

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Pension Trust		(2) MEETING DATE February 7, 2006		(3) CONTACT/PHONE Tony Petruzzi 781-5465	
(4) SUBJECT A RESOLUTION AMENDING SECTION 6.02: SAFETY MEMBER SERVICE RETIREMENT AND APPENDIX B -1 OF THE RETIREMENT PLAN.					
(5) SUMMARY OF REQUEST This is a resolution to implement change to the Service Retirement Formula from 3.5 @ 55 to 3% @ 50 for specified management safety members employed by the County sheriff.					
(6) RECOMMENDED ACTION Recommend Approval					
(7) FUNDING SOURCE(S) N/A <i>General Fund plus employee contributions</i>		(8) CURRENT YEAR COST Additional County Cost of approximately \$41,000 beginning December 31, 2006		(9) ANNUAL COST Approximately \$82,000.	
(10) BUDGETED? <input type="checkbox"/> YES <input type="checkbox"/> N/A <input checked="" type="checkbox"/> NO					
(11) OTHER AGENCY/ADVISORY GROUP INVOLVEMENT (LIST): Auditor-Controller will make necessary deductions.					
(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, How Many? _____ <input type="checkbox"/> Permanent _____ <input type="checkbox"/> Limited Term _____ <input type="checkbox"/> Contract _____ <input type="checkbox"/> Temporary Help _____					
(13) SUPERVISOR DISTRICT(S) 1st, 2nd, 3rd, 4th, 5th, <u>All</u>			(14) LOCATION MAP <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A		
(15) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Presentation <input type="checkbox"/> Board Business (Time Est. _____)			(16) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions (Orig + 4 copies) <input type="checkbox"/> Contracts (Orig + 4 copies) <input type="checkbox"/> Ordinances (Orig + 4 copies) <input type="checkbox"/> N/A		
(17) NEED EXTRA EXECUTED COPIES? <input type="checkbox"/> Number: _____ <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A			(18) APPROPRIATION TRANSFER REQUIRED? <input type="checkbox"/> Submitted <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A		

(19) ADMINISTRATIVE OFFICE REVIEW	<i>OK G. Wilcox</i>	<i>B-14 (2.7.06)</i>
-----------------------------------	---------------------	----------------------



**Board of Trustees
San Luis Obispo County Pension Trust**

1000 Mill Street
San Luis Obispo, CA 93408

TO: The Board of Supervisors
County of San Luis Obispo

FROM: Tony Petruzzi 
Pension Trust Executive Secretary

DATE: February 7, 2006

SUBJECT: **A RESOLUTION AMENDING SECTION 6.02: SAFETY MEMBER SERVICE
RETIREMENT AND APPENDIX B -1 OF THE RETIREMENT PLAN.**

Recommendation:

It is recommended that your Board approve the attached Resolution which will amend Section 6.02 of the Retirement Plan and Appendix B-1 of the Retirement Plan to implement 3% @ 50 Service Retirement for Sheriff's Management employees.

Discussion:

As you know, your Board recently concluded discussions with the San Luis Obispo County Deputy Sheriff's Association to change the Service Retirement Allowance formula for specified Safety members to a formula that provides 3 % of final compensation for each year of service upon retirement. Upon conclusion of these discussions, management employees in the Sheriff's Department indicated that they wished to receive retirement benefits equivalent to those granted to represented employees. Adoption of the attached resolution will implement this request. Employee contributions for the covered positions will increase 4.45%. County appropriations for this group will increase by 4.30%.

Other Agency Involvement:

The Auditor-Controller's office will be required to handle the necessary adjustments to employee contribution rates and County appropriation rates and to make the necessary payroll deductions for deposit into the Pension Trust.

The County Sheriff's Department is likely to see an increased number of retirement applications from individuals in the management position classes.

B-1A
2

Financial Considerations:

The County rate of appropriation to the Pension Trust for this group will increase from 15.99% to 20.29%. This will amount to an annual increase in appropriations to the Pension Trust of approximately \$82,000.00. Employee contributions will also increase by approximately \$85,000.00 annually.

It is unknown at this time what the future impact of this benefit formula change might be however, it is logical to expect that substantial impacts could emerge based on future actuarial experience.

County officials responsible for compliance with S.E.C. Rules regarding the disclosure, and continuing disclosure, of material financial obligations of the County should review the cost estimates of the Pension Trust's consulting actuary regarding the changes to the Retirement Plan which are the subject of the attached Resolution for purposes of compliance with S.E.C. disclosure requirements.

Results:

Approval of the Resolution will implement the management request to convert to "3% @ 50" and will establish initial contribution rates appropriate to begin funding these benefit improvements.

B-14
3

**IN THE BOARD OF SUPERVISORS
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA**

7th day of February, 2006

PRESENT: Supervisors

ABSENT:

Resolution No. _____

**A RESOLUTION AMENDING SECTION 6.02: SAFETY MEMBER SERVICE
RETIREMENT AND APPENDIX B -1 OF THE RETIREMENT PLAN.**

WHEREAS, At the Regular Meeting of May 24, 2005 the Board of Supervisors approved changes to the Service Retirement Formula (from 3% @ 55 to 3% @ 50), for County employees represented by the San Luis Obispo County Deputy Sheriff's Association (DSA) in certain specified position classifications, and

WHEREAS, Employees in Sheriff's Management classifications employed in County Bargaining Unit 10, County Bargaining Unit 15 and County Bargaining Unit 16, notified the Board of Supervisors that they wished to receive retirement benefits equivalent to those granted to employees represented by the DSA, and

WHEREAS, To maintain said equivalency, the Service Retirement Allowance for Safety Members employed in County Bargaining Units 10 in position class 00107 (Sheriff-Coroner) and County Bargaining Unit 15, position class 02592 (Under-Sheriff) and County Bargaining Unit 16, position class 00331 (Sheriff's Chief Deputy) and position class 02593 (Sheriff's Commander), shall be determined using a formula based on 3% of Final Compensation for each year of Pension Trust service credit accrued by any said Safety Member at age 50 ("3%@50"), and

WHEREAS, Upon the advice of the Pension Trust Plan Actuary, adjustments to the Safety Member Rates of normal contributions applicable to Sheriff's Management are found to be necessary to initially fund the new "3%@50" Service Retirement Allowance Formula for said Sheriff's Management employees.

NOW, THEREFORE, be it resolved and ordered by the Board of Supervisors of the County of San Luis Obispo as follows:

- 1.) That Section 6.02: Safety Member Service Retirement Allowance of the San Luis Obispo County Employees Retirement Plan, be and is hereby amended to read as set forth in Exhibit A attached hereto.
- 2.) That Appendix B-1: Safety Member (Management) Contribution Rates of the San Luis Obispo County Employees' Retirement Plan shall be amended, effective December 31, 2006, as set forth in Exhibit B, attached hereto, so that the rate of contribution for Safety Members employed in Sheriff's Management Classifications shall be increased by four and forty five one hundredths percent (4.45%).
- 3.) That effective December 31, 2006 the County Rate of Appropriation to the Pension Trust for Safety Members employed in Sheriff's Management Classifications, County Bargaining Unit 10, employed in position classes 00107 (Sheriff-Coroner), or employed in County Bargaining Unit 15, position class 02592 (Under-Sheriff), or employed in County Bargaining Unit 16 (00331 Sheriff's Chief Deputy or 02593 Sheriff's Commander) shall be increased by four and thirty one hundredths percent (4.30%) from the current rate of appropriation of 15.99% to 20.29%
- 4.) That effective December 31, 2006 the County Rate of Appropriation to the Pension Trust for Safety Members employed in County Bargaining Unit 03, in position class 00345 (Sheriff's Senior Correctional Officer), or employed in position class 00347 (Sheriff's Correctional Officer) or employed in County Bargaining Unit 14, position class 00335 (Sheriff's Correctional Sergeant), or employed in Bargaining Unit 15, position

B-1A
4

class 00357 (Sheriff's Correctional Lieutenant), shall be increased by four and two one hundredths percent (4.02%) from 15.99% to 20.01%

Upon Motion of
Supervisor _____,

Seconded by Supervisor
_____,

and on the following roll call vote to wit:

AYES:

NOES:

ABSTAINING:

The foregoing resolution is hereby adopted:

Chairman, Board of Supervisors

APPROVED AS TO FORM
AND LEGAL EFFECT:

JAMES B. LINDHOLM, JR.
County Counsel

By: Warren R. Guseen
Deputy County Counsel

Dated: Jan. 30, 2006

ATTEST:

JULIE RODEWALD
County Clerk and Ex-Officio Clerk of the
Board of Supervisors

By: _____
Deputy Clerk

B-14
5

Exhibit A

SECTION 6.02: SAFETY MEMBER SERVICE RETIREMENT ALLOWANCE:

(a) Retirement Prior to December 31, 1988. Upon retirement for service on or before December 31, 1988, a Safety Member is entitled to receive a service retirement allowance equal to the Safety Member's Adjusted Final Compensation multiplied by the Safety Member's attained age percentage factor multiplied by the Safety Member's number of years of Safety Member service credit. The attained age percentage factor to be used is based on the Safety Members' last attained quarter year of age as of his or her effective date of retirement as set forth in the following table: (12-3-73)(12-13-88)(04-20-2004)

Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)
50.00	2.000	51.50	2.210	53.00	2.420	54.50	2.630
50.25	2.035	51.75	2.245	53.25	2.455	54.75	2.665
50.50	2.070	52.00	2.280	53.50	2.490	55 & older	2.700
50.75	2.105	52.25	2.315	53.75	2.525		
51.00	2.140	52.50	2.350	54.00	2.560		
51.25	2.175	52.75	2.385	54.25	2.595		

(b) Retirement January 1, 1989 – Bargaining Units 03, 06 or 14. Upon retirement for service on or after January 1, 1989 a Safety Member who is employed in Bargaining Units 03, 06, or 14 is entitled to receive a Service Retirement Allowance equal to the Safety Member's Final Compensation multiplied by the Safety Member's attained age percentage factor multiplied by the Safety Member's number of years of Safety Member service credit. The Service Retirement Allowance accrued pursuant to this Section 6.02 (b) shall be based solely on the service rendered in the aforementioned Bargaining Units 03, 06, or 14. The attained age percentage factor to be used is based on the Safety Members' last attained quarter year of age as of his or her effective date of retirement as set forth in the following table: (12-3-73)(12-13-88) (04-20-2004)

Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)
50.00	2.000	51.50	2.210	53.00	2.420	54.50	2.630
50.25	2.035	51.75	2.245	53.25	2.455	54.75	2.665
50.50	2.070	52.00	2.280	53.50	2.490	55 & older	2.700

1 BIA
6

Exhibit A

50.75	2.105	52.25	2.315	53.75	2.525		
51.00	2.140	52.50	2.350	54.00	2.560		
51.25	2.175	52.75	2.385	54.25	2.595		

(12-3-73)(12-13-88)(04-20-2004)

(c) Retirement July 1, 2004 - Bargaining Units 07,10,15,16. Upon retirement for service on or after July 1, 2004, a Safety Member who is employed in Bargaining Units 07, 10, 15 or 16 is entitled to receive a Service Retirement Allowance equal to the Safety Member's Final Compensation multiplied by the Safety Member's attained age percentage factor multiplied by the Safety Member's number of years of Safety Member service credit. The Service Retirement Allowance accrued pursuant to this Section 6.02 (c) shall be based solely on the service rendered in the aforementioned Bargaining Units 07, 10, 15 or 16. In no event shall the service retirement accrued pursuant to this Section be greater than 90% of the Member's Final Compensation; provided that, a Safety Member who, on July 1, 2004, could, under Section 6.02 (b), retire with a Service Retirement Allowance greater than 90% of the Member's Final Compensation, may elect to remain subject to Section 6.02 (b) and not receive a Service Retirement Allowance under this Section 6.02 (c). A Safety Member who became a Reserve Participant or who began receiving a Retirement Allowance prior to July 1, 2004, shall not be eligible to receive a Retirement Allowance under this Section 6.02 (c). The attained age percentage factor to be used is based on the Safety Members' last attained quarter year of age as of his or her effective date of retirement as set forth in the following table:

Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)
50.00	2.300	51.50	2.510	53.00	2.720	54.50	2.930
50.25	2.335	51.75	2.545	53.25	2.755	54.75	2.965
50.50	2.370	52.00	2.580	53.50	2.790	55 & older	3.000
50.75	2.405	52.25	2.615	53.75	2.825		
51.00	2.440	52.50	2.650	54.00	2.860		
51.25	2.475	52.75	2.685	54.25	2.895		

(04-20-04)

(d) Retirement July 3, 2005 Bargaining Units 03,14 Upon retirement for service on or after July 3, 2005 a Safety Member who is employed in Bargaining Units 03 or 14 is entitled to receive a Service Retirement Allowance equal to the Safety Member's Final Compensation multiplied by the Safety Member's attained age percentage factor multiplied by the Safety Member's number of years of Safety Member service credit. The Service Retirement Allowance accrued pursuant to this Section 6.02 (d) shall be based solely on the service rendered in the aforementioned Bargaining Units 03 or 14. In no

BIA
7

Exhibit A

event shall the service retirement allowance accrued pursuant to this Section be greater than 90% of the Member's Final Compensation; provided that, a Safety Member who, on July 3, 2005, could, under Section 6.02 (b), retire with a Service Retirement Allowance greater than 90% of the Member's Final Compensation, may elect to remain subject to Section 6.02 (b) and not receive a Service Retirement Allowance under this Section 6.02 (d). A Safety Member who became a Reserve Participant or who began receiving a Retirement Allowance prior to July 3, 2005, shall not be eligible to receive a Retirement Allowance under this Section 6.02 (d). The attained age percentage factor to be used is based on the Safety Members' last attained quarter year of age as of his or her effective date of retirement as set forth in the following table:

Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)
50.00	2.300	51.50	2.510	53.00	2.720	54.50	2.930
50.25	2.335	51.75	2.545	53.25	2.755	54.75	2.965
50.50	2.370	52.00	2.580	53.50	2.790	55 & older	3.000
50.75	2.405	52.25	2.615	53.75	2.825		
51.00	2.440	52.50	2.650	54.00	2.860		
51.25	2.475	52.75	2.685	54.25	2.895		

(06-28-05)

(e) Retirement September 11, 2005 - Bargaining Unit 06

Upon retirement for service on or after September 11, 2005, a Safety Member who is employed in Bargaining Units 06 is entitled to receive a Service Retirement Allowance equal to the Safety Member's Final Compensation multiplied by the Safety Member's attained age percentage factor multiplied by the Safety Member's number of years of Safety Member service credit. The Service Retirement Allowance accrued pursuant to this Section 6.02 (e) shall be based solely on the service rendered in the aforementioned Bargaining Unit 06. In no event shall the service retirement allowance accrued pursuant to this Section be greater than 90% of the Member's Final Compensation; provided that, a Safety Member who, on September 11, 2005, could, under Section 6.02 (b), retire with a Service Retirement Allowance greater than 90% of the Member's Final Compensation, may elect to remain subject to Section 6.02 (b) and not receive a Service Retirement Allowance under this Section 6.02 (e). A Safety Member who became a Reserve Participant or who began receiving a Retirement Allowance prior to September 11, 2005, shall not be eligible to receive a Retirement Allowance under this Section 6.02 (e). The attained age percentage factor to be used is based on the Safety Members' last attained quarter year of age as of his or her effective date of retirement as set forth in the following table:

B-14
8

Exhibit A

Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)	Last Attained Age as of Effective Date of Retirement	Attained Age Percentage Factor (%)
50.00	2.300	51.50	2.510	53.00	2.720	54.50	2.930
50.25	2.335	51.75	2.545	53.25	2.755	54.75	2.965
50.50	2.370	52.00	2.580	53.50	2.790	55 & older	3.000
50.75	2.405	52.25	2.615	53.75	2.825		
51.00	2.440	52.50	2.650	54.00	2.860		
51.25	2.475	52.75	2.685	54.25	2.895		

(09- 13-05)

(f) Retirement on or after December 31, 2006 - Bargaining Units 03,14 On or after December 31, 2006, Safety Members employed in County Bargaining Unit 03, position class 00338 (Deputy Sheriff) or position class 00340 (Sheriff's Senior Deputy) or employed in County Bargaining Unit 10 position class 00107 (Sheriff-Coroner), or employed in County Bargaining Unit 14, position class 00336 (Sergeant), or employed in County Bargaining Unit 15, position class 02592 (Under Sheriff) or employed in County Bargaining Unit 16, position class 00331 (Sheriff's Chief Deputy) and position class 02593 (Sheriff's Commander) shall be entitled to a Service Retirement Allowance based on a formula that provides 3% of Final Compensation for each year of Pension Trust service credit accrued by any said Safety Member at age 50 ("3%@50"). The Service Retirement Allowance accrued pursuant to this Section 6.02 (f) shall be based solely on the service rendered in the aforementioned position classes under Bargaining Units 03, 10, 14, 15 or 16. In no event shall the service retirement allowance accrued pursuant to this Section be greater than 90% of the Member's Final Compensation; provided that, a Safety Member who, on December 31, 2006, could, under Section 6.02 (b), retire with a Service Retirement Allowance greater than 90% of the Member's Final Compensation, may elect to remain subject to Section 6.02 (b) and not receive a Service Retirement Allowance under this Section 6.02 (f). A Safety Member who became a Reserve Participant or who began receiving a Retirement Allowance prior to December 31, 2006 shall not be eligible to receive a Retirement Allowance under this Section 6.02 (f).

Safety Members employed in County Bargaining Unit 03 in position classes 00345 (Sheriff's Senior Correctional Officer), 00347 (Sheriff's Correctional Officer) or County Bargaining Unit 14 in the position class 00335 (Sheriff's Correctional Sergeant) or in the position class 00357 (Sheriff's Correctional Lieutenant) are not eligible to retire under this Section 6.02 (f). (02-07-2006)

B-14
9

EXHIBIT B

**APPENDIX B-1
SAFETY MEMBERS
Effective December 31, 2006
Sheriff's Management
BARGAINING UNITS 10, 15,16**

ENTRY CONTRIBUTION

AGE	RATE
18	15.16%
19	15.27%
20	15.38%
21	15.49%
22	15.60%
23	15.72%
24	15.84%
25	15.96%
26	16.08%
27	16.20%
28	16.32%
29	16.44%
30	16.56%
31	16.68%
32	16.80%
33	16.92%
34	17.04%
35	17.16%
AND OVER	

B-14
10