

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

(1) DEPARTMENT Pension Trust		(2) MEETING DATE 08-22-2006		(3) CONTACT/PHONE Tony Petruzzi/781-5465	
(4) SUBJECT Resolution amending sections of the San Luis Obispo County Employees Retirement Plan to provide an enhanced pension formula for employees represented by the San Luis Obispo County Probation Peace Officers Association.					
(5) SUMMARY OF REQUEST This resolution will implement the results of recently concluded negotiations between the CCPPOA and the County negotiator to move this group to 3% @ 55 service retirement and provide coverage for Industrial Disability Retirement. Based on an analysis conducted by the Retirement Plan Actuary, these enhancements will increase the cost of retirement benefit coverage for the affected group by 9.51% of covered payroll. As agreed upon by the parties, this Resolution increases the County Rate of Appropriation by 4.81% of covered payroll and the Employee Contributions in the affected bargaining Units by 4.70%. As a result of applying this formula change retroactively to cover these employees past service, the unfunded liability associated with this group will increase by approximately 2.8 million dollars. County officials responsible for compliance with S.E.C. Rules regarding the disclosure, and the 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 the S.E.C. disclosure requirements.					
(6) RECOMMENDED ACTION It is recommended that the Board approve the attached Resolution.					
(7) FUNDING SOURCE(S) N/A		(8) CURRENT YEAR COST \$469,187 County Cost \$237,307 Employee Cost \$231,880		(9) ANNUAL COST \$469,187 County Cost \$237,307 Employee Cost \$231,880	
(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 and Department of Probation					
(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 checked="" type="checkbox"/> Contract _____ <input type="checkbox"/> Temporary Help _____					
(13) SUPERVISOR DISTRICT(S) 1st, 2nd, 3rd, 4th, 5th, All			(14) LOCATION MAP <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A		
(15) AGENDA PLACEMENT <input 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		

8-22-06

(19) ADMINISTRATIVE OFFICE REVIEW	
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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: August 22, 2006

SUBJECT: A RESOLUTION AMENDING SECTIONS OF THE SAN LUIS OBISPO COUNTY EMPLOYEES RETIREMENT PLAN FOR PROBATION OFFICER MEMBERS REPRESENTED BY THE SAN LUIS OBISPO COUNTY PROBATION PEACE OFFICERS ASSOCIATION(CPPOA).

Recommendation:

It is recommended that the Board approve the attached resolution amending Section 6.03: Probation Officer Member Service Retirement, Section 10.04: Industrial Disability Retirement, Appendix C-2 of the Retirement Plan.

Discussion:

This resolution will implement the results of recently concluded negotiations between the CCPPOA and the County negotiator. Based on an analysis conducted by the Retirement Plan Actuary, these enhancements will increase the cost of retirement benefit coverage for the affected group by 9.51% of covered payroll. As agreed upon by the parties, this Resolution increases the County Rate of Appropriation by 4.81% of covered payroll and the Employee Contributions in the affected bargaining Units by 4.70%.

Other Agency Involvement:

Auditor-Controllers Office and County Administrators Office.

Financial Considerations:

The improvement in the retirement allowance afforded by this amendment is being funded by an increased Employer Appropriation of 4.81% of covered payroll. Actuarial experience could have a future impact on the County rate of appropriation. In addition, employee contributions in the affected Member Bargaining Units will increase by 4.70%.

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The total annualized cost of this benefit enhancement is approximately \$469,187; the County will contribute an additional \$237,307 per fiscal year (based on current payroll) and employees will contribute an additional \$231,880. There could be a future impact on the rates required by the Pension Trust as a result of subsequent changes to the incidence of retirement among individuals in the affected bargaining units. This is not predictable and will be based on actuarial experience.

As a result of applying this formula change retroactively to cover these employees past service, the unfunded liability associated with this group will increase by approximately 2.8 million dollars. County officials serving on the County Debt Advisory Committee and the County Auditor-Controller's office who are responsible for compliance with S.E.C. Rules regarding the disclosure, and the 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 the S.E.C. disclosure requirements. These disclosures are required to inform participants in the financial markets of the County's current debt position.

Results:

Approval of the attached resolution will implement the changes to the retirement formula, County Rate of Appropriation and Employee Contributions necessary to grant a 3% @ 55, Single Highest Year, Industrial Disability coverage for Probation Officer Members represented by the CPPOA.

