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Andrew Vanderlaan  
Public Member

April 7, 2014

**Vice Chairman**

John Ingalls  
Santa Fe  
Irrigation District

8

TO: Local Agency Formation Commission

FROM: Executive Officer

**Members**

SUBJECT: Proposed/Final FY 2014-15 LAFCO Budget

Bill Horn  
County Board of  
Supervisors

**EXECUTIVE SUMMARY**

Dianne Jacob  
County Board of  
Supervisors

A budget reduction of \$43,049 (gross appropriations) is proposed for FY 2014-15. If approved, the reduction will decrease total expenditures from \$1,766,170 to \$1,723,121. LAFCO's net cost (total expenditures minus anticipated revenues), will be approximately \$2,405 less in FY 2014-15 than in FY 2013-14 (\$1,395,035 compared to \$1,397,440). The net cost figure is the amount that is included in the apportionment invoices that the County Auditor sends to each of the membership categories represented on LAFCO (County, City, Special District). When viewed in context of the estimated (actual) budget figures for FY 2013-14, the FY 2014-15 proposed budget is approximately \$40,518 more than estimated actual expenditure figures, (\$1,682,603 versus \$1,723,121) because some FY 2013-14 special project expenditures will be deferred to FY 2014-15.

Bud Pocklington  
South Bay  
Irrigation District

Lorie Zapf  
Councilmember  
City of San Diego

Jim Janney  
Mayor  
City of Imperial Beach

Sam Abed  
Mayor  
City of Escondido

**Alternate Members**

The budget reduction in FY 2014-15 is primarily related to services and supplies and salaries and benefits cost decreases. With respect to services and supplies, a number of tasks have been completed regarding the development and launching of LAFCO's records management program in FY 2013-14. This program included numerous one-time charges related to County of San Diego Information Technology (IT) costs. The salaries and benefit cost reductions are primarily related to under-filling several positions and restructuring the staffing requirements for 2014-15. Even with proposed expenditures cutbacks in 2014-15, the proposed/final budget provides sufficient funding for completion of mandatory and discretionary projects. It is noteworthy that the Commission's fund balance grew by about \$325,000 between FY 2012 and 2013 due to the submittal of processing fees that exceeded projected levels; completion of one-time IT projects; deferral of certain expenditures related to special projects; and cost savings associated with under-filling budgeted staff positions.

Greg Cox  
County Board of  
Supervisors

Sherri Lightner  
Councilmember  
City of San Diego

Jo MacKenzie  
Vista Irrigation District

Lorraine Wood  
Councilmember  
City of Carlsbad

Harry Mathis  
Public Member

**Executive Officer**

Michael D. Ott

**Counsel**

Thomas Bosworth

For descriptive purposes, the FY 2014-15 work program is divided into ten components: (1) Jurisdictional Analysis & Proposal Review; (2) Municipal Service and Sphere Review; (3) Special Studies; (4) Reports and Publications; (5) Legislative and Statutory; (6) Operational and Administrative; (7) Personnel and Staffing; (8) Communication; (9) Outreach and Support; and (10) Policy Development. Also covered in the FY 2014-15 Budget are expanded discussions about workload indicators; services and supplies expenditures; revenue projections, and apportionment requirements. A discussion of the Proposed/Final FY 2014-15 LAFCO Budget follows.

### **Work Program Item No. 1: Jurisdictional Analysis & Proposal Review**

The review of jurisdictional proposals and preparation of special studies represent some of LAFCO's core responsibilities. Each year, a number of jurisdictional inquiries are made of LAFCO staff that result in the submittal of 15-25 major jurisdictional proposals. Through the second quarter of FY 2013-14, the Commission considered/approved 22 sphere of influence and service reviews; 3 jurisdictional information items; 2 contractual service information items; 4 annexations; 1 detachment; and 23 disadvantaged unincorporated community actions. This was a higher workload than anticipated. Some inquiries and proposals are considered routine and involve minimal staff time, while others are complex and involve considerable staff/legal resources. Jurisdictional analysis needs to occur accurately, but expediently in order to achieve customer service expectations. In recent years, the Commission has fulfilled these objectives by adding several new factors of analysis (e.g., resolution of jurisdictional issues and public service conflicts, demonstration of water availability, identification and planning for disadvantaged unincorporated communities, etc.). These local and mandatory factors of analysis assist with problem identification, issue resolution, and proposal processing.

The proposal review process begins with a series of pre-application meetings between LAFCO staff and applicants, followed by the submittal of a proposal, proposal processing, service and boundary analysis, final report preparation/presentation, commission consideration, protest proceedings, and completion of proceedings, including issuance of final filings with local and state agencies. Proposal processing and review involves the evaluation of legal, technical, financial, service, jurisdictional, socio-economic, engineering, and geographic factors.

### **Work Program Item No. 2: Municipal Service and Sphere Review Program**

LAFCO's primary long-range responsibility involves the preparation of Sphere of Influence and Municipal Service Review (MSR) studies. MSRs and Spheres of Influence cover 80 special districts and 18 cities in San Diego County. While spheres represent a plan for the probable physical boundary and service area of cities and special districts, MSRs deal specifically with growth projections; identification of disadvantaged unincorporated communities and infrastructure needs and deficiencies; capacity of public facilities; financial ability of agencies to provide services; opportunities for shared facilities; accountability for community service needs; and a review of whether agencies or water systems under review are in compliance with the California Safe Drinking Water Act.

State Law requires that the Commission, as necessary, review and update each sphere of influence. The Commission completed the first round of sphere updates and MSRs in 2007, and an evaluation of these studies occurred in FY 2012-13. Through the first half of FY 2013-14, the Commission approved a considerable number of sphere and service reviews including: Descanso CSD, Jacumba CSD, Majestic Pines CSD, Morro Hills CSD; Pauma Valley CSD; Rincon Ranch CSD, Valley Center Parks and Recreation District; San Diego County Water Authority; Metropolitan Water District of Southern California; Carlsbad MWD; Fairbanks Ranch CSD; Leucadia WD; Olivenhain MWD; Rancho Santa Fe CSD; San Dieguito WD; Santa Fe ID; Whispering Palms CSD; Bonita-Sunnyside FPD; Lower Sweetwater FPD; Deer Springs FPD; and Valley Center FPD. In subsequent meetings, the Commission will be reviewing municipalities, public utility districts, municipal water districts, community services districts, fire protection districts, county service areas, and other miscellaneous agencies. LAFCO resources are shifted to this program on a time availability basis, and are shifted away when fee-based proposals are submitted. Program costs have been contained by using a combination of salaried and contract staff. Contractor costs are primarily related to supporting fire protection and water/wastewater evaluations, and geographic information services. Contractor costs are within budget and will total about \$120,000 (Accounts 52370.F and 52550.A).

### **Work Program Item No. 3: Special Priorities**

Based on community and local agency needs, or direction provided by the Commission, some local agencies may be subject to special priorities. In FY 2013-14, emphasis was placed on healthcare districts; water and wastewater providers in the San Dieguito Subregion; water and wastewater providers in the Pala and Bonsall Hydrologic Subregion; water and wastewater providers in Ramona; and Fire and Emergency Medical Services (EMS). LAFCO staff's involvement with the Ramona study has taken longer than anticipated due to project complexity, need to involve the Commission's Special Districts Advisory Committee, and changing workload priorities. However, the Ramona study will be considered by the full Commission by the end of FY 2013-14. Studies were completed involving the San Dieguito agencies and the Pala Bonsall Hydrologic Subregion. There will be follow-up tasks with all of these projects.

New priorities were placed on several additional projects mid-budget year associated with water and wastewater services in the Fallbrook area (Fallbrook PUD and Rainbow MWD). Priorities were also placed on fire and emergency medical services in the Elfin Forest area involving a possible reorganization between CSA No.107 (Elfin Forest Fire Protection) and Rancho Santa Fe FPD. This priority was approved by the Commission in response to fire and EMS issues caused by the Harmony Grove Village development project. LAFCO staff has also become involved with the County regarding the renewal of a fire service contract between CSA No. 115 (Pepper Drive) and potential contracting agencies (Cities of El Cajon and Santee, San Miguel Consolidated FPD, Lakeside FPD. In particular, LAFCO staff has been involved with this project to ensure that reorganization-level data is evaluated and collected as part of a competitive contract negotiation and renewal process.

#### **Work Program Item No. 4: Reports and Publications**

In addition to providing customer service to individuals seeking jurisdictional boundary guidance, LAFCO also provides a public service by publishing informational documents. The *LAFCO Procedures Guide and Directory of Sphere of Influence and Municipal Service Review Actions* are documents that are used by other government agencies and the public. The *Sphere and MSR Summary Report* is updated annually and was accepted by the Commission on December 2, 2013. The *Procedures Guide* is updated every 5-7 years, or sooner depending upon statutory and procedural changes. A copy of the final version of the *2013 Procedures Guide* will be distributed to the Commission on April 7, 2013. The LAFCO application forms are regularly reviewed for compliance with new state statutes and LAFCO policies. Special application forms were developed for the Fallbrook PUD and Rainbow MWD reorganization and potential dissolutions of the Rural FPD and Pine Valley FPD.

#### **Work Program Item No. 5: Legislative and Statutory**

The San Diego LAFCO maintains an active legislative research program. Rather than allocating salaried staff resources for this activity, the Commission currently uses contract services to support program objectives. Legislative research work tasks are considered important but discretionary, while tasks related to statutory compliance are considered mandatory. Overall, the Commission's legislative program has been useful in communicating local concerns to CALAFCO, California Coalition of LAFCOs (CCL), and the State Legislature. It has also aided in the compliance with new statutes, such as SB 244 (Disadvantaged Unincorporated Communities) and AB 54 (Mutual Water Companies). The San Diego LAFCO's Legislative Director serves as legislative director for CCL and previously served as Legislative Committee Chairman for CALAFCO in 2013. In FY 2013-14 and FY 2014-15, legislative research costs will total \$20,000 per year.

#### **Work Program Item No. 6: Operational and Administrative**

LAFCO's core responsibilities (e.g., completing jurisdictional and legislative projects) are primarily supported by salaried staff, with supplemental assistance provided by contract workers. Unlike larger governmental agencies that have internal administrative sections within the overall organization, most administrative functions are handled internally by LAFCO staff. In 2013-14, administrative support was provided for LAFCO's audit, budget preparation, update of administrative and jurisdictional procedures covering procurement and bidding, personnel development and staffing, and proposal processing. Professional services support is provided to assist with some operational and administrative projects. In FY 2014-15, approximately \$30,000 will be spent on professional services for operational and administrative support (e.g., accounting and bookkeeping, and policy development); \$21,000 for legal counsel support; \$125,000 for website and Geographic Information Services; and \$225,000 for document management support from the County and contractors (Account 52550.E: \$50,000; Account 52723: \$50,000; Account 52728: \$25,000; Account 52750: \$10,000; Account 52370.I: \$90,000). Document management costs are paid directly to the County of San Diego. Under the terms of this arrangement,

the County engages various vendors for project development, server costs, and program development. Many of the document management costs are one-time and will level off in the future. Recurring costs in FY 2014-15 will be approximately \$83,000. These costs are considered mandatory and are necessary for the development of a document management system that meets requirements in State Law (Government Code Section 56382).

The above document management estimates were obtained from county staff and county imaging vendors. The overall program must meet stringent requirements in State Law pertaining to the use of electronic and photographic copies of records (Government Code Section 56382). The records must be preserved and reproduced using an immutable medium that does not permit additions, deletions, or changes to the original document per the minimum standards and guidelines of the American National Standards Institute or the Association for Information and Image Management.

### **Work Program Item No. 7: Personnel and Staffing**

#### *FY 2013-14*

San Diego LAFCO employees are recognized as leaders within the local government community. San Diego LAFCO staff received 13 statewide awards from CALAFCO in recent years recognizing excellence in public service. One of the strengths of the staff is the level of experience and knowledge that personnel have obtained from education, training, and working on a variety of complex jurisdictional projects. Recently, the staff led innovative programs involving consolidation of fire, water, wastewater, and road maintenance agencies. The result has been more efficient services, simplified governmental boundaries, and increased accountability. Since the establishment of the San Diego LAFCO, 113 special districts have been dissolved. The current San Diego LAFCO staff has been responsible for conducting the analysis and review of 80 of those dissolutions and consolidations. In FY 2013-14, the Commission budgeted \$908,670 for salaries and benefits but will finish an estimated \$21,231 under adopted levels for both analytical and support staffing. Work was completed using a lower staffing level than budgeted by not filling several budgeted positions (Assistant Executive Officer, Administrative Analyst). The budgeted analyst position was filled at the Administrative Assistant level in FY 2013-14.

Included in Figure 3 to the budget is current and proposed salaries and budget detail for FY 2013-14 and 2014-15. The baseline budget column includes salaries and benefits costs carried over from the previous fiscal year, plus any salary and benefit adjustments authorized by the Commission or the Commission's Rules (e.g., flex benefit rates, lump sum or base salary adjustments, etc.). The adjusted budget column includes salary and benefit changes approved by the Commission through the annual budget process and mid-year adjustments, if applicable. The Estimated (actual) budget column shows projected year-end budget performance. The following detailed summary is provided associated staffing costs and adjustments related to the wage and benefit package that was approved by the Commission after the FY 2013-14 LAFCO Budget was adopted.

- 2013-14 Performance-Based Pay Costs Under Budget: LAFCO's Rules indicate that

LAFCO employees are eligible for base pay increases after performing at an above average level. This is a higher performance standard than most other local agencies. While the Commission included a 5% maximum for performance-based pay increases for all staff in the FY 2013-14 budget, a lower percentage will actually be awarded to LAFCO staff (2.5% average increase for non-executive classifications and 3% for one executive position). The estimated actual dollar amount associated with performance-based pay for all staff in FY 2013-14 will be approximately \$11,000.

- One-time Pay to Offset Increased Employee Share of Benefit Costs: After the budget was adopted in 2013, a new wage and benefit package was approved by the County for its employees. The Commission accordingly adopted a comparable new wage and benefit package for its staff on August 5, 2013. Provisions in both the County and LAFCO wage and benefit package provide for a 2% one-time pay for most classifications, to offset increased out-of-pocket employee costs. These estimated actual one-time payments amounted to approximately \$9,000 for all staff collectively, retroactive to July 1, 2013.
- Base Salary Increase: Another provision approved by the County and LAFCO in 2013 after the LAFCO budget was adopted pertains to base salary increases. The respective amounts of the County/LAFCO increases ranged from 1.24-2.11% of annual salary, effective December 27, 2013. Collectively, these base salary increases will amount to approximately \$3,000 from December 27, 2013 to June 30, 2014. These base salary increases apply to County of San Diego and LAFCO staff.
- Length of Service Pay: Last year, the Commission repealed a length of Service Pay provision, resulting in an \$8,700 ongoing cost savings. This repealed provision previously mirrored the County's Compensation Ordinance stipulating that executives with 30-years of service credit receive a 5.25% increase in base pay. Since this provision was repealed, there is no cost shown in the estimated actual column for length of service pay for FY 2013-14.
- Under-filling Positions: Several positions have either been filled at a lower than budgeted level or not filled at all in FY 2013-14. The Commission included funds (\$50,657) for an administrative analyst position, but this position was filled at an administrative assistant level instead, resulting in an estimated \$5,000 annual cost savings. Lastly, the Assistant Executive Officer position became vacant mid-year as a result of a retirement, and the position has not been filled resulting in a cost savings of about \$45,000 in FY 2013-14. The position was not filled because the workload has been redistributed throughout the office.

#### *FY 2014-15*

The FY 2014-15 baseline salaries and benefits budget is \$872,671. The baseline budget includes provisions for previously authorized 2% one-time pay and benefit adjustments for

LAFCO staff, plus 2% one-time performance-based pay for one executive position. The fiscal impact associated with these previously approved one-time pay increases is about \$11,548. The baseline budget is also based on eliminating funding for the Assistant Executive Officer position and reorganizing the office by upgrading one senior analyst position to a Chief Analyst position and retaining one additional (temporary/student) worker associated with the Commission's document management program.

The proposed staffing cost column for FY 2014-15 is \$884,371, which is \$24,299 less than the amount budgeted in FY 2013-14. The proposed budget costs will be contained by underfilling and eliminating positions. As previously indicated the Assistant Executive Officer position is currently vacant due to a retirement and will not be filled. By eliminating funding for the Assistant Executive Officer position in FY 2014-15, resources will be reallocated so that one senior level analyst position can be filled at a Chief Analyst level. In addition, one administrative support position will be filled at an administrative analyst level, and 2.5 temporary/student workers will be hired to assist with records management. The staffing level will be 8.50 staff years, which is slightly less than the 9 staff years included in the FY 2013-14 budget.

Also included in the Proposed FY 2014-15 salary costs is a one percent equity adjustment for LAFCO classifications, which is the same amount, approved by the County for its employees (Refer to Attachment 1). The one percent equity adjustment was approved by the County on March 11, 2014 in conjunction with the new employer and employee retirement contribution rates, as recommended by the San Diego County Employee Retirement Association actuary. If approved for LAFCO, the equity adjustment will result in an annual salary cost increase of about \$4,300. The County Board of Supervisors approved the equity adjustment for its employees to address inequities within employee classifications. The proposed staffing costs for FY 2014-15 is also based on a maximum of a one percent performance based pay increase for all staff positions. Performance-based pay is important for overall employee morale and productivity. The fiscal impact of the proposed one percent performance pay increase for all positions is approximately \$4,300 annually.

Although not a specific component of the FY 2014-15 budget actions, the County also approved pay increases for County employees in subsequent years (2015-16) that would also apply to some LAFCO staff. The pay increases are associated with the eventual elimination of employer paid retirement offsets beginning in FY 2016-17. The County also approved increases to flexible benefit credits for its employees. Flex credits are used by employees to pay for health care premiums and other insurance. The pay and flex credit increases applicable to County employees would also be applicable to designated LAFCO positions, according to LAFCO's Personnel Rules. These pay and flex credit increases would result in the following: (1) increase base pay by 2% in June 2015 and another 2% in June 2016 for non-executive positions; (2) remove the remaining retirement offset in exchange for another salary adjustment that would be cost neutral to LAFCO in FY 2016-17; and (3) increase flex credits for eligible LAFCO classifications in January 2016 and January 2017. The amount of the pay increase for eligible staff would be approximately

\$5,600 annually in 2015 and \$5,800 in 2016. The flex credit fiscal impact is estimated to be \$25-\$98 per employee per month, depending on classification and number of dependents claimed by each employee. Since the Commission's compensation and benefit plans are aligned with the County's, it is recommended that the Commission adopt the County of San Diego's compensation and benefit changes per the March 11, 2014 report contained in Attachment 1.

### **Work Program Item No. 8: Communication**

State Law requires that all LAFCOs maintain websites [Government Code Section 56300(f)(1)]. Meeting agendas, hearing notices, publications, and announcements are regularly placed on the San Diego LAFCO's website. Websites need to be reviewed and upgraded periodically to be effective. The Commission's website was comprehensively updated in FY 2010-11. Since the last website update, over 25,000 people have visited the site, compared to 15,000 one year ago. Recent modifications to the website include the creation of a new link and page for tracking disadvantaged unincorporated communities, mutual water companies, and water availability policies. Website update, hosting, and document update costs will amount to \$65,000 in FY 2013-14 and FY 2014-15.

### **Work Program Item No. 9: Outreach and Support**

The San Diego LAFCO has historically supported community outreach and support. Outreach occurs through a variety of mechanisms via professional and community activity. For example, Commissioner Vanderlaan and Executive Officer are board members on the Coalition of California LAFCOs (CCL), and Legislative Research Director Ehrlich serves as Legislative Director for CCL. In addition, Commissioners Vanderlaan, Ingalls, Abed, and Jacob served on the Executive Officer's performance review committee, and Commissioners Vanderlaan, Ingalls, MacKenzie, and Ingalls served on the FY 2013-14 audit committee. Members of the LAFCO staff are also active with CCL and CALAFCO, the Special Districts Advisory Committee, California Special Districts Association, SANDAG, and American Planning Association (APA), etc. In 2014, the Executive Officer taught a CALAFCO University Class on Protest and Election Procedures. LAFCO staff also coordinated the reappointment process for the Alternate Public Member position on the Commission in 2013 and will be starting the election\selection process for up to three positions on the Commission and eight positions on the Special Districts Advisory Committee. Outreach and support activities occupy an important portion of the work responsibilities for all LAFCO staff.

### **Work Program Item No. 10: Policy Development**

The San Diego LAFCO provides a valuable benefit to the public and local agencies through its jurisdictional boundary and government reorganization efforts. To ensure that these core responsibilities are carried out in the most effective manner possible, and in a way that reflects local conditions and circumstances, the Commission can provide direction through the budget process. In FY 2013-14, the Commission updated the 2013 edition of the **Procedures Guide**. The document underwent a comprehensive revision and contains new guidelines for reviewing protest provisions and disadvantaged unincorporated



communities in relationship to jurisdictional changes, sphere actions, and service reviews. The ***Procedures Guide*** will be sold to the public and local agencies. Projected revenue from publication sales will total about \$7,500 in FY 2014-15. Your Executive Officer, Legislative Director, and Local Governmental Consultant are also working with CALAFCO to revise the protest and election provisions for consolidations and other reorganizations.

## **Workload Indicators**

FY 2013-14 and FY 2014-15

Through the second quarter of FY 2013-14, the Commission considered/approved 22 sphere of influence and service reviews; 3 jurisdictional information items; 2 contractual service information items; 4 annexations; 1 detachment; 23 disadvantaged unincorporated community actions. Work is nearing completion of studies related to the Ramona MWD, and healthcare providers. Studies are being initiated involving fire and emergency medical service providers in Pepper Drive, Elfin Forest, Rural FPD, and Pine Valley FPD. The Sphere of Influence and Municipal Service Review of water and wastewater agencies within the Bonsall/Pala Hydrologic subarea will also be completed in FY 2013-14.

In FY 2014-15, it is projected that the Commission will review and deliberate on a total of approximately 20-25 jurisdictional boundary change proposals, and 5-10 sphere of influence and service review studies. Proposal based revenue (service to property owners and filing fees) is projected to be over \$140,000 in FY 2014-15, which is about \$52,000 more than the adopted budget figures for FY 2013-14. FY 2014-15 revenues also are based on the previously approved operating transfer of \$175,000 to offset possible fee waivers for a fire agency reorganizations involving County Service Area No. 135 (San Diego County Regional Communications System) and Julian-Cuyamaca FPD (\$45,334); a fee waiver of \$31,400 associated with annexation of a 117-acre island (Greenwood Memorial Park Cemetery and adjacent properties) to the City of San Diego, County Water Authority, and Metropolitan Water District, and detachment from CSA No. 135; dissolution of Pine Valley and Rural FPDs (\$98,266), and a reorganization of CSA No. 107 (Elfin Forest/Harmony Grove). The actual fee waiver amounts for these reorganizations would be more than \$175,000; however, for budgeting purposes, the amount of the fee waiver has been capped at \$175,000. Although work associated with each of these projects has already occurred, the operating transfers will not be authorized until more progress is made or related proposals are submitted to LAFCO.

## **Services and Supplies and Fixed Assets**

*FY 2013-14*

The Services and Supplies budget for FY 2013-14 is \$857,500. This amount was increased by \$95,000 per Commission approval on November 4, 2013 to allow for the development of LAFCO's document management system. Overall costs for Services and Supplies are projected to be \$806,811 or about \$50,589 below expected expenditure levels

in FY 2013-14. Primary reasons for the cost decrease are related to deferral of some document capture costs to FY 2014-15; reduced legislative research expenditures; and slightly lower service review cost. Expenditure figures for LAFCO's largest budget category (Professional Services) are all within budgeted levels and reflect continued support for LAFCO's sphere of influence, service review, and legislative compliance activities. Expense levels in LAFCO's minor expenditure account (hearing notification, telecommunications, commissioner reimbursements, printing supplies, meeting supplies, publication renewal, etc.) are at projected levels (\$17,000). Refer to Figure 1 for further information.

#### *FY 2014-15*

FY 2014-15 Services and Supplies costs will be \$836,250 which is lower than FY 2013-14 adopted budget figures. Expenditure decreases will occur primarily because of diminishing one-time costs associated with document management start-up activities. There will be several individual expenditure increases in accounts related to Information Technology support provided by the County of San Diego. A number of special projects related to service reviews in North and East County (Bonsall-Pala Hydrologic Basin and the Ramona MWD) were completed in FY 2013-14, and emphasis will be placed on new projects in FY 2014-15 related to consolidation of water/wastewater services in the Fallbrook/Rainbow area; fire agency reorganizations involving the Rural FPD, Pine Valley FPD, Rancho Santa Fe FPD, CSA No. 107 (Elfin Forest/Harmony Grove), and CSA No. 115 (Pepper Drive) involving the Cities of El Cajon, Santee, Lakeside FPD and San Miguel Consolidated FPD. Because of the special project nature of these activities, the Commission has already designated both "Committed" and "Assigned" monies for these projects from its fund balance. The amount of these fund balance designations totals \$200,000 and these designations will continue into FY 2014-15. With exception of \$95,000 for document management costs with the County, LAFCO staff has not yet transferred associated fund balance monies into the Commission's operating accounts because the associated jurisdictional proposals have not been submitted to LAFCO as of this writing. This financing approach will contain LAFCO's overall net cost at a level below the amount budgeted for FY 2013-14.

### **REVENUE PROJECTIONS FY 2013-14 and FY 2014-15**

#### *FY 2013-14*

Through the second quarter of the FY 2013-14, revenue was approximately 70% higher than projected. Processing fees (service to property owners and miscellaneous revenue) totaled \$92,245, through the first portion of the third quarter of FY 2013-14. Based on current spending and revenue trends it appears that the Commission will finish FY 2013-14 \$5,882 under budget (Total appropriations of \$1,688,485.00 less Salaries and Benefits and Services and Supplies costs of \$1,682,603). Accordingly, these unspent funds will be transferred to Trust Fund Account 46726 per Commission directive.

## *FY 2014-15*

In FY 2014-15, revenues are conservatively projected to be \$143,586. Projected processing fee revenue is associated with 20 jurisdictional proposals, plus approximately \$7,500 for publication revenue associated with the sale of LAFCO's ***Procedures Guide***. LAFCO staff has developed new supplemental application forms for many of these special projects and is leading various consultation meetings with stakeholders. When the actual jurisdictional proposals are submitted to LAFCO, the transfer of these fund balance allocations into LAFCO's operational accounts will be authorized. Appropriate fund balance designations have already been made for this \$175,000 fund balance allocation per Governmental Accounting Standards Board (GASB) 54 requirements and it is recommended that the Commission carryover this allocation (\$175,000) from completion of special projects in FY 2014-15.

With respect to trust funds, the Commission maintains three interest bearing trust funds with the County of San Diego Treasury (Accounts 46725, 46726, and 46727) and a revolving fund balance account with the County (Account 44595). Refer to Figure 2 for fund balance activity. The Contingency Reserve Fund is utilized for unanticipated expenses or emergencies (Account 46725). Currently there is \$528,059 in this fund. A second trust fund is used for Special Project activities (Account 46726). Currently, there is \$420,887 in the Special Projects account. Account 46726 contains the following fund designations: \$22,075 is "assigned" for the Montecito Ranch Project; \$25,000 is "committed" for the Rancho Santa Fe FPD Reorganization; \$175,000 is "committed for various fire district reorganization projects and the Greenwood Memorial Park Cemetery Island Reorganization. A third trust fund is a Jurisdictional Project account (Account 46727) and the current fund balance is \$147,613. Interest for these funds is conservatively estimated to be about 0.025% or about \$2,097 in FY 2014-15.

The Commission may need to again review its fund balance designations and policy after budget adoption as the result of new pension liability accounting practices promulgated by GASB 67 and 68. GASB Statement No. 67, *Financial Reporting for Pension Plans*, revises existing guidance for the financial reports of most pension plans. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits.

The new standards will improve the way state and local governments report their pension liabilities and expenses, resulting in a more faithful representation of the full impact of these obligations. Among other improvements, net pension liabilities will be reported on the balance sheet, providing citizens and other users of these financial reports with a clearer picture of the size and nature of the financial obligations. There is some uncertainty as to how GASB 67 and 68 will be implemented and its application to LAFCO. The Commission will receive updates about GASB 67 and 68 in FY 2014-15 after more information becomes available.

## **APPORTIONMENT REQUIREMENTS**

Provisions in Government Code Section 56381 require that the operational costs of LAFCO be apportioned by the County Auditor to the membership categories represented on the Commission (County, City, Special District). This apportionment provision has been a requirement of State Law since 2001. State Law requires the County Auditor to apportion LAFCO's costs among the classes of agencies represented on the Commission. An accelerated schedule has been used in the past for the LAFCO budget hearings, so that the Auditor can complete the cost apportionment task prior to the various budget adoption dates of the local agencies that contribute to LAFCO's budget. However, based on the complexity of the FY 2014-15 LAFCO budget, an accelerated budget adoption schedule was not feasible. Under separate cover, a cost apportionment report will be distributed to local agencies. The amount of the 2014-15 apportionment will be \$1,395,035, which is \$2,405 less than in FY 2013-14.

## **CONCLUSION**

A budget reduction of \$43,049 (gross appropriations) is proposed in FY 2014-15, compared to the FY 2013-14 Budget—total expenditures are proposed to decrease from \$1,766,170 to \$1,723,121. When viewed in relation to anticipated revenues, this budget reduction translates into a net decrease of \$2,405 between FY 2014-15 and FY 2013-14. A budget decrease can be accomplished through overall cost containment and the allocation of special project funds to cover high priority work program items discussed in the FY 2014-15 Budget. Even with a net cost reduction, the FY 2014-15 Budget will provide sufficient funding for achievement of LAFCO's core responsibilities, as well as the accomplishment of special projects, such as the review of fire agency consolidation proposals, elimination of an island in south county, and implementation of a document management program. Most importantly, the FY 2014-15 Budget will enable the Commission to allocate staff resources to adequately process an estimated 20 jurisdictional proposals and associated sphere and service review actions. Therefore, it is

**RECOMMENDED:** That your Commission

- (1) Open the hearing on the Proposed/Final Budget FY 2014-15 LAFCO Budget and close the hearing after receiving public comments; and
- (2) Adopt the Proposed/Final FY 2014-15 Budget and direct the Executive Officer to implement all related budget recommendations in the staff report, including but not limited to:
  - (a) Direct the County Auditor/Chief Financial Officer to request payment from the Board of Supervisors and each city and independent district no later than July 1, 2014 for the amount owed and the actual administrative costs incurred by the auditor in apportioning costs and requesting payment from each entity (Government Code Section 56381).

- (b) Authorize the Executive Officer and the County Auditor/Chief Financial Officer to determine an appropriate method of collecting the required payment if payment is not remitted within 60 days. Per State Law, the Executive Officer may request the Auditor to collect an equivalent amount from the property tax or any fee or eligible revenue owed to the County, City, or District. Any expenses incurred by the Commission or Auditor in collecting late payments shall be added to the payment owed the Commission [Government Code Section 56381(c)]. Request the Auditor to use the budget adoption date as the basis for selecting the most recent editions of the accounting publications that must be used under State Law to prepare the cost apportionment allocation.
- (c) Ratify the continuation of approved fund balance designations supporting the waiver of associated LAFCO processing fees for the dissolution of the Julian-Cuyamaca, Pine Valley, and Rural FPDs and related expansion of CSA No. 135's latent powers (fire protection and emergency medical services), reorganization of CSA No. 107 (Elfin Forest/Harmony Grove) with Rancho Santa Fe FPD, reorganization of CSA No. 115 (Pepper Drive); and the Greenwood Memorial Park Cemetery Island Reorganization proposal.
- (d) Ratify the continuation of the fund balance designations and amount of funds contained within each designation for application in FY 2014-15.
- (e) Direct the Executive Officer to make conforming changes to LAFCO's fund balance designations based on amounts added to or removed from associated fund balance accounts, and to advise the Commission upon making such changes.
- (f) Authorize the transfer of unspent funds from LAFCO's FY 2013-14 and FY 2014-15 Budgets to Account 46726 (Special Projects Trust Fund) and direct the Executive Officer to inform the Commission of the amount of the fund transfer during the quarterly budget update.
- (g) Direct the Executive Officer to make appropriations adjustments and fund transfers (additions or deletions, services and supplies adjustments, and staffing level changes) to contain LAFCO's FY 2014-15 gross cost of \$1,723,121 and net cost of \$1,395,035.
- (h) Authorize the implementation of the FY 2014-15 Proposed Staffing Schedule per Figure 3; establish a maximum cap for performance-based (merit) increase for staff not to exceed 1% of annualized salary (overall performance ratings for LAFCO staff must be at an above-standard level for eligibility);
- (i) Authorize the Executive Officer to direct the County Auditor to establish LAFCO's budget and appropriations at the gross and net levels contained in Figures 1-3 of the Proposed/Final FY 2014-15 LAFCO Budget.
- (j) Ratify the application of the County of San Diego's Employer and Employee Retirement Contribution Rates and Compensation Ordinance Amendments per

the attached March 11, 2014 staff report (Attachment 1). Ratification will result in the compensation and benefit adjustments for comparable LAFCO positions with the following labor code designations: EM/SD1 (Exec. Officer); MA/SD2 (Asst. Exec. Officer, Chief Analyst, Analyst III; CE/SD6 (Exec. Asst., Admin. Asst., Admin Aide); CE/SD2 (Local Governmental Analyst 1 & II; PS/SD5 (Records Clerk, Graphic Arts Specialist; SD0 (Student Worker). Specifically, this action will result in the following:

1. 1% equity salary adjustment for LAFCO employees in job codes/classifications designated SD1, SD2, SD6, effective June 27, 2014.
2. 2% across the board salary increase in job codes/classifications designated SD2 and SD6, effective June 26, 2015 and 2%, effective June 24, 2016.
3. Base pay increase for all eligible employees (SD1, SD2, and SD6) as an even exchange for the remaining retirement offset elimination, effective June 9, 2017.
4. Per the amounts specified in the County of San Diego's March 11, 2014 memorandum (Attachment 1), increase the contribution to LAFCO employee Flexible Benefits comparable to similar county positions with the following labor code designations: EM/SD1 (Exec. Officer); MA/SD2 (Asst. Exec. Officer, Chief Analyst, Analyst III; CE/SD6 (Exec. Asst., Admin. Asst., Admin Aide); CE/SD2 (Local Governmental Analyst 1 & II; PS/SD5 (Records Clerk, Graphic Arts Specialist; SD0 (Student Worker), effective January 1, 2016 and January 1, 2017.
5. Per the County of San Diego's March 11, 2014 memorandum (Attachment 1), eliminate the LAFCO/County retirement offset contributions on June 9, 2017 for all LAFCO job classifications.

Respectfully submitted,

MICHAEL D. OTT  
Executive Officer

MDO:trl

**Attachments and Figures**

Figure 1: San Diego LAFCO Budget FY 2012-13 through FY 2014-15

Figure 2: LAFCO Fund Balance

Figure 3: LAFCO Staffing Schedule

Attachment 1: County Compensation Ordinance Retirement and Contribution Rates Memo

Figure 1: San Diego LAFCO Proposed/Final Budget

Ordinary Income/Expense	Actual	Adopted	Est. Actual	Adopted	Recommended
	FY12-13 Budget	FY12-13 Budget	FY13-14 Budget	FY13-14 Budget	FY14-15 Budget
<b>Income</b>					
45918 · LAFCO Apportionment (net cost)	1,404,232.00	1,404,232.00	1,397,440.00	1,397,440.00	1,395,035.00
46234 · Service to Property Owner	174,575.00	50,000.00	150,800.00	91,530.00	143,586.00
47540 · Operating Transfers	0.00	150,000.00	95,000.00	270,000.00	175,000.00
47615 · Other Sales - Taxable	0.12	10,000.00	1,000.00	5,000.00	7,500.00
49000 · Processing Fee	0.00	0.00	0.00	0.00	0.00
49200 · Interest & Dividends	3,147.61	0.00	2,000.00	2,200.00	2,000.00
49900 · Miscellaneous Revenue	19,063.36	0.00	42,245.00	0.00	0.00
80100 · Receipts Sch TR & Agency	0.00	0.00	0.00	0.00	0.00
<b>TOTAL Income</b>	<b>1,601,018.09</b>	<b>1,614,232.00</b>	<b>1,688,485.00</b>	<b>1,766,170.00</b>	<b>1,723,121.00</b>
<b>Expense</b>					
51110 · Salaries & Wages	479,432.00	945,957.00	532,824.00	563,496.00	535,822.00
Benefits Total	272,291.00		341,367.84	345,174.00	348,549.00
52074 · Telecommunications	0.00	2,000.00	0.00	500.00	500.00
52138 · Public Liability Insurance	0.00	1,000.00	0.00	500.00	500.00
52178 · Auto Maintenance	861.83	2,000.00	2,000.00	2,000.00	2,000.00
52182 · Vehicle Fuel	584.41	1,500.00	1,200.00	1,500.00	1,500.00
52270 · Memberships	7,154.00	9,000.00	8,500.00	9,000.00	9,000.00
52330 · Office Expense	0.00	5,000.00	2,000.00	8,000.00	5,000.00
52332 · Postage	0.00	5,000.00	250.00	500.00	500.00
52334 · Printing	7,642.53	20,000.00	15,000.00	10,000.00	10,000.00
52336 · Books - Office Library	1,708.53	500.00	3,500.00	2,000.00	2,000.00
52338 · Drafting/Engineering	0.00	250.00	0.00	50.00	50.00
52344 · Stores Unallocated	9,936.43	5,000.00	11,500.00	12,500.00	12,500.00
52354 · Mail/Postage-ISF	7,651.09	10,000.00	10,000.00	12,000.00	8,000.00
52370 · Professional Services					
52370.A · Special Counsel Litigation	0.00	5,000.00	0.00	750.00	0.00
52370.B · Special Counsel General	13,368.80	2,500.00	9,500.00	8,000.00	10,000.00
52370.C · General Counsel	5,562.00	15,000.00	10,000.00	8,000.00	11,000.00
52370.D · GIS Support	34,364.00	60,000.00	60,000.00	60,000.00	60,000.00
52370.E · Web & Doc Support	31,868.00	65,000.00	65,000.00	65,000.00	65,000.00
52370.F · Local Govt Services	55,295.75	95,000.00	65,000.00	65,000.00	65,000.00
52370.G · Legislation	26,796.00	35,000.00	20,000.00	35,000.00	20,000.00
52370.H · Accounting	19,900.00	25,000.00	30,000.00	30,000.00	30,000.00
52370.I · Other (Doc. Capture QC)	0.00	0.00	25,000.00	55,000.00	90,000.00
<b>Total 52370 · Professional Services</b>	<b>187,154.55</b>	<b>302,500.00</b>	<b>284,500.00</b>	<b>326,750.00</b>	<b>351,000.00</b>
52490 · Publications	1,174.39	1,000.00	2,500.00	1,000.00	25,000.00
52530 · Office Lease	68,562.67	71,000.00	73,000.00	73,000.00	75,000.00
52550 · Special Department					
52550.A · Service Review	99,013.75	95,000.00	50,000.00	55,000.00	55,000.00
52550.B · County Overhead Costs	24,726.00	25,000.00	31,000.00	31,000.00	31,000.00
52550.C · Other	0.00	2,000.00	0.00	2,000.00	2,000.00
52550.D · Minor Expense	23,317.24	15,000.00	17,000.00	15,000.00	17,000.00
52550.E · Other (Doc. Capture)	1,225.73	0.00	47,000.00	47,400.00	50,000.00
<b>Total 52550 · Special Department</b>	<b>148,282.72</b>	<b>137,000.00</b>	<b>145,000.00</b>	<b>150,400.00</b>	<b>155,000.00</b>
52566 · Minor Equipment	392.78	1,000.00	1,000.00	1,000.00	1,000.00
52602 · Computer Related Training	0.00	1,000.00	2,500.00	3,500.00	1,000.00
52608 · Out of County Travel	0.00	2,500.00	500.00	0.00	1,000.00
52610 · Non-Travel/In-County	0.00	500.00	250.00	500.00	500.00
52612 · Emp. Auto mileage	8,896.37	10,000.00	12,000.00	10,000.00	10,000.00
52622 · Training/Regis	0.00	3,500.00	0.00	2,000.00	1,000.00
52704 · Purchasing ISF	0.00	500.00	0.00	500.00	500.00
52706 · Document Srvs ISF	105.00	200.00	0.00	200.00	200.00
52721 · Network Services IT	28,774.00	26,000.00	30,000.00	28,000.00	32,000.00
52722 · Computing Power ISF	0.00	800.00	500.00	800.00	800.00
52723 · Data Center Service	4,283.67	5,600.00	15,124.00	18,124.00	50,000.00
52725 · Cross Functional Srvc I	5,287.57	5,600.00	7,200.00	6,000.00	6,000.00
52726 · Microfiche & Print	0.00	125.00	200.00	200.00	200.00
52728 · Application Service	0.00	0.00	131,088.00	120,476.00	25,000.00
52732 · Desktop Computing	21,381.04	27,000.00	26,000.00	29,500.00	27,000.00
52734 · Help Desk	1,566.57	5,000.00	2,500.00	5,500.00	2,500.00
52750 · Catalog Items	938.72	1,000.00	1,500.00	1,000.00	10,000.00
52752 · Other Services	0.00	200.00	0.00	500.00	500.00
52754 · Non Catalog Items	0.00	500.00	0.00	500.00	500.00
52758 · Vehicle Lease	3,090.78	2,500.00	2,500.00	2,500.00	2,500.00
53585 · Equipment Dep Expense	0.00	0.00	1,600.00	0.00	<b>2,500.00</b>
54955 · Office Equip	13,780.37	0.00	29,130.00	0.00	<b>1,500.00</b>
54958 · Office Equip - prior year	0.00	0.00	-14,130.39	0.00	0
54961 · Fixed Asset Equip & Furn	0	2,000.00	0.00	17,000.00	5,000.00
<b>Subtotal Services &amp; Supplies</b>	<b>529,210.02</b>	<b>668,275.00</b>	<b>806,811.61</b>	<b>857,500.00</b>	<b>836,250.00</b>
<b>TOTAL Salaries &amp; Bens and Serv. &amp; Supplies<sup>5</sup></b>	<b>1,280,933.02</b>	<b>1,614,232.00</b>	<b>1,682,603.45</b>	<b>1,766,170.00</b>	<b>1,723,121.00</b>

## Figure 2: San Diego LAFCO Fund Balance

Fund Activity	Actual	Adopted	Est. Actual	Adopted	Recommended
	<u>FY12-13 Budget<sup>5</sup></u>	<u>FY12-13 Budget</u>	<u>FY13-14 Budget</u>	<u>FY13-14 Budget</u>	<u>FY14-15 Budget</u>
44595 - Fund Balance <sup>1</sup>	102,147.51	94,969.51	118,327.28	94,969.51	118,327.28
46725 - Contingency <sup>2</sup>	525,743.09	525,743.09	528,059.68	527,057.45	528,480.82
46726 - Special Project <sup>3</sup>	514,777.04	195,665.80	420,887.76	102,081.00	427,181.19
46727 - Jurisdictional <sup>4</sup>	146,966.27	146,966.27	147,613.85	147,333.69	147,731.57
46728 - Interest	3,147.61	2,170.94	-	1,941.18	2,097.34
<b>46729 - FUND ACTIVITY TOTAL</b>	<u>1,292,781.52</u>	<u>965,515.61</u>	<u>1,214,888.57</u>	<u>873,382.83</u>	<u>1,223,818.20</u>

Notes for Figures 1 & 2:

<sup>1</sup>Account 44595: All funds are designated "Unassigned" per Minute Item No. 9: June 3, 2013.

<sup>2</sup>Account 46725: All funds are designated "Unassigned" per Minute Item No. 9: June 3, 2013.

<sup>3</sup>Account 46726 contains the following designations:

\$220,486.26 ("Unassigned") per LAFCO Minute item No 9: June 3, 2013.

\$175,000 ("Committed") per Minute Item No. 9: June 3, 2013 for fee waivers associated with dissolution of the Julian-Cuyamaca, Pine Valley, and Rural FPDs; reorganization of CSA 115 (Pepper Drive); and the Greenwood Memorial Park Cemetery Island Reorganization proposal.

\$95,000 ("Committed") per Minute Item 11, November 4, 2013 for doc. management; funds were transferred to operating account in FY 2013-14.

\$25,000 ("Committed") per Minute Item No. 11: November 4, 2013 associated with the reorganization of CSA 107 (Elfin Forest).

\$22,075 ("Assigned") per Minute item No. 9: June 3, 2013 for the Montecito Ranch Project.

<sup>4</sup>Account 44727: All funds are designated "Unassigned" per Minute Item No. 9: June 3, 2013.

<sup>5</sup>Actual budget figures are based on modified accrual system & may differ from audited figures.



Figure 3

FY14/15 Proposed Staffing Schedule

	PRIOR FY12/13 BUDGET				CURRENT FY13/14 BUDGET				PROPOSED FY 14/15 BUDGET				
	Position	F/T Equiv.	Budget	Est. Actual	Position	F/T Equiv.	Baseline Budget	Adj. Budget	Est. Budget	Position	F/T Equiv.	Baseline Budget	Proposed Budget
Executive Officer	1.00	1.00	\$176,664	\$173,288	1.00	1.00	\$173,288	\$195,292	\$183,251	1.00	1.00	\$188,885	\$192,379
Asst. Exec. Officer	1.00	1.00	99,164	98,930	1.00	1.00	99,153	106,718	62,858	0.00	0.00	0	0
Chief Analyst	1.00	0.50	41,891	29,155	1.00	0.50	41,891	42,410	41,000	2.00	1.50	120,082	121,051
Local Gov't Analyst III	0.00	0.00	72,957	72,389	1.00	1.00	72,945	77,432	76,702	0.00	0.00	0	0
Local Gov't Analyst II	1.00	1.00	n.a.	0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0	0
Local Gov't Analyst I	1.00	0.00	n.a.	0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0	0
Admin. Analyst I	0.00	0.00	50,657	0	1.00	0.75	37,992	40,362	0.0	1.00	1.00	47,693	48,160
Admin. Asst.	2.00	2.00	104,123	102,000	2.00	2.00	102,627	110,509	146,248	2.00	2.00	105,972	108,048
Admin. Aide	0.00	0.00	n.a.	n.a.	0.00	0.00	0.0	0.0	0.0	0.00	0.00	n.a.	n.a.
Student Worker/Temp	1.00	n.a.	15,000	0	2.00	1.00	20,000	15,000	12,000	2.50	2.00	50,584	50,584
Subtotal	8.00	5.50	560,456	475,762	9.00	7.25	547,896	587,723	522,059	8.50	7.50	513,216	520,222
Benefits & Adjustments			369,901	275,962			345,174	305,347	349,780			343,855	348,549
Subtotal			930,357	751,724			893,070	893,070	871,839			857,071	868,771
Commissioners (13)			15,600	15,600			15,600	15,600	15,600			15,600	15,600
TOTAL	8.00	5.50	\$945,957	\$767,324	9.00	7.25	\$908,670	\$908,670	\$887,439	8.50	7.50	\$872,671	\$884,371

**CURRENT FY13/14 BUDGET**

*Baseline Budget: Includes actual salaries and benefits carried over from previous year, plus any salary and benefit adjustments approved by the Commission (e.g., flex benefit rates, lump sum or base salary adjustments, etc.)*

*Adj. Budget: Includes changes approved by the Commission through the annual budget process and/or mid-year adjustments. On 4/8/13, the Commission approved the baseline budget with the following adjustments: 5% wage increase (perf. based) for all staff, plus 5.25% length of service pay for one exec. position; On 8/5/13, the Commission applied parts of the County of San Diego's new wage and benefit plan to LAFCO staff including: 2% one-time pay for all staff; 1.24% base salary increase for non-executive staff & 2.11% base salary increase for one exec. staff position eff. 12/27/13, plus flex benefit changes and reductions in retirement offsets.*

*Est. Budget includes: Includes actual salaries awarded per baseline, adjusted budget, or commission directives as follows: 2.5% average wage increase approved for non-exec. staff as opposed to 5%; 3% base wage increase for exec. position approved by LAFCO on 12/2/13; 2% one-time pay approved by LAFCO on 8/5/13 for all staff eff. 7/1/13; 1.24% base increase approved by LAFCO for non-exec. staff & 2.11% base salary increase for one exec. position eff. 12/27/13; 0% length of service pay.*

**PROPOSED FY14-15 BUDGET**

*Baseline Budget: Includes actual salaries and benefits carried over from previous year, plus 2% one-time pay and benefit adjustments (comparable to county employees), per 8/5/13 LAFCO action, plus 2% one-time pay for one exec. position per 12/2/13 LAFCO action.*

*Proposed Budget: Includes proposed changes to baseline budget as follows: 1% equity wage adjustment (comparable to county employees), plus benefit changes and, reductions in retirement offsets; 1% average wage increase (perf. based) proposed for all LAFCO staff.*

**SAN DIEGO LOCAL AGENCY FORMATION COMMISSION  
APRIL 7, 2014**

**AGENDA ITEM NO. 8**

**PROPOSED/FINAL FY 2014-15 LAFCO BUDGET**

**ATTACHMENT 1  
COUNTY COMPENSATION ORDINANCE  
AND  
RETIREMENT CONTRIBUTION  
RATES MEMO**

**DISTRIBUTED TO COMMISSIONERS UNDER SEPARATE COVER**



# COUNTY OF SAN DIEGO

## AGENDA ITEM

### BOARD OF SUPERVISORS

GREG COX  
First District

DIANNE JACOB  
Second District

DAVE ROBERTS  
Third District

RON ROBERTS  
Fourth District

BILL HORN  
Fifth District

# 8

**DATE:** March 11, 2014 and April 15, 2014

# 25

**TO:** Board of Supervisors

**SUBJECT:** AMENDMENTS TO THE COMPENSATION ORDINANCE (3/11/2014 – First Reading; 4/15/2014 – Second Reading) (DISTRICTS: ALL)

### Overview

The proposed amendments to the San Diego County Compensation Ordinance are part of the ongoing efforts to manage and maintain a skilled, adaptable and diverse workforce dedicated to sustaining operational excellence and serving the public. This action 1) increases salaries to address inequities within eligible non-represented classifications by 1% in June 2014; 2) adds increases to base pay by 2% in June 2015, and by 2% in June 2016; 3) removes the remaining retirement offset in exchange for a salary adjustment that is cost neutral to the County; 4) increases flex credits for employees in eligible non-represented classifications in January 2016 and January 2017; 5) amends the Compensation Ordinance by establishing four (4) new job codes/classifications in the classified service to reflect organizational changes; 6) retitles two (2) job codes/classifications in the classified service; 7) deletes two (2) job codes/classifications in the classified service; and 8) amends sections of the Compensation Ordinance to reflect prior Board actions and additional negotiated agreements.

### Recommendation(s)

#### CHIEF ADMINISTRATIVE OFFICER

1. Approve the introduction of the Ordinance (first reading), read title and waive further reading of the Ordinance:

AN ORDINANCE AMENDING THE COMPENSATION ORDINANCE AND ESTABLISHING COMPENSATION

2. If, on March 11, 2014, the Board takes action as recommended in item 1 then, on April 15, 2015 (second reading):

Submit ordinance for further Board consideration and adoption on April 15, 2014 (second reading).

**SUBJECT:** AMENDMENTS TO THE COMPENSATION ORDINANCE, 3/11/2014 – First Reading; 4/15/2014 – Second Reading) (DISTRICTS: ALL)

**Fiscal Impact**

In Fiscal Year 2014-2015, the costs associated with today's recommendations are estimated to result in costs of \$2.3 million. The estimate includes ongoing base pay increases of \$2.3 million.

In Fiscal Year 2015-2016, the costs associated with today's recommendations are estimated to result in additional costs of \$3.7 million. The estimates include further ongoing base pay increases of \$3.3 million and flex credit increases of \$0.43 million.

In Fiscal Year 2016-2017, the costs associated with today's recommendations are estimated to result in additional costs of \$4.1 million. The estimates include further ongoing base pay increases of \$3.3 million and additional flex credit increases of \$0.88 million. In Fiscal Year 2017-2018, flex credits are estimated to increase by an additional \$0.45 million.

Funding to support today's recommendations will be reflected in the Fiscal Year 2014-2016 Recommended Operational Plan. The funding source is a combination of General Purpose revenues and various program revenues.

**Business Impact Statement**

N/A

**Advisory Board Statement**

N/A

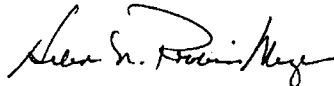
**Background**

The actions in this letter reflect ongoing compensation review, classification maintenance work and changes to the Compensation Ordinance as a result of labor agreements and quality assurance review work on pay rules.

**Linkage to the County of San Diego Strategic Plan**

Today's proposed actions support the County of San Diego's 2014-2019 Strategic Plan Required Disciplines for Excellence of Fiscal Stability and Customer Satisfaction by efficient management of resources to meet service level needs.

Respectfully submitted,



HELEN N. ROBBINS-MEYER  
Chief Administrative Officer

**ATTACHMENT(S)**

Executive Summary  
Compensation Ordinance (Clean Version)  
Summary of Proposed Ordinance

**SUBJECT:** AMENDMENTS TO THE COMPENSATION ORDINANCE, 3/11/2014 – First Reading; 4/15/2014 – Second Reading) (DISTRICTS: ALL)

Compensation Ordinance (Strike-out Version)

Appendix one - Salary Schedules by Job Code - CE, CEM, MA, NA, NE, NM, and NS

Salary Ranges for EM and UM

**SUBJECT:** AMENDMENTS TO THE COMPENSATION ORDINANCE, 3/11/2014 – First Reading; 4/15/2014 – Second Reading) (DISTRICTS: ALL)

**AGENDA ITEM INFORMATION SHEET**

**REQUIRES FOUR VOTES:**      Yes    No

**WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED**  
 Yes    No

**PREVIOUS RELEVANT BOARD ACTIONS:**  
N/A

**BOARD POLICIES APPLICABLE:**  
N/A

**BOARD POLICY STATEMENTS:**  
N/A

**MANDATORY COMPLIANCE:**  
N/A

**ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):**  
N/A

**ORIGINATING DEPARTMENT:** Department of Human Resources

**OTHER CONCURRENCES(S):** Office of Financial Planning and County Counsel

**CONTACT PERSON(S):**

Janice Mazone, Deputy Director	
_____ Name	_____ Name
(858) 694-3709	
_____ Phone	_____ Phone
Janice.Mazone@sdcounty.ca.gov	
_____ E-mail	_____ E-mail

Executive Summary  
March 11, 2014

ACTION	SECTION	COMMENTS
AMENDS APPENDIX ONE	SECTION 1  Amends Appendix One of the Compensation Ordinance	Appendix One of the Compensation Ordinance, Salary Schedule is amended by establishing compensation which provides equity adjustments for employees in job codes/classifications designated CE, CEM, EM, MA, NA, NE, NM, NS, and UM as follows: <ul style="list-style-type: none"><li>• Effective June 27, 2014 1%</li></ul>
AMENDS APPENDIX ONE	SECTION 2  Amends Appendix One of the Compensation Ordinance	Appendix One of the Compensation Ordinance, Salary Schedule is amended by establishing compensation which provides across the board increases for employees in job codes/classifications designated CE, CEM, and MA as follows: <ul style="list-style-type: none"><li>• Effective June 26, 2015 2%</li><li>• Effective June 24, 2016 2%</li></ul>
AMENDS APPENDIX ONE	SECTION 3  Amends Appendix One of the Compensation Ordinance	Appendix One of the Compensation Ordinance, Salary Schedule is amended by establishing compensation for employees in job codes/classifications designated CE, CEM, EM, MA, NA, NE, NM, NS,UM, and EO, except for Board of Supervisors and Chief Administrative Officer, as follows: <b><u>Effective June 9, 2017:</u></b> <ul style="list-style-type: none"><li>• A base pay increase will be provided to all eligible employees as an even exchange for the remaining offset elimination. The amount will be based on the FY 2016/17 adopted budget for each bargaining unit. The amount of this increase for employees will be cost neutral for the County.</li></ul>
ESTABLISHES FOUR NEW CLASSES IN THE CLASSIFIED SERVICE	SECTION 4  Amends Appendix One of the Compensation Ordinance	This action establishes four (4) job codes/classifications in the classified service as follows:  <u>002575 – Crime &amp; Intelligence Analyst.</u> This new job code/classification is being established in the Classified Service to perform crime and intelligence analysis work. It combines the crime analysis and intelligence functions in order to address the amount of criminal intelligence work needed.  <u>002576 – Sr Crime &amp; Intelligence Analyst.</u> This new job code/classification is being established in the Classified Service to perform the most complex and difficult crime and intelligence analysis work and/or supervise subordinate analysts.  <u>003108 – Elections Manager.</u> This new job code/classification is being established to fill the need for a manager that oversees the daily operations and manages the budget and fiscal responsibilities of the division.

Executive Summary  
March 11, 2014

ACTION	SECTION	COMMENTS
		<u>005908 – Assistant Facilities Analyst.</u> This new job code/classification is being established in the Classified Service to create an entry level class into the Facilities Analyst series.
RETITLES TWO CLASSIFICATIONS IN THE CLASSIFIED SERVICE	SECTION 5  Amends Appendix One of the Compensation Ordinance	This action re-titles two (2) job codes/classifications to more appropriately reflect the level of responsibility and duties being performed:  From: 002486 Crime Analysis Manager To: 002486 Crime & Intelligence Analysis Manager  From: 003518 Cartographer To: 003518 Graphic Audio-Visual Coordinator
DELETES TWO CLASSES IN THE CLASSIFIED SERVICE	SECTION 6  Amends Appendix One of the Compensation Ordinance	This action deletes two (2) obsolete job codes/classifications. No employees are affected.  <u>002377 – Waste Management Coordinator.</u> This job code/classification is being deleted because the position was reclassified and this class is no longer needed.  <u>002617 - Supervising Procurement and Contracting Officer.</u> This job code/classification is being deleted because it no longer meets the needs of the department.
AMENDS SECTION 1.3.6	SECTION 7  Subsection (c) of Section 1.3.6, is hereby amended	Subsection (c) of 1.3.6, <u>Transfer</u> , is amended to address an inconsistency between the Compensation Ordinance and the Civil Service Rules.
AMENDS SECTION 1.13.9	SECTION 8  Subsection (c)(4) of Section 1.13.9, is hereby amended	Subsection (c)(4) of 1.13.9, <u>Uniform Allowance (Initial Issue and Maintenance): Uniform Allowance - Other</u> , is an administrative amendment which reflects a previously authorized increase to the uniform allowance from \$400 to \$550 for the following job codes/classifications:  <ul style="list-style-type: none"> <li>• 006025 Road Structure Worker I</li> <li>• 006026 Road Structure Worker II</li> <li>• 006027 Road Structure Worker III</li> </ul>



Executive Summary  
March 11, 2014

ACTION	SECTION	COMMENTS
AMENDS SECTION 4.2.22	SECTION 9  Subsection (c) of Section 4.2.22 is hereby amended	Subsection (c) of 4.2.22, <u>Association President's Leave</u> , is amended to correct an outdated reference.
AMENDS SECTION 5.1.6	SECTION 10  Subsection (d) of Section 5.1.6 is hereby amended	Subsection (d) of 5.1.6, <u>County Contributions Toward Flexible Benefit Plan</u> , is amended to increase contributions to the Benefit Program for employees in job codes/classifications designated CE, CEM, EM, EO, MA, NA, NE, NM, NS, and UM effective January 1, 2016 and January 1, 2017.
AMENDS SECTION 5.6.2	SECTION 11  Subsection (b)(4) of Section 5.6.2 is hereby amended	Subsection (b)(4) of 5.6.2, <u>Retirement Contribution Offset Provisions</u> , is amended by changing the contribution percentage the County will make to offset employee contributions to the San Diego County Employees Retirement Association by: <ul style="list-style-type: none"> <li>• eliminating the offset contributions on June 9, 2017 for employees in job codes/classifications designated CE, CEM, EM, EO, MA, NA, NE, NM, NS, and UM.</li> </ul>

**ORDINANCE NO. \_\_\_\_\_ (NEW SERIES)**

**AN ORDINANCE AMENDING THE COMPENSATION ORDINANCE  
AND ESTABLISHING COMPENSATION**

The Board of Supervisors of the County of San Diego ordains as follows:

**Section 1.** Appendix One of the Compensation Ordinance is hereby amended by establishing compensation which provides equity adjustments for employees in job codes/classifications designated CE, CEM, EM, MA, NA, NE, NM, NS, and UM, by 1% effective June 27, 2014.

**Section 2.** Appendix One of the Compensation Ordinance is hereby amended by increasing compensation for job codes/classifications designated CE, CEM, and MA by 2% effective June 26, 2015 and by 2% effective June 24, 2016.

**Section 3.** Appendix One of the Compensation Ordinance is hereby amended by establishing compensation for job codes/classifications designated CE, CEM, EM, MA, NA, NE, NM, NS, UM and EO except Board of Supervisors and Chief Administrative Officer as follows:

Effective June 9, 2017, all eligible employees shall receive a wage increase as an even exchange for the remaining offset elimination. The amount of this even exchange shall be based on the Fiscal Year 2016-17 Adopted Budget for the bargaining unit and will be determined by converting the amount appropriated for offset to a percentage of the total salaries and benefits. Total salaries and benefits shall include base salary, supplemental pay, employer retirement contributions, other post-employment benefits, OASDI and Medicare. The amount of this increase for employees will be cost neutral to the County and in no way shall it result in a cost increase to the County.

**Section 4.** Appendix One of the Compensation Ordinance is hereby amended by establishing the following job codes/classifications and compensation in the classified service, effective May 16, 2014:

Job Code No.	Step 1 Hrly Biwkly	Step 2 Hrly Biwkly	Step 3 Hrly Biwkly	Step 4 Hrly Biwkly	Step 5 Hrly Biwkly	Approx Annual Salary Minimum Maximum	Vari Entry	Rep O/T Stat	Bene Prog	
<u>002575 Crime &amp; Intelligence Analyst</u>										
	<u>27.24</u>	<u>36.41</u>				<u>\$56,659.20 - \$75,732.80</u>	<u>Y</u>	<u>N</u>	<u>CE</u>	<u>CNM</u>
	<u>2179.20</u>	<u>2912.80</u>								
<u>002576 Sr Crime &amp; Intelligence Analyst</u>										
	<u>33.62</u>	<u>40.86</u>				<u>\$69,929.60 - \$84,988.80</u>	<u>Y</u>	<u>N</u>	<u>CEM</u>	<u>MGT</u>
	<u>2689.60</u>	<u>3268.80</u>								
<u>003108 Elections Manager</u>										
	<u>26.51</u>	<u>27.84</u>	<u>29.23</u>	<u>30.69</u>	<u>32.22</u>	<u>\$55,140.80 - \$67,017.60</u>	<u>Y</u>	<u>N</u>	<u>MA</u>	<u>MGT</u>
	<u>2120.80</u>	<u>2227.20</u>	<u>2338.40</u>	<u>2455.20</u>	<u>2577.60</u>					
<u>005908 Assistant Facilities Analyst</u>										
	<u>22.38</u>	<u>23.50</u>	<u>24.67</u>	<u>25.90</u>	<u>27.19</u>	<u>\$46,550.40 - \$56,555.20</u>	<u>Y</u>	<u>N</u>	<u>MA</u>	<u>MGT</u>
	<u>1790.40</u>	<u>1880.00</u>	<u>1973.60</u>	<u>2072.00</u>	<u>2175.20</u>					

**Section 5.** Appendix One of the Compensation Ordinance is hereby amended by re-titling the following job codes/classifications, effective May 16, 2014:

Job Code No.    Job Code Title

From: 002486 Crime Analysis Manager  
 To: 002486 Crime & Intelligence Analysis Manager

From: 003518 Cartographer  
 To: 003518 Graphic Audio-Visual Coordinator

**Section 6.** Appendix One of the Compensation Ordinance is hereby amended by deleting the following job code/classification, effective May 16, 2014:

<u>Job Code No.</u>	<u>Job Code Title</u>
002377	Waste Management Coordinator
002617	Supervising Procurement and Contracting Officer

**Section 7.** Subsection (c) of Section 1.3.6 of the Compensation Ordinance is hereby amended to read as follows:

**SECTION 1.3.6: TRANSFER.**

- (c) An employee placed on a transfer list pursuant to Civil Service Rule III, Section 3.2.6 Transfer Lists, Subsection (a)(32) (Transfer List), who is subsequently appointed from the transfer list, is considered transferred and not promoted. The step shall be set at the step in the former class to which the employee would have advanced if the employee had remained in the former class.

**Section 8.** Subsection (c)(4) of Section 1.13.9 of the Compensation Ordinance is hereby amended to read as follows:

**SECTION 1.13.9: UNIFORM ALLOWANCE (INITIAL ISSUE AND MAINTENANCE).**

- (c) Uniform Allowance - Other.

- (4) Initial Issue and Uniform Maintenance/Replacement Rates by Class. Employees who receive a uniform allowance are required to wear a uniform at all times. For purposes of computing the correct payment amount, three-thirds (3/3) of the uniform allowance is as follows for the listed eligible classes:

Class No.	Title	Three-Thirds (3/3) Allowance
004548	Sheriff's Detentions Nurse	300
004615	Nurses Assistant	300
004618	Psychiatric Technician	300
004625	Licensed Vocational Nurse	300
004626	Sheriff's Detentions LVN	300
005700	Animal Care Attendant	650
005702	Supervising Animal Care Attendant	650
005703	Animal Control Officer	650
005710	Registered Veterinary Technician	650
005711	Supervising Animal Control Officer	650
005748	Community Service Officer	650
006019	Road Crew Supervisor	400
006023	Road Maintenance Worker	550
006025	Road Structure Worker I	400550

006026	Road Structure Worker II	400 <u>550</u>
006027	Road Structure Worker III	400 <u>550</u>
006028	Road Structures Supervisor (T)	400
006035	Equipment Operator	550
006036	Sr Equipment Operator	550
006332	Park Ranger	800
006342	Sr Park Ranger	800
006343	Supervising Park Ranger	800
006410	Sr Cook	400
006411	Cook	400
006415	Food Services Worker	400
007089	Solid Waste Site Supervisor	400
007518	Public Works Trainee	550

**Section 9.**

Subsection (c) of Section 4.2.22 of the Compensation Ordinance is hereby amended to read as follows:

**SECTION 4.2.22: ASSOCIATION PRESIDENT'S LEAVE.**

(c) Request.

- (1) The Association shall direct the request for release time to the Sheriff, in writing, at least thirty (30) days prior to the period of the specified requested leave. Less than thirty (30) days notice will be acceptable to the Department providing operational needs have been addressed.
- (2) ~~SEIU Local, 221/SDPOA~~ shall direct the request for leave time to the Chief Probation Officer in writing at least thirty (30) days prior to the period of the specified requested leave. Less than thirty (30) days notice will be acceptable to the Department providing operational needs have been addressed.

**Section 10.** Subsection (d) of Section 5.1.6 of the Compensation Ordinance are hereby amended to read as follows:

**SECTION 5.1.6: FLEXIBLE BENEFITS PLAN.** A flexible benefits plan, which is in accordance with Section 125 of the Internal Revenue Code, is authorized for eligible employees.

- (d) County Contributions Toward Flexible Benefit Plan. Insurance premium costs shall be borne by the employee excepting that the County shall make the following contribution toward the Flexible Benefits Plan (which includes health insurance). The employee's insurance premium costs will be reduced by the amount the employee elects to distribute to his or her insurance premium costs from the County's contribution toward the Flexible Benefits Plan. The County's contribution toward the Flexible Benefits Plan shall be:

- (1) Employees in classes designated EM, EO, NA, NE, and UM under the UCL Benefit Program.

<u>Effective January 1, 2013:</u>	<u>Monthly</u>
Employee Only	\$ 531.00
Employee + 1 Dependent	756.00
Employee + 2 or More Dependents	1,040.00
<u>Effective January 1, 2014:</u>	<u>Monthly</u>
Employee Only	\$ 558.00
Employee + 1 Dependent	794.00
Employee + 2 or More Dependents	1,092.00
<u>Effective January 1, 2015:</u>	<u>Monthly</u>

Employee Only	\$ 586.00
Employee + 1 Dependent	850.00
Employee + 2 or More Dependents	1,190.00

Effective January 1, 2016: Monthly

<u>Employee Only</u>	<u>\$ 615.00</u>
<u>Employee + 1 Dependent</u>	<u>893.00</u>
<u>Employee + 2 or More Dependents</u>	<u>1,250.00</u>

Effective January 1, 2017: Monthly

<u>Employee Only</u>	<u>\$ 646.00</u>
<u>Employee + 1 Dependent</u>	<u>938.00</u>
<u>Employee + 2 or More Dependents</u>	<u>1,313.00</u>

- (2) Employees in classes designated CE under the CNM and CEM, MA, and NM under the MGT Benefit Programs.

Effective January 1, 2013: Monthly

Employee Only	\$ 483.00
Employee + 1 Dependent	708.00
Employee + 2 or More Dependents	989.00

Effective January 1, 2014: Monthly

Employee Only	\$ 507.00
Employee + 1 Dependent	743.00
Employee + 2 or More Dependents	1,038.00

Effective January 1, 2015: Monthly

Employee Only	\$ 532.00
Employee + 1 Dependent	795.00
Employee + 2 or More Dependents	1,131.00

Effective January 1, 2016: Monthly

<u>Employee Only</u>	<u>\$ 559.00</u>
<u>Employee + 1 Dependent</u>	<u>835.00</u>
<u>Employee + 2 or More Dependents</u>	<u>1,188.00</u>

Effective January 1, 2017: Monthly

<u>Employee Only</u>	<u>\$ 587.00</u>
<u>Employee + 1 Dependent</u>	<u>877.00</u>
<u>Employee + 2 or More Dependents</u>	<u>1,247.00</u>

- (3) Employees in classes designated under the SW Benefit Program.

Effective January 1, 2013: Monthly

Employee Only	\$ 441.00
Employee + 1 Dependent	658.00
Employee + 2 or More Dependents	939.00

<u>Effective January 1, 2014:</u>	<u>Monthly</u>
Employee Only	\$ 463.00
Employee + 1 Dependent	691.00
Employee + 2 or More Dependents	986.00

<u>Effective January 1, 2015:</u>	<u>Monthly</u>
Employee Only	\$ 486.00
Employee + 1 Dependent	739.00
Employee + 2 or More Dependents	1,075.00

<u>Effective January 1, 2016:</u>	<u>Monthly</u>
Employee Only	\$ 510.00
Employee + 1 Dependent	776.00
Employee + 2 or More Dependents	1,129.00

<u>Effective January 1, 2017:</u>	<u>Monthly</u>
Employee Only	\$ 536.00
Employee + 1 Dependent	815.00
Employee + 2 or More Dependents	1,185.00

(4) Employees in classes designated CM.

<u>Effective January 1, 2013:</u>	<u>Monthly</u>
Employee Only	\$ 421.00
Employee + 1 Dependent	627.00
Employee + 2 or More Dependents	899.00

<u>Effective January 1, 2014:</u>	<u>Monthly</u>
Employee Only	\$ 453.00
Employee + 1 Dependent	675.00
Employee + 2 or More Dependents	968.00

<u>Effective January 1, 2015:</u>	<u>Monthly</u>
Employee Only	\$ 486.00
Employee + 1 Dependent	739.00
Employee + 2 or More Dependents	1,075.00

<u>Effective January 1, 2016:</u>	<u>Monthly</u>
Employee Only	\$ 510.00
Employee + 1 Dependent	776.00
Employee + 2 or More Dependents	1,129.00

<u>Effective January 1, 2017:</u>	<u>Monthly</u>
Employee Only	\$ 536.00
Employee + 1 Dependent	815.00
Employee + 2 or More Dependents	1,185.00

(5) Employees in classes designated DS and SM under the SHRF Benefit Program.

<u>Effective January 1, 2014:</u>	<u>Monthly</u>
Employee Only	\$442.00
Employee + 1 Dependent	658.00
Employee + 2 or More Dependents	944.00
<u>Effective January 1, 2015:</u>	<u>Monthly</u>
Employee Only	\$464.00
Employee + 1 Dependent	704.00
Employee + 2 or More Dependents	1,029.00
<u>Effective January 1, 2016:</u>	<u>Monthly</u>
Employee Only	\$487.00
Employee + 1 Dependent	739.00
Employee + 2 or More Dependents	1,080.00
<u>Effective January 1, 2017:</u>	<u>Monthly</u>
Employee Only	\$511.00
Employee + 1 Dependent	776.00
Employee + 2 or More Dependents	1,134.00
<u>Effective January 1, 2018:</u>	<u>Monthly</u>
Employee Only	\$537.00
Employee + 1 Dependent	815.00
Employee + 2 or More Dependents	1,191.00

(6) Employees in classes designated DI and DM under the DAI Benefit Program.

<u>Effective January 1, 2013:</u>	<u>Monthly</u>
Employee Only	\$ 478.00
Employee + 1 Dependent	687.00
Employee + 2 or More Dependents	962.00
<u>Effective January 1, 2014:</u>	<u>Monthly</u>
Employee Only	\$ 502.00
Employee + 1 Dependent	721.00
Employee + 2 or More Dependents	1,010.00
<u>Effective January 1, 2015:</u>	<u>Monthly</u>
Employee Only	\$ 527.00
Employee + 1 Dependent	771.00
Employee + 2 or More Dependents	1,101.00

- (7) Employees in classes designated CC and CS under the CC Benefit Program; AM, AS and DA under the DA Benefit Program; PD and PM under the PD Benefit Program.

Effective January 1, 2013: Monthly

Employee Only	\$ 455.00
Employee + 1 Dependent	658.00
Employee + 2 or More Dependents	930.00

Effective January 1, 2014: Monthly

Employee Only	\$ 478.00
Employee + 1 Dependent	691.00
Employee + 2 or More Dependents	977.00

Effective January 1, 2015: Monthly

Employee Only	\$ 502.00
Employee + 1 Dependent	739.00
Employee + 2 or More Dependents	1,065.00

- (8) Employees in classes designated under the SO Benefit Program.

Effective January 1, 2013: Monthly

Employee Only	\$ 483.00
Employee + 1 Dependent	708.00
Employee + 2 or More Dependents	989.00

Effective January 1, 2014: Monthly

Employee Only	\$ 507.00
Employee + 1 Dependent	743.00
Employee + 2 or More Dependents	1,038.00

Effective January 1, 2015: Monthly

Employee Only	\$ 532.00
Employee + 1 Dependent	795.00
Employee + 2 or More Dependents	1,131.00

- (9) Employees in classes designated under the PO Benefit Program.

Effective January 1, 2013: Monthly

Employee Only	\$ 421.00
Employee + 1 Dependent	627.00
Employee + 2 or More Dependents	899.00

Effective January 1, 2014 Monthly

Employee Only	\$ 442.00
Employee + 1 Dependent	658.00
Employee + 2 or More Dependents	944.00



<u>Effective January 1, 2015</u>	<u>Monthly</u>
Employee Only	\$ 464.00
Employee + 1 Dependent	704.00
Employee + 2 or More Dependents	1029.00

(10) Employees in classes designated AE, CL, FS, HS, MM, PR, PS, RN and SS.

<u>Effective January 1, 2013:</u>	<u>Monthly</u>
Employee Only	\$ 421.00
Employee + 1 Dependent	627.00
Employee + 2 or More Dependents	899.00

<u>Effective January 1, 2014:</u>	<u>Monthly</u>
Employee Only	\$ 453.00
Employee + 1 Dependent	675.00
Employee + 2 or More Dependents	968.00

<u>Effective January 1, 2015:</u>	<u>Monthly</u>
Employee Only	\$ 486.00
Employee + 1 Dependent	739.00
Employee + 2 or More Dependents	1,075.00

<u>Effective January 1, 2016:</u>	<u>Monthly</u>
Employee Only	\$ 510.00
Employee + 1 Dependent	776.00
Employee + 2 or More Dependents	1,129.00

<u>Effective January 1, 2017:</u>	<u>Monthly</u>
Employee Only	\$ 536.00
Employee + 1 Dependent	815.00
Employee + 2 or More Dependents	1,185.00

(11) Employees in classes designated CR.

<u>Effective January 1, 2013:</u>	<u>Monthly</u>
Employee Only	\$ 421.00
Employee + 1 Dependent	627.00
Employee + 2 or More Dependents	899.00

<u>Effective January 1, 2014:</u>	<u>Monthly</u>
Employee Only	\$ 453.00
Employee + 1 Dependent	675.00
Employee + 2 or More Dependents	968.00

<u>Effective January 1, 2015:</u>	<u>Monthly</u>
Employee Only	\$ 486.00
Employee + 1 Dependent	739.00
Employee + 2 or More Dependents	1,075.00

<u>Effective January 1, 2016:</u>	<u>Monthly</u>
Employee Only	\$ 510.00
Employee + 1 Dependent	776.00
Employee + 2 or More Dependents	1,129.00

<u>Effective January 1, 2017:</u>	<u>Monthly</u>
Employee Only	\$ 536.00
Employee + 1 Dependent	815.00
Employee + 2 or More Dependents	1,185.00

- (12) Employees in classes designated NS.

<u>Effective January 1, 2013:</u>	<u>Monthly</u>
Employee Only	\$ 421.00
Employee + 1 Dependent	627.00
Employee + 2 or More Dependents	899.00

<u>Effective January 1, 2014:</u>	<u>Monthly</u>
Employee Only	\$ 442.00
Employee + 1 Dependent	658.00
Employee + 2 or More Dependents	944.00

<u>Effective January 1, 2015:</u>	<u>Monthly</u>
Employee Only	\$ 464.00
Employee + 1 Dependent	704.00
Employee + 2 or More Dependents	1,029.00

<u>Effective January 1, 2016:</u>	<u>Monthly</u>
<u>Employee Only</u>	<u>\$ 487.00</u>
<u>Employee + 1 Dependent</u>	<u>739.00</u>
<u>Employee + 2 or More Dependents</u>	<u>1,080.00</u>

<u>Effective January 1, 2017:</u>	<u>Monthly</u>
<u>Employee Only</u>	<u>\$ 511.00</u>
<u>Employee + 1 Dependent</u>	<u>776.00</u>
<u>Employee + 2 or More Dependents</u>	<u>1,134.00</u>

- (13) Employees in classes designated AE, AM, AS, CC, CE, CEM, CL, CM, CR, CS, DA, DI, DM, EM, EO, FS, HS, MA, MM, NA, NE, NM, NS, PD, PM, PO, PR, PS, RN, SO, SS, SW and UM who have flex credits not designated for eligible services shall have such credits placed in the employee's health Flexible Spending Account (FSA). IRS regulations establish annual maximum limits for flexible credits which may be rolled over to a FSA. An employee is not entitled to flexible credits that, when rolled over to an FSA, exceed the maximum limits allowed by law. Any employee who is expected to have flexible credits rolled over to an FSA that will exceed the maximum limits shall have their bi-weekly flex credit contributions adjusted to an amount, that when calculated on an annual basis, will be equal to the maximum allowed by law.
- (14) Notwithstanding the above paragraph, if an employee experiences a "qualifying event" as defined by IRS and HIPAA Regulation, or has a triggering event that impacts flex credits, that employee will be allowed to change their status and have their flex benefits recalculated so as to maximize or recoup any retroactive flex benefits previously adjusted, in order to realize the maximum value of the flex benefit contribution, subject to IRS limitations.

**Section 11.** Subsection (b)(4) of Section 5.6.2 of the Compensation Ordinance is hereby amended to read as follows:

SECTION 5.6.2: METHOD OF CALCULATION.

(b) Retirement Contribution Offset Provisions.

- (4) Effective June 9, 2017, the County's retirement contribution offset shall be eliminated for bargaining units designated AE, CE, CEM, CL, CM, EM, EO, FS, HS, MA, MM, NA, NE, NM, NS, PR, PS, RN, SS, and SW, and UM.





# COUNTY OF SAN DIEGO

## AGENDA ITEM

### BOARD OF SUPERVISORS

GREG COX  
First District

DIANNE JACOB  
Second District

DAVE ROBERTS  
Third District

RON ROBERTS  
Fourth District

BILL HORN  
Fifth District

# 8

**DATE:** March 11, 2014

# 24

**TO:** Board of Supervisors

**SUBJECT:** EMPLOYER AND EMPLOYEE RETIREMENT CONTRIBUTION RATES FOR FISCAL YEAR 2014-15 (DISTRICTS: ALL)

### Overview

California Government Code Section 31454 requires the Board of Supervisors to adjust the rates of the San Diego County employer and employee retirement contributions in accordance with the recommendations of the Board of Retirement of the San Diego County Employees Retirement Association ("SDCERA"). The Board of Retirement ("Retirement Board") approved the employer and employee contribution rates recommended by its actuary, The Segal Group Inc., for Fiscal Year 2014-15 on December 5, 2013. While the employer contribution rates are different for Safety and General members, the aggregate employer rate (or weighted average rate) approved by the Retirement Board for Fiscal Year 2014-15 is 35.79% for all Tiers.

In Fiscal Year 2013-14, the Board of Supervisors adopted the same contribution rates approved by the Retirement Board which was 34.26% (general and safety combined other than Tier C, 25.14% for general Tier C and 37.73% safety Tier C). For Fiscal Year 2014-15, the Chief Administrative Officer recommends the actual employer contribution rates be the rates recommended by the actuary.

The increase in employer contribution rates are primarily due to changes in actuarial assumptions and the actuarial cost methods, the effect of greater than expected number of retirements during the year and lower than expected returns on the valuation value of assets after "smoothing". The increase in the employer contribution rate was offset to some degree by lower than expected salary increases and a lower than expected cost-of-living increase in benefits for retirees and beneficiaries.

The average member rate increased from 10.47% of payroll to 11.69% of payroll. This increase is primarily due to changes in actuarial assumptions and the actuarial cost methods.

**SUBJECT: EMPLOYER AND EMPLOYEE RETIREMENT CONTRIBUTION RATES FOR FISCAL YEAR 2014-15 (DISTRICTS: ALL)**

**Recommendation(s)**

**SAN DIEGO COUNTY BOARD OF RETIREMENT and CHIEF ADMINISTRATIVE OFFICER**

Adopt the San Diego County employer and employee retirement contribution rates for Fiscal Year 2014-15 as recommended by the SDCERA actuary and approved by the Retirement Board on December 5, 2013.

**Fiscal Impact**

If the recommendation to adopt the rates recommended by the actuary in the employer retirement contributions is approved, the estimated annual employer retirement contribution costs for all plan sponsors will be approximately \$382.2 million for Fiscal Year 2014-15, an increase of approximately \$21.7 million from the Fiscal Year 2013-14 estimated contribution determined by the actuary.

The County is obligated to fund approximately 92% of the estimated annual employer retirement contributions or \$351.6 million, an increase of \$17.2 million while other participating employers are obligated to make the remaining 8% contribution. Other participating employers include the San Diego Superior Court, the Local Agency Formation Commission, and the San Dieguito River Valley Joint Powers Authority. The actual cost of retirement will differ due to the application of the contribution rates to the actual biweekly payroll as opposed to the actuary's assumed payroll. The funding source is a combination of program specific and general purpose revenue

**Business Impact Statement**

N/A

**Advisory Board Statement**

N/A

**Background**

Under Section 31453 of the California Government Code, an actuarial valuation of the County's retirement fund is required to be made at intervals not to exceed three years. It also calls for the Retirement Board to recommend to the Board of Supervisors changes in rates of interest and contribution rates. The actuarial valuation must be completed by an actuary, covering the mortality, service, and compensation experience of the members and beneficiaries, and shall evaluate the assets and liabilities of the Retirement Fund. It is SDCERA's practice to conduct an actuarial valuation annually. Today's recommendations are in compliance with this section.

The Retirement Board approved the employer and employee contribution rates on December 5, 2013, as recommended by its actuary, The Segal Group, Inc. Members and employers are required by statute to contribute a percentage of covered compensation and salary to SDCERA. An actuary determines the rates through an actuarial valuation and incorporates actuarial assumptions. The employer rates provide for both the normal cost and the amortization of any unfunded actuarial accrued liability (UAAL). The normal cost expressed as a percent of payroll represents the annual contribution rate that, if paid annually from a member's first year of

**SUBJECT: EMPLOYER AND EMPLOYEE RETIREMENT CONTRIBUTION RATES FOR FISCAL YEAR 2014-15 (DISTRICTS: ALL)**

membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. The UAAL component expressed as a percent of payroll represents the actuarial accrued liability of the plan in excess of the actuarial value of the plan assets, amortized over a 20-year period. The County of San Diego is one of the employers that participates in SDCERA. In addition to the County, participating employers include the San Diego Superior Court, the Local Agency Formation Commission, and the San Dieguito River Valley Joint Powers Authority.

The table below compares the actuarial valuation results for All Tiers as of June 30, 2012 to the latest June 30, 2013 report and the major components affecting the change in valuation. Components affecting the increase in employer contribution rates include changes in actuarial assumptions and the actuarial cost methods, the effect of greater than expected number of retirements during the year and lower than expected returns on the valuation value of assets after "smoothing" (column b). These increases are partially offset by a reduction to changes to the actuarial assumptions adopted by the Retirement Board (column c) and the UAAL as the result of lower than expected salary increases, lower than expected cost-of-living increase in benefits for retirees and beneficiaries, and a greater number of retirements than expected, and other actuarial gain & losses (column d). There is no change in the assumed rate of return.

Valuation Results: June 30, 2012 compared to June 30, 2013 (in millions)

	June 30, 2012	Effect of Investment Losses	Change in Actuarial Assumptions	Other Changes	June 30, 2013
	(a)	(b)	(c)	(d)	(a+b+c+d)
UAAL *	\$2,335.7	\$19.3	\$263.8	\$(173.5)	\$2,445.2
Average Employer Contribution:					
Rate	34.04%**	0.13%	2.65%	-1.03%	35.79%
Estimated Dollar	\$363.5**	\$1.4	\$28.3	\$(11.0)	\$382.2

\* *Unfunded Actuarial Accrued Liability*

\*\* *Per the June 30, 2013 Valuation*

The tables below show the Fiscal Year 2014-15 recommended employer retirement contribution rates for general and safety members as approved by the Board of Retirement for all Tiers.

Employer Contribution Rates For All Tiers

Contributions for:	FY 14-15 Recommended Rates	
	General	Safety
Normal Cost	13.31%	20.73%
UAAL*	19.96%	23.34%
Total	32.27%	44.07%
Aggregate Rate	35.79%	

\* *Unfunded Actuarial Accrued Liability*

Attachment A provides the detail and history of employer contribution rates going back to Fiscal Year 2005-06. Attachment B provides the recommended Fiscal Year 2014-15 member contribution rates by Tier.

**SUBJECT: EMPLOYER AND EMPLOYEE RETIREMENT CONTRIBUTION RATES FOR FISCAL YEAR 2014-15 (DISTRICTS: ALL)**

The County has aggressively managed its retirement-related costs over the years through a combination of issuing pension obligation bonds (POBs) and making voluntary additional contributions to SDCERA to address the UAAL of the retirement fund. The County's POBs were structured such that a portion of the principal could be paid down early. The County has taken advantage of decreases in retirement contribution rates over the years along with available resources and has accelerated the paid down of the POBs. Approximately \$264.0 million of POB principal has been prepaid. As demonstrated in the following chart additional voluntary payments have been made to SDCERA to manage the future anticipated increases in retirement costs as depicted by the actuary and to mitigate fluctuations in the contributions rates.

ADDITIONAL VOLUNTARY PAYMENTS TO SDCERA

<b>Fiscal Year</b>	<b>Amount</b>
2004-05	\$24.9 million
2005-06	40.0 million
2006-07	26.9 million
2010-11	29.6 million
2012-13	14.2 million
Total	\$135.6 million

**Linkage to the County of San Diego Strategic Plan**

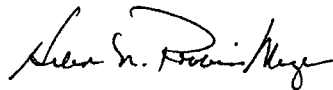
Today's proposed actions support the Healthy Families, Safe Communities and Sustainable Environments Strategic Initiatives in the County of San Diego's 2014-2019 Strategic Plan. The proposed actions also support the Fiscal Stability Required Discipline by managing the County's retirement costs.

Respectfully submitted,



**BRIAN P. WHITE**  
Chief Executive Officer, SDCERA

Respectfully submitted,



**HELEN N. ROBBINS-MEYER**  
Chief Administrative Officer

**ATTACHMENT(S)**

Attachment A: History of San Diego Employees Retirement Association Employer Contribution Rates

Attachment B: San Diego Employee Retirement System Employee Contribution Rates for Fiscal Year 2014-15



**SUBJECT: EMPLOYER AND EMPLOYEE RETIREMENT CONTRIBUTION RATES FOR FISCAL YEAR 2014-15 (DISTRICTS: ALL)**

**AGENDA ITEM INFORMATION SHEET**

**REQUIRES FOUR VOTES:**        Yes      No

**WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED**  
   Yes      No

**PREVIOUS RELEVANT BOARD ACTIONS:**

March 19, 2013 (8), Employer and employee retirement contribution rates for Fiscal Year 2013-14; January 8, 2013 (12), Tier C Employer and Employee Retirement Contribution Rates for Fiscal Year 2012-13; May 1, 2012 (11), Employer and Employee Retirement Contribution Rates for Fiscal Year 2012-13; March 15, 2011 (14), Employer and Employee Retirement Contribution Rates for Fiscal Year 2011-12; March 23, 2010 (20), Employer and Employee Retirement Contribution Rates for Fiscal Year 2010-11; April 7, 2009 (17), Employer and Employee Retirement System Contribution Rates for Fiscal Year 2009-10

**BOARD POLICIES APPLICABLE:**

N/A

**BOARD POLICY STATEMENTS:**

N/A

**MANDATORY COMPLIANCE:**

N/A

**ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):**

N/A

**ORIGINATING DEPARTMENT:** Finance and General Government Group & SDCERA

**OTHER CONCURRENCES(S):** N/A

**CONTACT PERSON(S):**

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**COUNTY OF SAN DIEGO  
BOARD OF SUPERVISORS  
TUESDAY, MARCH 11, 2014**

**MINUTE ORDER NO. 24**

**SUBJECT: EMPLOYER AND EMPLOYEE RETIREMENT CONTRIBUTION RATES FOR FISCAL YEAR 2014-15 (DISTRICTS: ALL)**

**OVERVIEW:**

California Government Code Section 31454 requires the Board of Supervisors to adjust the rates of the San Diego County employer and employee retirement contributions in accordance with the recommendations of the Board of Retirement of the San Diego County Employees Retirement Association ("SDCERA"). The Board of Retirement ("Retirement Board") approved the employer and employee contribution rates recommended by its actuary, The Segal Group Inc., for Fiscal Year 2014-15 on December 5, 2013. While the employer contribution rates are different for Safety and General members, the aggregate employer rate (or weighted average rate) approved by the Retirement Board for Fiscal Year 2014-15 is 35.79% for all Tiers.

In Fiscal Year 2013-14, the Board of Supervisors adopted the same contribution rates approved by the Retirement Board which was 34.26% (general and safety combined other than Tier C, 25.14% for general Tier C and 37.73% safety Tier C). For Fiscal Year 2014-15, the Chief Administrative Officer recommends the actual employer contribution rates be the rates recommended by the actuary.

The increase in employer contribution rates are primarily due to changes in actuarial assumptions and the actuarial cost methods, the effect of greater than expected number of retirements during the year and lower than expected returns on the valuation value of assets after "smoothing". The increase in the employer contribution rate was offset to some degree by lower than expected salary increases and a lower than expected cost-of-living increase in benefits for retirees and beneficiaries.

The average member rate increased from 10.47% of payroll to 11.69% of payroll. This increase is primarily due to changes in actuarial assumptions and the actuarial cost methods.

**FISCAL IMPACT:**

If the recommendation to adopt the rates recommended by the actuary in the employer retirement contributions is approved, the estimated annual employer retirement contribution costs for all plan sponsors will be approximately \$382.2 million for Fiscal Year 2014-15, an increase of approximately \$21.7 million from the Fiscal Year 2013-14 estimated contribution determined by the actuary.

The County is obligated to fund approximately 92% of the estimated annual employer retirement contributions or \$351.6 million, an increase of \$17.2 million while other participating employers are obligated to make the remaining 8% contribution. Other participating employers include the San Diego Superior Court, the Local Agency Formation Commission, and the San Dieguito River Valley Joint Powers Authority. The actual cost of retirement will differ due to the application of the contribution rates to the actual biweekly payroll as opposed to the actuary's assumed payroll. The funding source is a combination of program specific and general purpose revenue.

**BUSINESS IMPACT STATEMENT:**

N/A

**RECOMMENDATION:**

**SAN DIEGO COUNTY BOARD OF RETIREMENT AND CHIEF ADMINISTRATIVE OFFICER**

Adopt the San Diego County employer and employee retirement contribution rates for Fiscal Year 2014-15 as recommended by the SDCERA actuary and approved by the Retirement Board on December 5, 2013.

**ACTION:**

ON MOTION of Supervisor Cox, seconded by Supervisor D. Roberts, the Board took action as recommended, on Consent.

AYES: Cox, Jacob, D. Roberts, Horn


ABSENT: R. Roberts

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State of California)  
County of San Diego) §

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

THOMAS J. PASTUSZKA  
Clerk of the Board of Supervisors

By   
Marvice E. Mazyck, Chief Deputy



**History of San Diego County Employees Retirement Association Employer Contribution Rates**  
**Fiscal Year 2005-06 through Fiscal Year 2014-15**

TIER A and B Contributions for:	FY 2014-15		FY 2013-14		FY 2012-13		FY 2011-12		FY 2010-11		FY 2009-10		FY 2008-09		FY 2007-08		FY 2006-07		FY 2005-06	
	General	Safety	General	Safety	General	Safety	General	Safety	General	Safety	General	Safety	General	Safety	General	Safety	General	Safety	General	Safety
Normal Cost	13.50%	20.85%	13.04%	21.33%	12.87%	20.86%	13.06%	20.92%	12.45%	18.72%	12.46%	18.77%	12.52%	18.66%	12.15%	17.93%	12.18%	17.91%	12.04%	17.79%
UAAL *	19.96%	23.34%	17.81%	24.59%	15.06%	22.21%	11.05%	16.25%	8.82%	12.29%	3.99%	5.87%	6.18%	8.89%	9.34%	11.94%	10.81%	12.77%	9.30%	11.40%
Total	33.46%	44.19%	30.85%	45.92%	27.93%	43.07%	24.11%	37.17%	21.27%	31.01%	16.45%	24.64%	18.70%	27.55%	21.49%	29.87%	22.99%	30.68%	21.34%	29.19%
Actuarial Aggregate Rate			34.26%		29.96%		26.98%		20.46%		18.23%		20.58%		23.28%		24.69%		23.03%	
Board of Supervisors approved aggregate rate			34.26%		31.24%		26.98%		23.50%		18.23%		20.58%		23.28%		27.64%		27.64%	

TIER C Contributions for:	FY 2014-15		FY 2013-14		FY 2012-13	
	General	Safety	General	Safety	General	Safety
Normal Cost	7.72%	14.11%	7.33%	13.14%	7.05%	12.58%
UAAL *	19.96%	23.34%	17.81%	24.59%	13.92%	20.18%
Total	27.68%	37.45%	25.14%	37.73%	20.97%	32.76%

All TIERS Contributions for:	FY 2014-15	
	General	Safety
Normal Cost	13.31%	20.73%
UAAL *	19.96%	23.34%
Total	33.27%	44.07%
Actuarial Aggregate Rate	35.79%	
Board of Supervisors approved aggregate rate		

**SECTION 4: Reporting Information for the San Diego County Employees Retirement Association**

**Appendix A**

**Member Contribution Rates**

**i. General Tier 1 Members' Contribution Rates from the June 30, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Adopted Assumptions**

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
15	3.61%	5.41%	1.21%	1.82%	4.82%	7.23%
16	3.61%	5.41%	1.21%	1.82%	4.82%	7.23%
17	3.67%	5.51%	1.24%	1.86%	4.91%	7.37%
18	3.73%	5.60%	1.26%	1.89%	4.99%	7.49%
19	3.80%	5.70%	1.28%	1.92%	5.08%	7.62%
20	3.86%	5.79%	1.30%	1.95%	5.16%	7.74%
21	3.93%	5.89%	1.33%	1.99%	5.26%	7.88%
22	3.99%	5.99%	1.35%	2.02%	5.34%	8.01%
23	4.06%	6.09%	1.37%	2.05%	5.43%	8.14%
24	4.13%	6.20%	1.39%	2.09%	5.52%	8.29%
25	4.20%	6.30%	1.41%	2.12%	5.61%	8.42%
26	4.27%	6.41%	1.44%	2.16%	5.71%	8.57%
27	4.34%	6.51%	1.47%	2.20%	5.81%	8.71%
28	4.41%	6.62%	1.49%	2.23%	5.90%	8.85%
29	4.49%	6.73%	1.51%	2.27%	6.00%	9.00%
30	4.56%	6.84%	1.54%	2.31%	6.10%	9.15%
31	4.64%	6.96%	1.57%	2.35%	6.21%	9.31%
32	4.71%	7.07%	1.59%	2.38%	6.30%	9.45%
33	4.79%	7.19%	1.61%	2.42%	6.40%	9.61%
34	4.87%	7.31%	1.64%	2.46%	6.51%	9.77%
35	4.95%	7.43%	1.67%	2.51%	6.62%	9.94%
36	5.03%	7.55%	1.70%	2.55%	6.73%	10.10%
37	5.11%	7.67%	1.73%	2.59%	6.84%	10.26%
38	5.20%	7.80%	1.75%	2.63%	6.95%	10.43%

**SECTION 4: Reporting Information for the San Diego County Employees Retirement Association**

**i. General Tier 1 Members' Contribution Rates from the June 30, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Adopted Assumptions**

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
39	5.29%	7.93%	1.78%	2.67%	7.07%	10.60%
40	5.37%	8.06%	1.81%	2.72%	7.18%	10.78%
41	5.46%	8.19%	1.84%	2.76%	7.30%	10.95%
42	5.55%	8.32%	1.87%	2.81%	7.42%	11.13%
43	5.64%	8.46%	1.90%	2.85%	7.54%	11.31%
44	5.73%	8.60%	1.93%	2.90%	7.66%	11.50%
45	5.83%	8.75%	1.97%	2.95%	7.80%	11.70%
46	5.93%	8.89%	2.00%	3.00%	7.93%	11.89%
47	6.03%	9.04%	2.03%	3.05%	8.06%	12.09%
48	6.13%	9.20%	2.07%	3.10%	8.20%	12.30%
49	6.24%	9.36%	2.11%	3.16%	8.35%	12.52%
50	6.35%	9.53%	2.14%	3.21%	8.49%	12.74%
51	6.47%	9.71%	2.18%	3.27%	8.65%	12.98%
52	6.60%	9.90%	2.23%	3.34%	8.83%	13.24%
53	6.74%	10.11%	2.27%	3.41%	9.01%	13.52%
54	6.90%	10.35%	2.33%	3.49%	9.23%	13.84%
55	6.98%	10.47%	2.35%	3.53%	9.33%	14.00%
56	7.03%	10.55%	2.37%	3.56%	9.40%	14.11%
57	7.04%	10.56%	2.37%	3.56%	9.41%	14.12%
58	7.03%	10.55%	2.37%	3.56%	9.40%	14.11%
59 & Over	6.96%	10.44%	2.35%	3.52%	9.31%	13.96%

Interest: 7.75%

Inflation: 3.25%

Across the board increase: 0.75%

COLA: 3.00%

COLA Loading Factor: 33.72%

Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2016 with Scale AA, set back two years for males and one year for females, weighted 30% Male and 70% Female.

Salary Increase: 5 Year Select and Ultimate Salary Increase Assumptions (see Exhibit V)

Note: These rates are determined before any pickups by the employer.

**SECTION 4: Reporting Information for the San Diego County Employees Retirement Association**

**ii. General Tier A Members' Contribution Rates from the June 30, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Adopted Assumptions**

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
15	4.17%	6.26%	1.67%	2.51%	5.84%	8.77%
16	4.17%	6.26%	1.67%	2.51%	5.84%	8.77%
17	4.25%	6.37%	1.70%	2.55%	5.95%	8.92%
18	4.32%	6.48%	1.73%	2.59%	6.05%	9.07%
19	4.39%	6.59%	1.76%	2.64%	6.15%	9.23%
20	4.47%	6.70%	1.79%	2.68%	6.26%	9.38%
21	4.54%	6.81%	1.82%	2.73%	6.36%	9.54%
22	4.61%	6.92%	1.85%	2.77%	6.46%	9.69%
23	4.69%	7.04%	1.88%	2.82%	6.57%	9.86%
24	4.77%	7.16%	1.91%	2.87%	6.68%	10.03%
25	4.85%	7.28%	1.94%	2.91%	6.79%	10.19%
26	4.93%	7.40%	1.97%	2.96%	6.90%	10.36%
27	5.01%	7.52%	2.01%	3.01%	7.02%	10.53%
28	5.09%	7.64%	2.04%	3.06%	7.13%	10.70%
29	5.18%	7.77%	2.07%	3.11%	7.25%	10.88%
30	5.27%	7.90%	2.11%	3.16%	7.38%	11.06%
31	5.35%	8.03%	2.14%	3.21%	7.49%	11.24%
32	5.44%	8.16%	2.18%	3.27%	7.62%	11.43%
33	5.53%	8.29%	2.21%	3.32%	7.74%	11.61%
34	5.62%	8.43%	2.25%	3.37%	7.87%	11.80%
35	5.71%	8.57%	2.29%	3.43%	8.00%	12.00%
36	5.81%	8.71%	2.33%	3.49%	8.14%	12.20%
37	5.90%	8.85%	2.36%	3.54%	8.26%	12.39%
38	6.00%	9.00%	2.40%	3.60%	8.40%	12.60%
39	6.09%	9.14%	2.44%	3.66%	8.53%	12.80%
40	6.20%	9.30%	2.48%	3.72%	8.68%	13.02%
41	6.30%	9.45%	2.52%	3.78%	8.82%	13.23%
42	6.41%	9.61%	2.57%	3.85%	8.98%	13.46%
43	6.52%	9.78%	2.61%	3.91%	9.13%	13.69%

**SECTION 4: Reporting Information for the San Diego County Employees Retirement Association**

**ii. General Tier A Members' Contribution Rates from the June 30, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Adopted Assumptions**

<b>Entry Age</b>	<b>Basic</b>		<b>COLA</b>		<b>Total</b>	
	<b>First \$350</b>	<b>Over \$350</b>	<b>First \$350</b>	<b>Over \$350</b>	<b>First \$350</b>	<b>Over \$350</b>
44	6.63%	9.95%	2.65%	3.98%	9.28%	13.93%
45	6.75%	10.13%	2.70%	4.05%	9.45%	14.18%
46	6.88%	10.32%	2.75%	4.13%	9.63%	14.45%
47	7.02%	10.53%	2.81%	4.21%	9.83%	14.74%
48	7.17%	10.75%	2.87%	4.30%	10.04%	15.05%
49	7.33%	11.00%	2.93%	4.40%	10.26%	15.40%
50	7.42%	11.13%	2.97%	4.45%	10.39%	15.58%
51	7.48%	11.22%	2.99%	4.49%	10.47%	15.71%
52	7.49%	11.23%	2.99%	4.49%	10.48%	15.72%
53	7.48%	11.22%	2.99%	4.49%	10.47%	15.71%
54 & Over	7.40%	11.10%	2.96%	4.44%	10.36%	15.54%

Interest: 7.75%

Inflation: 3.25%

Across the board increase: 0.75%

COLA: 3.00%

COLA Loading Factor: 40.02%

Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2016 with Scale AA, set back two years for males and one year for females, weighted 30% Male and 70% Female.

Salary Increase: 5 Year Select and Ultimate Salary Increase Assumptions (see Exhibit V)

Note: These rates are determined before any pickups by the employer.



**SECTION 4: Reporting Information for the San Diego County Employees Retirement Association**

**iii. General Tier B Members' Contribution Rates from the June 30, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)  
Calculated Under Adopted Assumptions**

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
15	3.45%	5.17%	0.71%	1.07%	4.16%	6.24%
16	3.45%	5.17%	0.71%	1.07%	4.16%	6.24%
17	3.51%	5.26%	0.73%	1.09%	4.24%	6.35%
18	3.57%	5.35%	0.74%	1.11%	4.31%	6.46%
19	3.63%	5.44%	0.75%	1.13%	4.38%	6.57%
20	3.69%	5.54%	0.77%	1.15%	4.46%	6.69%
21	3.75%	5.63%	0.78%	1.17%	4.53%	6.80%
22	3.82%	5.73%	0.79%	1.19%	4.61%	6.92%
23	3.88%	5.82%	0.81%	1.21%	4.69%	7.03%
24	3.95%	5.92%	0.82%	1.23%	4.77%	7.15%
25	4.01%	6.02%	0.83%	1.25%	4.84%	7.27%
26	4.08%	6.12%	0.85%	1.27%	4.93%	7.39%
27	4.15%	6.22%	0.86%	1.29%	5.01%	7.51%
28	4.22%	6.33%	0.87%	1.31%	5.09%	7.64%
29	4.29%	6.43%	0.89%	1.33%	5.18%	7.76%
30	4.36%	6.54%	0.91%	1.36%	5.27%	7.90%
31	4.43%	6.65%	0.92%	1.38%	5.35%	8.03%
32	4.51%	6.76%	0.93%	1.40%	5.44%	8.16%
33	4.58%	6.87%	0.95%	1.42%	5.53%	8.29%
34	4.65%	6.98%	0.97%	1.45%	5.62%	8.43%
35	4.73%	7.10%	0.98%	1.47%	5.71%	8.57%
36	4.81%	7.21%	0.99%	1.49%	5.80%	8.70%
37	4.89%	7.33%	1.01%	1.52%	5.90%	8.85%
38	4.97%	7.45%	1.03%	1.54%	6.00%	8.99%
39	5.05%	7.57%	1.05%	1.57%	6.10%	9.14%
40	5.13%	7.70%	1.07%	1.60%	6.20%	9.30%
41	5.21%	7.82%	1.08%	1.62%	6.29%	9.44%
42	5.30%	7.95%	1.10%	1.65%	6.40%	9.60%

**SECTION 4: Reporting Information for the San Diego County Employees Retirement Association**

**iii. General Tier B Members' Contribution Rates from the June 30, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Adopted Assumptions**

Entry Age	Basic		COLA		Total	
	First \$350	Over \$350	First \$350	Over \$350	First \$350	Over \$350
43	5.39%	8.08%	1.11%	1.67%	6.50%	9.75%
44	5.48%	8.22%	1.13%	1.70%	6.61%	9.92%
45	5.57%	8.36%	1.15%	1.73%	6.72%	10.09%
46	5.67%	8.50%	1.17%	1.76%	6.84%	10.26%
47	5.76%	8.64%	1.19%	1.79%	6.95%	10.43%
48	5.86%	8.79%	1.21%	1.82%	7.07%	10.61%
49	5.96%	8.94%	1.23%	1.85%	7.19%	10.79%
50	6.07%	9.11%	1.26%	1.89%	7.33%	11.00%
51	6.19%	9.28%	1.28%	1.92%	7.47%	11.20%
52	6.31%	9.46%	1.31%	1.96%	7.62%	11.42%
53	6.41%	9.62%	1.33%	1.99%	7.74%	11.61%
54	6.49%	9.73%	1.35%	2.02%	7.84%	11.75%
55	6.51%	9.77%	1.35%	2.03%	7.86%	11.80%
56	6.52%	9.78%	1.35%	2.03%	7.87%	11.81%
57	6.48%	9.72%	1.34%	2.01%	7.82%	11.73%
58	6.71%	10.07%	1.39%	2.09%	8.10%	12.16%
59 & Over	6.96%	10.44%	1.44%	2.16%	8.40%	12.60%

Interest: 7.75%

Inflation: 3.25%

Across the board increase: 0.75%

COLA: 2.00%

COLA Loading Factor: 20.73%

Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2016 with Scale AA, set back two years for males and one year for females, weighted 30% