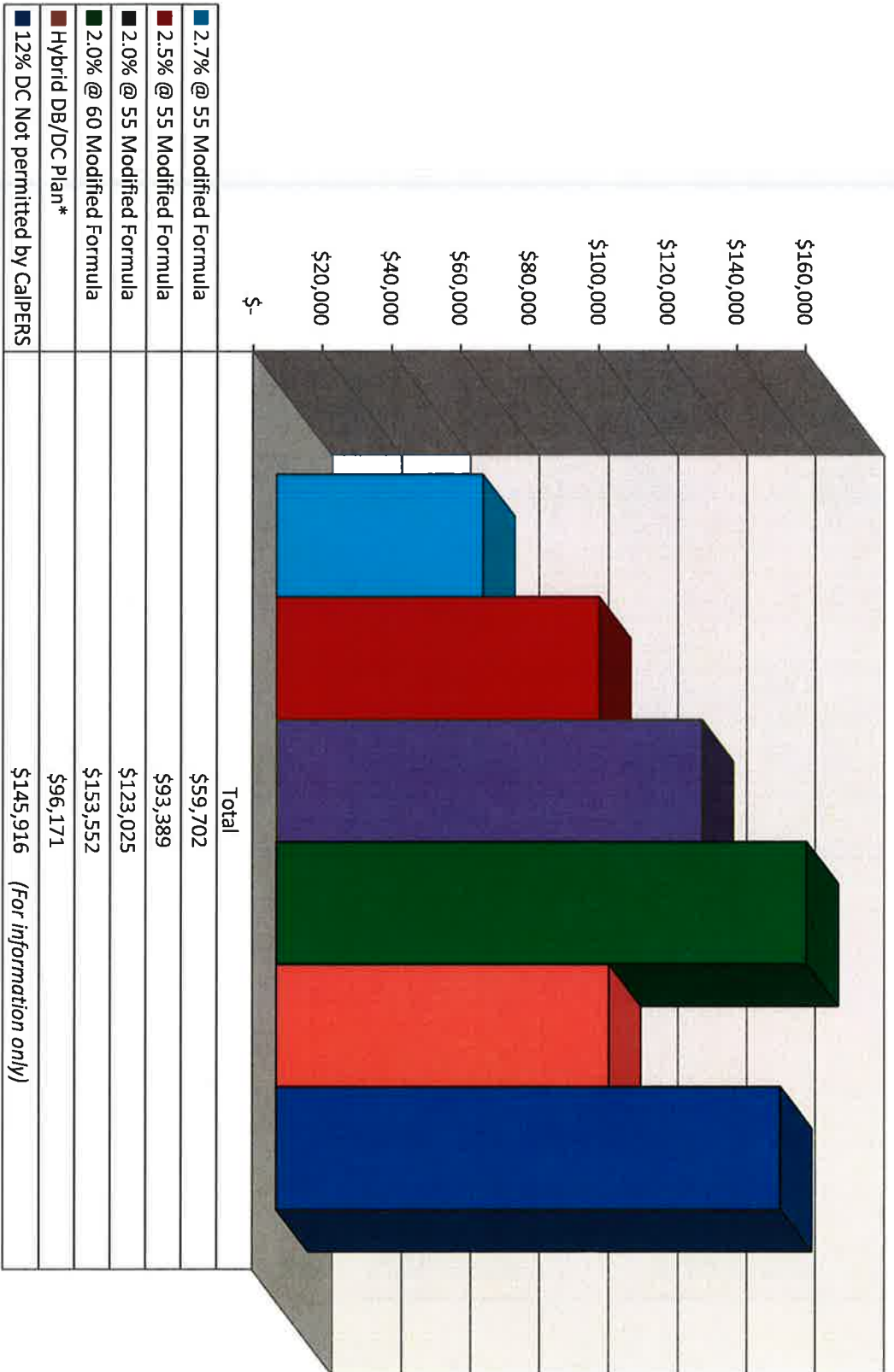
Attached to this report is a compilation of the cost impact and benefit impact of various options available through CALPERS.

Miscellaneous Employer Contributions Estimated Annual Savings (000's) Compared to 3% @ 60



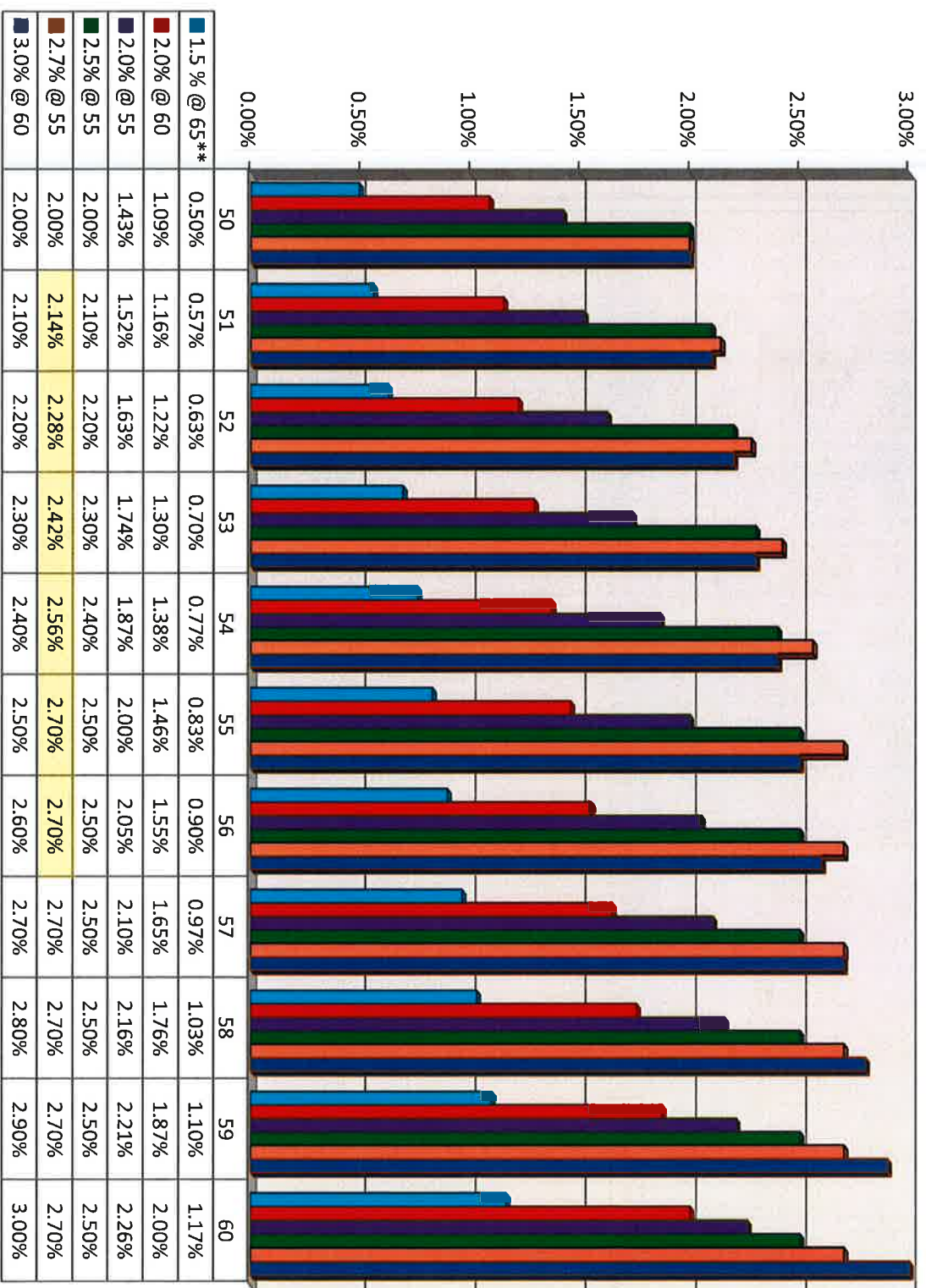
* For Information Only - Not currently permitted by CalPERS.

Miscellaneous Employer Contributions Estimated 10 Year Cumulative Savings (000's) Compared to 3% @ 60



* 1.5% @ 65 with 3% Defined Contribution permitted by CalPERS

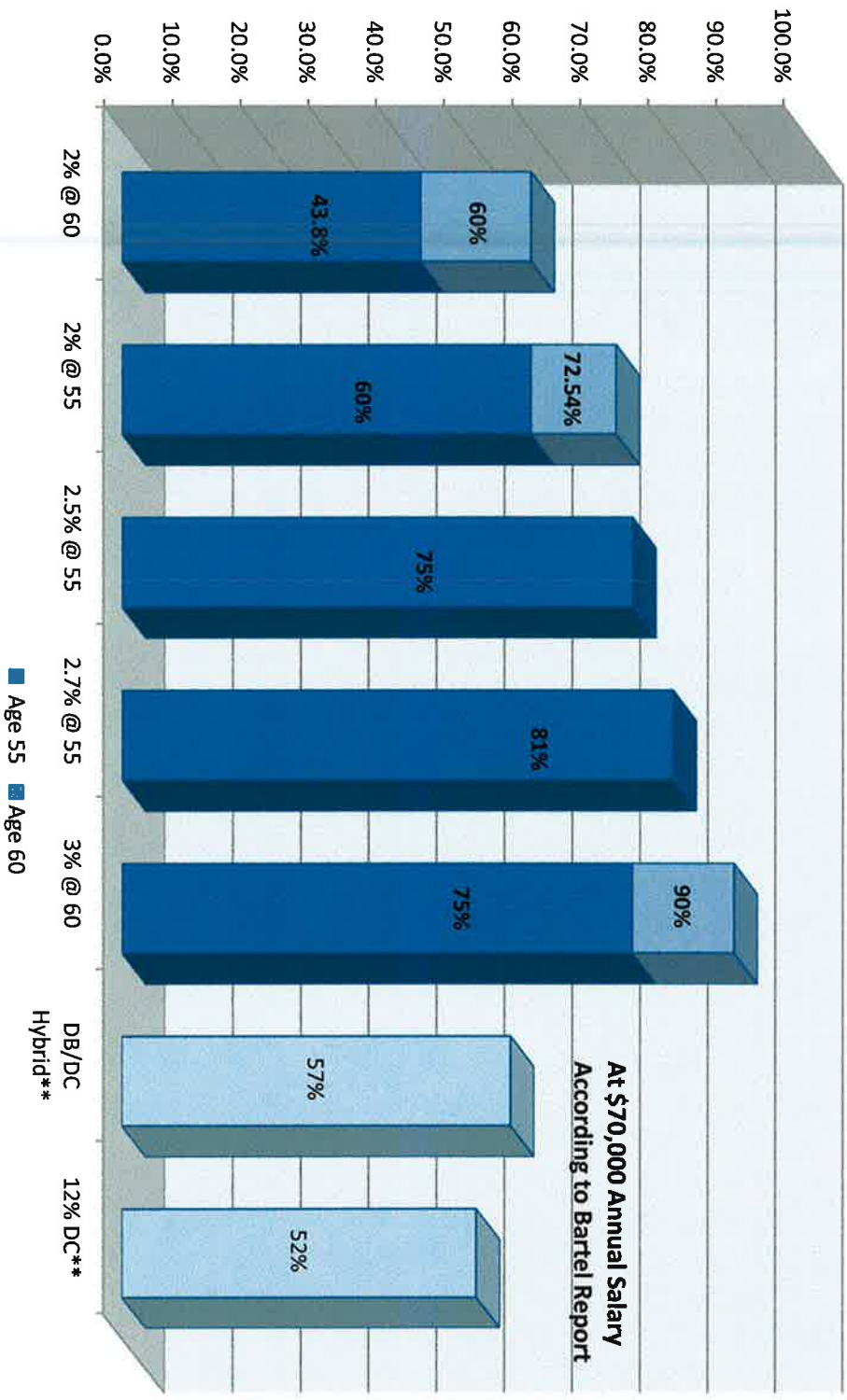
Miscellaneous PERS Benefit Age Factor Comparison *



* PERS Benefit Age Factor determines the % of final compensation received for each year of service credit.

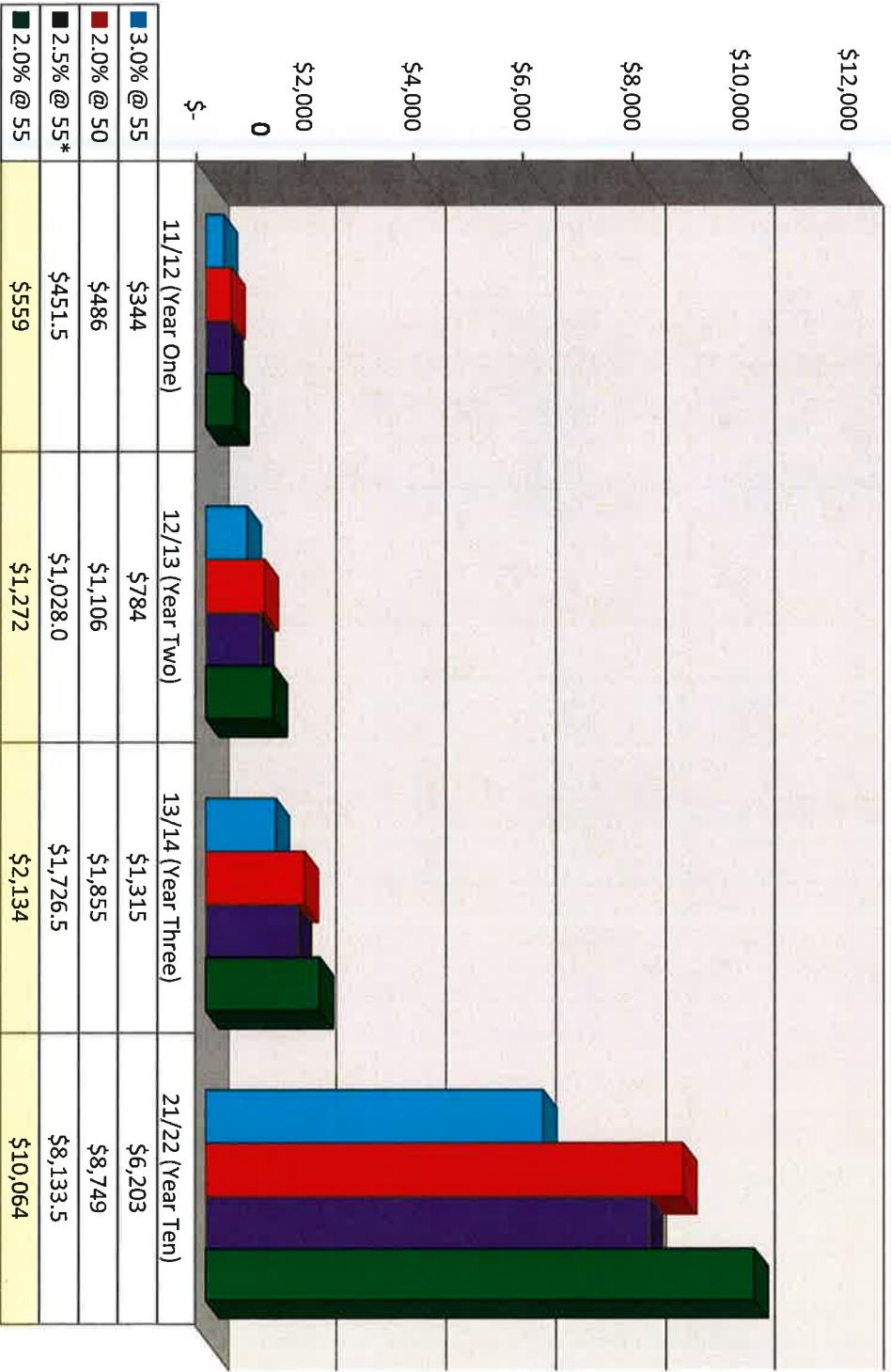
** 1.5% @ 65 Defined Benefit Plan can be offered with additional Defined Contribution Plans

Miscellaneous Percentage of Final Compensation* With 30 Years of Service At Normal Retirement Age



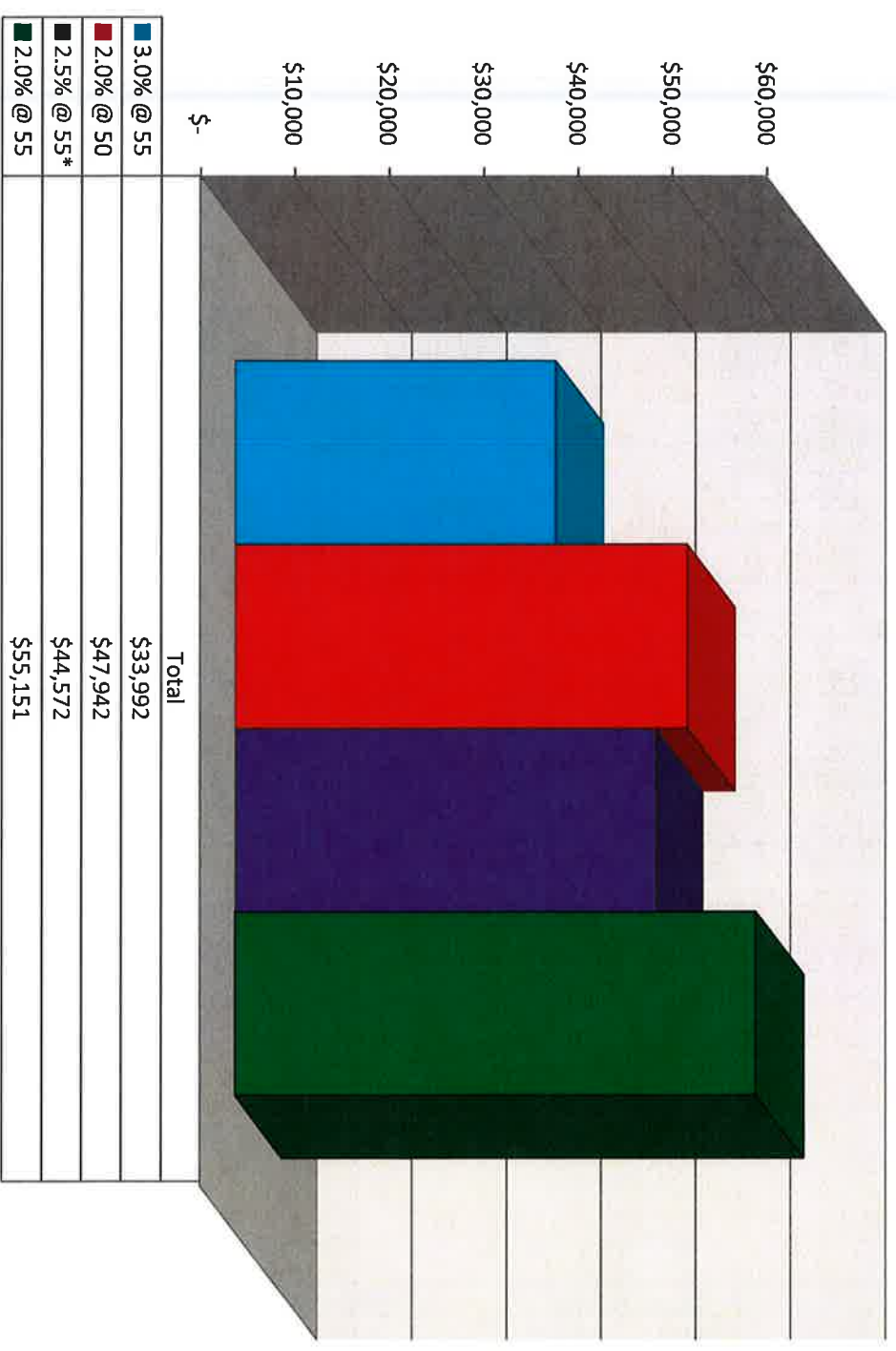
*Replacement income from CalPERS Pension at Retirement. Social Security and other savings will add to retirement income.
 **Hybrid Plan is 1.5% @ 65 plus 3% Defined Contribution. 12%DC Plan is 12% defined contribution, illustrated for information only, not permitted by CalPERS. Replacement income is at age 60 with assumed \$70K pre-retirement income.

Safety Employer Contributions Estimated Annual Savings (000's) Compared to 3% @ 50



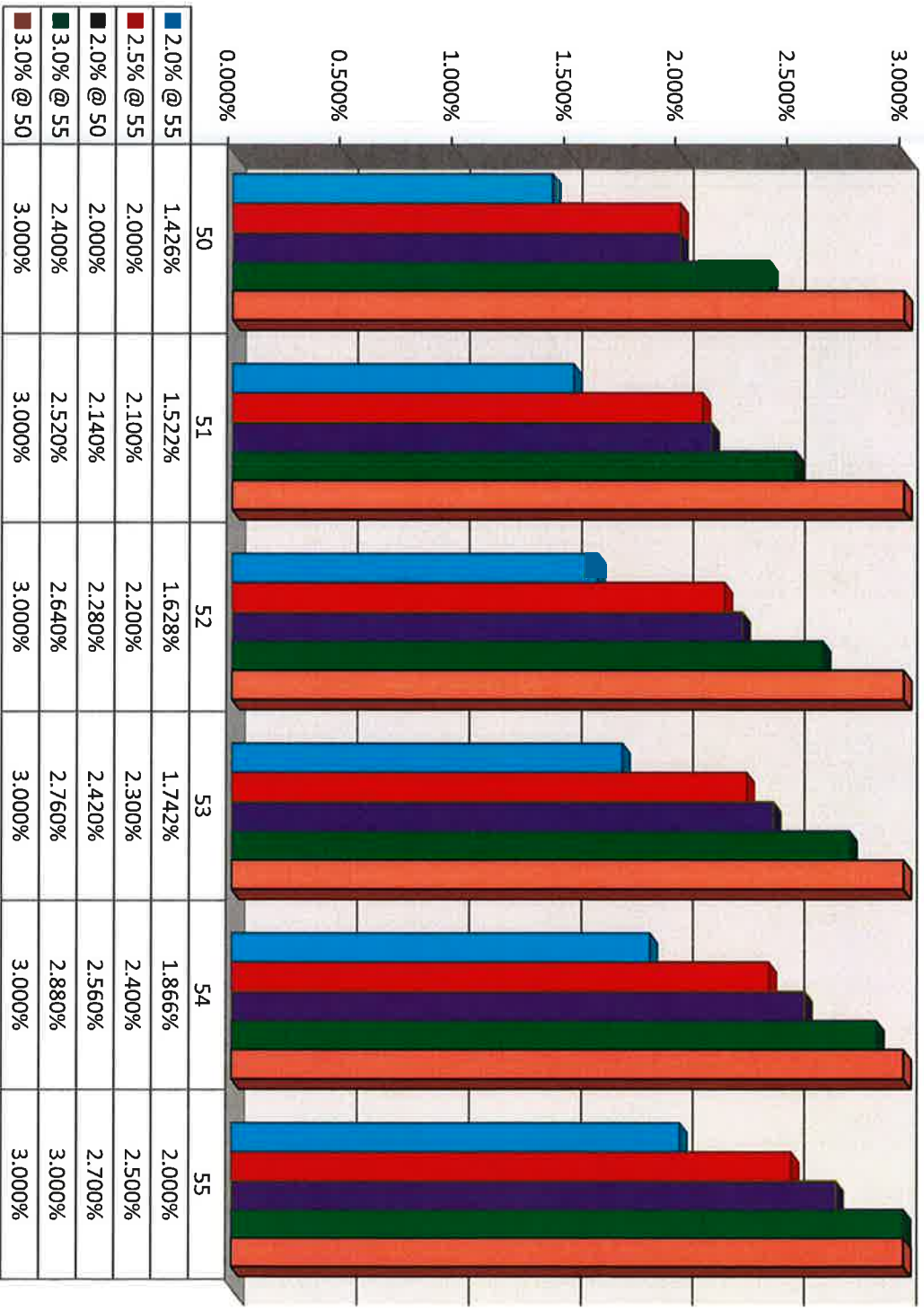
*2.5% @ 55 Savings Assumption is based on the difference between 3% @55 and 2.0%@55 and has not been calculated by Bartel. Please note Hybrid DC/DB Plan is not available for CalPERS Safety Members.

Safety Employer Contributions Estimated 10 Year Cumulative Savings (000's) Compared to 3% @ 50



*2.5% @ 55 Savings Assumption is based on the difference between 2.0%@55 and 3.0%@55 and has not been calculated by Bartel.

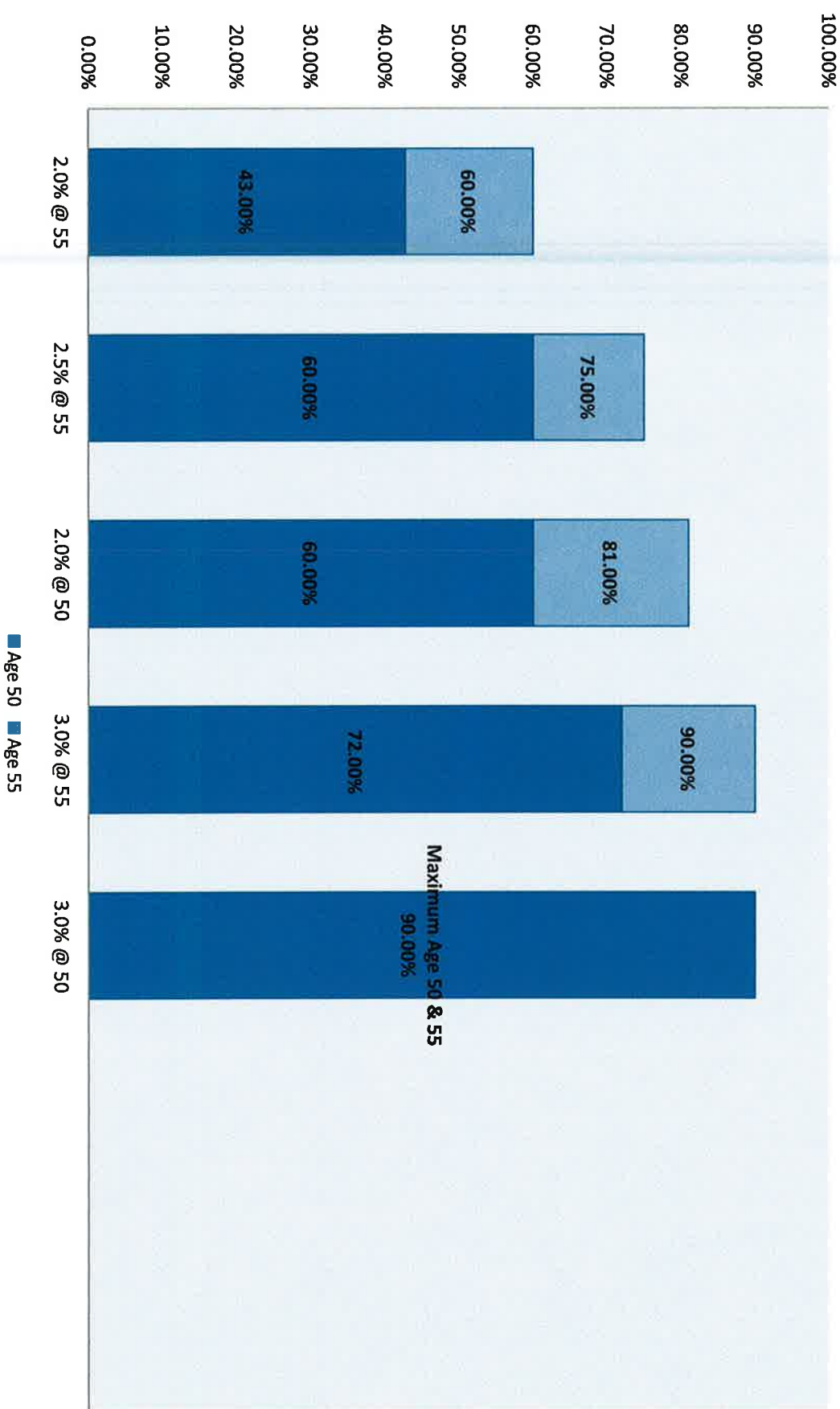
Safety PERS Benefit Age Factor Comparison



■ RSA Imposed Formula

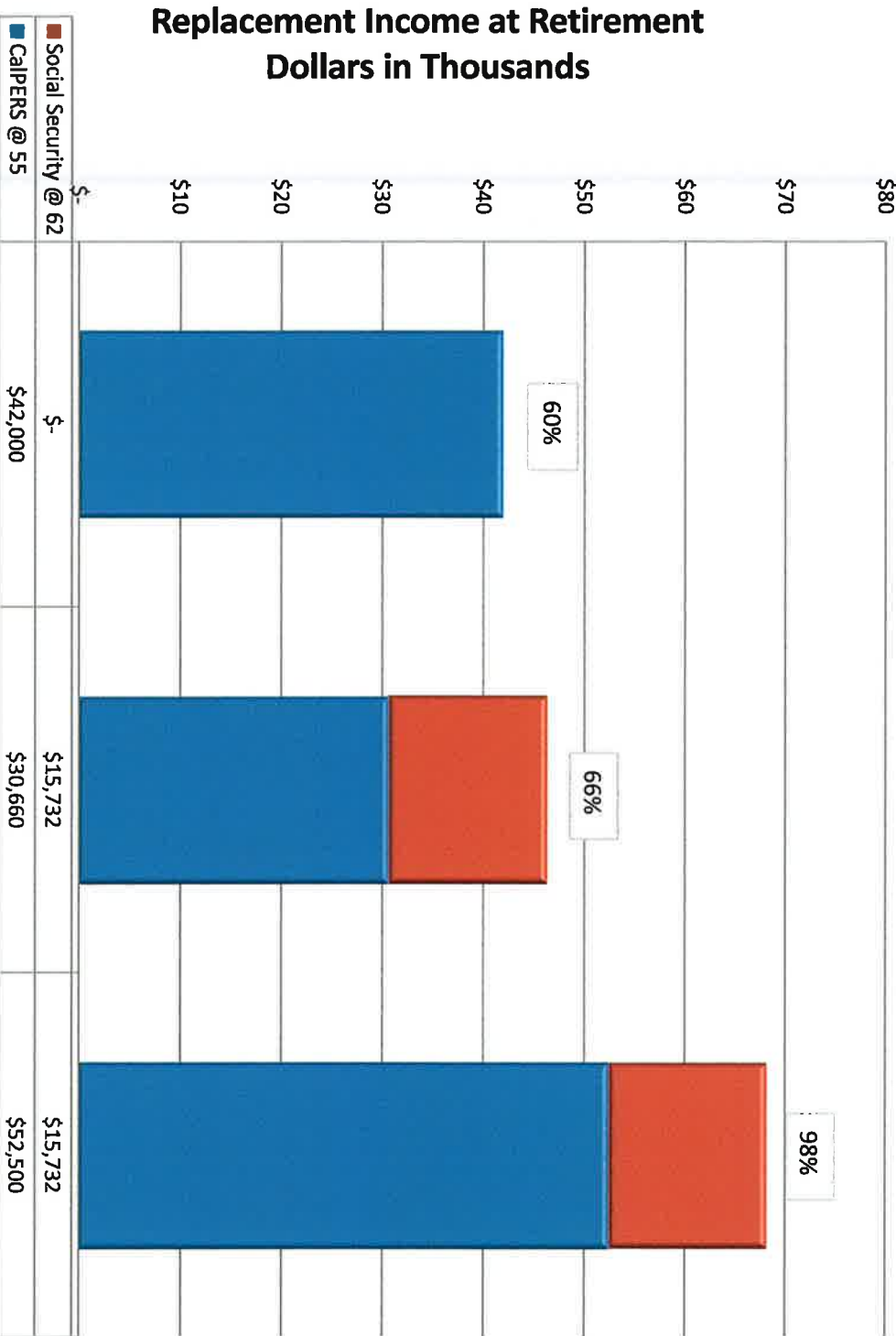
■ Current Formula

Safety Percentage of Final Compensation With 30 Years of Service At Normal Retirement Age



Note: Safety Members do not receive Social Security benefits through their County employment years

Tier II Pension Benefit Comparison *



Pension Benefit Comparison assumes retirement at age 55 with 30 years of service and final compensation of \$70,000/yr