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

22nd day of August, 2006

PRESENT: Supervisors

ABSENT:

Resolution No. _____

**A RESOLUTION AMENDING SECTION 6.03: PROBATION OFFICER
MEMBER SERVICE RETIREMENT ALLOWANCE, SECTION 10.04:
INDUSTRIAL DISABILITY RETIREMENT AND APPENDIX C-2 OF THE
RETIREMENT PLAN**

WHEREAS, recently concluded negotiations between the San Luis Obispo County Probation Peace Officers Association and the County negotiator resulted in agreement to enhance the Service Retirement Allowance Schedule for Probation Officer Members employed in bargaining Unit 31 or 32, and

WHEREAS, the referenced enhancements result in a change in the Service Retirement Allowance Formula applicable to Probation Officer Members employed in Bargaining Unit 31 or 32, and

WHEREAS, said negotiations also resulted in making the provision of Section 10.04: Industrial Disability Retirement available to Probation Officer Members employed in bargaining Unit 31 or 32, and

WHEREAS, upon the advice of the Pension Trust Plan Actuary, and as a result of the approved Retirement Allowance enhancements, changes in the Employee rates of contribution and the County Rate of Appropriation applicable to the aforementioned Probation Officer employees are necessary to maintain funding of said enhancements.

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

- 1.) That Section 6.03: Probation Officer 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 Section 10.04: Industrial Disability of the San Luis Obispo County Employees Retirement Plan be, and is hereby amended to read as set forth in Exhibit B, attached hereto;
- 3.) That effective August 27, 2006, the County Rate of Appropriation to the Pension Trust for Probation Officer Members employed in Bargaining Units 31 and 32 is increased by 4.81% from 8.22% to 13.03% of covered payroll.
- 4.) That effective August 27, 2006 Appendix C-2 of the San Luis Obispo County Employees Retirement Plan is hereby amended so that the rate of contribution to the Pension Trust for Probation Officer Members employed in Bargaining Units 31, and 32 shall be increased by four and seventy hundredths percent (4.70%) of covered payroll as set forth in Exhibit C attached hereto.

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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. Jensen
Deputy County Counsel
Dated: Aug. 9, 2006

ATTEST:

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

By: _____
Deputy Clerk

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EXHIBIT A

SECTION 6.03: PROBATION OFFICER MEMBER SERVICE RETIREMENT ALLOWANCE FOR RETIREMENTS AFTER DECEMBER 23, 1990 AND PRIOR TO JANUARY 7, 2001.

(a) **Retirement between December 23, 1990 and January 7, 2001:** Upon retirement for service on or after December 23, 1990, and before January 7, 2001, a Probation Officer Member, as defined in Section 8.04 of this Retirement Plan, is entitled to receive a service retirement allowance equal to the Probation Officer Member's Final Compensation multiplied by the Probation Officer Member's Attained Age Percentage Factor multiplied by the Member's Pension Trust Service Credit earned by the Member while a Probation Officer Member. In no event shall a service retirement allowance payable under this Section 6.03 (a) exceed 75 percent of the Probation Officer Member's Final Compensation.

The Attained Age Percentage Factor to be used is based on the Member's last attained quarter-year of age as of the 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	1.426	51.50	1.576	53.00	1.742	54.50	1.932
50.25	1.450	51.75	1.602	53.25	1.772	54.75	1.966
50.50	1.474	52.00	1.628	53.50	1.804	55 & older	2.000
50.75	1.498	52.25	1.656	53.75	1.834		
51.00	1.522	52.50	1.686	54.00	1.866		
51.25	1.550	52.75	1.714	54.25	1.900		

(b) **Retirement January 7, 2001 – Bargaining Units 07,08,09,31,32:** Upon retirement for service on or after January 7, 2001, a Probation Officer Member, as defined in Section 8.04 of this Retirement Plan, who is employed in Bargaining Units 07,08,09,31 or 32 is entitled to receive a service retirement allowance equal to the Probation Officer Member's Final Compensation multiplied by the Probation Officer Member's Attained Age Percentage Factor multiplied by the Member's Pension Trust Service Credit earned by the Member while a Probation Officer Member. The Attained Age Percentage Factor to be used is based on the Member's last attained quarter year of age as of the Member's 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	2.000	51.50	2.210	53.00	2.420	54.50	2.630

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EXHIBIT A

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		

(c) Retirement August 27, 2006 – Probation Officer Member Bargaining Units 31,32: Upon retirement for service on or after August 27, 2006, a Probation Officer Member, as defined in Section 8.04 of this Retirement Plan, who is employed in Bargaining Units 31 or 32 is entitled to receive a service retirement allowance equal to the Probation Officer Member's Final Compensation multiplied by the Probation Officer Member's Attained Age Percentage Factor multiplied by the Member's Pension Trust Service Credit earned by the Member while a Probation Officer Member. The Attained Age Percentage Factor to be used is based on the Member's last attained quarter year of age as of the Member's 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		

~~(e)~~ (d) This Section 6.03 (c) shall not apply to a Member whose effective date of retirement is prior to August 27, 2006. (12-11-90.) (04-20-2004) (08-22-2006)

~~(d)~~ (e) For Probation Officer Members employed in Bargaining Units 31 or 32, the service retirement allowance payable under Section 6.03 (b) shall not exceed 80% of the Probation Officer Member's Final Compensation. Probation Officer Members employed in Bargaining Unit 31 or 32 who retired on or after August 27, 2006 the service retirement allowance payable under Section 6.03 (c) shall not exceed 90% of the Probation Officer Member's Final Compensation. (10-21-2003) (04-20-2004) (08-22-2006)

~~(e)~~ (f) For Probation Officers Members employed in Bargaining Units 07, 08 or 09, the Service Retirement allowance payable under Section 6.03 (b) shall not

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EXHIBIT A

exceed the Probation Officer Member's Final Compensation. (10-21-2003) (04-20-2004)

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EXHIBIT B

Section 10.04: Industrial Disability. If a Safety Member or a Probation Officer Member is determined to be disabled pursuant to Section 10.01 of this Plan, and if the disability is found by the Board of Trustees to be Service-Connected, then the Safety Member or the Probation Officer Member is eligible for an Industrial Disability Retirement Allowance.

(a) **Bargaining Unit 06.** A Safety Member employed in Bargaining Unit 06 who has been determined to be eligible for an Industrial Disability Retirement Allowance shall receive an allowance equal to fifty percent of his or her final compensation, less the amount of any disability pension, payment or allowance the Safety Member is entitled to receive under the Federal Social Security Law; provided however, that the amount of the Industrial Disability Retirement Allowance payable by the Trust under this Section 10.04, shall not be less than the Ordinary Disability Retirement Allowance provided under Section 10.02, as limited by Section 10.03, of this Plan. (81-2)(83-3)(8-3-79) (06-28-2005)

(b) **Bargaining Unit 07,10,15 or 16.** Effective July 1, 2004 and thereafter a Safety Member employed in Bargaining Unit 07,10,15 or 16 who has been determined to be eligible for an Industrial Disability Retirement Allowance shall receive an allowance equal to fifty percent of his or her final compensation. (81-2)(83-3)(8-3-79) (04-20-2004)

(c) **Bargaining Unit 03 or 14.** Effective July 3, 2005 and thereafter a Safety Member employed in Bargaining Unit 03 or 14 who has been determined to be eligible for an Industrial Disability Retirement Allowance shall receive an allowance equal to fifty percent of his or her final compensation. (06-28-2005)

(d) **Bargaining Unit 06.** Effective September 11, 2005 and thereafter a Safety Member employed in Bargaining Unit 06 who has been determined to be eligible for an Industrial Disability Retirement Allowance shall receive an allowance equal to fifty percent of his or her final compensation. (09-13-2005)

(e) Bargaining Unit 31 or 32. Effective August 27, 2006 and thereafter a Probation Officer Member employed in Bargaining Unit 31 or 32 who has been determined to be eligible for an Industrial Disability Retirement Allowance shall receive an allowance equal to fifty percent of his or her final compensation. (08-22-2006)

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EXHIBIT C

APPENDIX C - 2
Effective August 27, 2006
PROBATION OFFICER MEMBERS
COPS Represented
BARGAINING UNIT 31,32

ENTRY	AGE	RATE
	16	14.17%
	17	14.24%
	18	14.30%
	19	14.38%
	20	14.46%
	21	14.53%
	22	14.55%
	23	14.57%
	24	14.60%
	25	14.65%
	26	14.70%
	27	14.76%
	28	14.82%
	29	14.90%
	30	14.98%
	31	15.07%
	32	15.17%
	33	15.27%
	34	15.38%
	35	15.49%
	36	15.60%
	37	15.72%
	38	15.84%
	39	15.97%
	40	16.11%
	41	16.25%
	42	16.39%
	43	16.55%
	44	16.70%
	45	16.86%
	46	17.03%
	47	17.20%
	48	17.38%
	49	17.56%
	50	17.74%
	51	17.93%
	52	18.12%
	53	18.32%
	54	18.52%
	55	18.73%
	56	18.94%
	57	19.15%
	58	19.37%
	59	19.59%
AND OVER		

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