

# LAFCO RESOLUTION OF APPLICATION TO JOIN “SBCERS”

Staff Presentation

October 1, 2020

LAFCO Agenda Business Item No. 1

# Timing

- ▶ LAFCO projecting to have a new Executive Officer onboard in December.
- ▶ Position will receive salary and benefits.
- ▶ Pension benefits will be provided by the Santa Barbara County Employees' Retirement System ("SBCERS")
- ▶ With LAFCO's completion of the application today, SBCERS Board can take action at its regular meeting on October 28<sup>th</sup>.
  - ▶ LAFCO's approval must be by a two-thirds vote, i.e., 5 or more votes in favor.
- ▶ SBCERS' approval will be effective on the date of the Executive Officer's employment.

# Annual Salary With Benefits

	Minimum	Anchor	Maximum
Base	\$161,025.28	\$198,829.28	\$236,633.28
Benefits	\$81,867.32	\$94,962.62	\$108,057.93
Total	\$242,892.60	\$293,791.90	\$344,691.21

# County Employer/Employee Contributions for Retirement

- ▶ SBCERS' normal rates for County department heads.
  - ▶ Employee Contribution: 9.34%
  - ▶ Employer Contribution: 31.66%
- ▶ Factors in County employer contributions:
  - ▶ ***Unfunded retirement is the biggest factor.*** SBCERS is funded at 78.4% of the retirement obligation thro end of FY 18/19.
  - ▶ Many current employees are “pre-PEPRA” - the Public Employees Pension Retirement Act, (2010).

# LAFCO as a New Employer

- ▶ The new LAFCO employee will be subject to PEPRA.
- ▶ Final Average Salary under PEPRA is currently capped at \$126,291/yr. This increases annually but not dramatically.
  - ▶ Employer contribution for "anchor" County DH is \$198,829/yr. If that is the FAR,
    - ▶ non-PEPRA 31.66% X \$161,025.28 = \$50,980/yr
    - ▶ PEPRA 31.66% X \$126,829 = \$40,154/yr

# LAFCO Has No Unfunded Pension Liability

- ▶ *LAFCO has NO unfunded retirement obligations.* It has never had employees
- ▶ Much of the County employer contribution is aimed at reducing unfunded obligations.
- ▶ SBCERS has determined that LAFCO's employer contribution will be the same as the employee, which is 9.34%.
- ▶ LAFCO's expected starting contribution:
  - ▶ PEPRA      9.34%   X   \$126,829 = \$11,845.82/yr.

# Comparision

- ▶ Cases:

- ▶ non-PEPRA 31.66% X \$ 161,025 = \$ 50,980/yr

- ▶ PEPRA 31.66% X \$126,829 = \$40,154/yr

- ▶ LAFCO's expected starting pension contribution:

- ▶ PEPRA 9.34% X \$126,829 = \$11,845.82/yr.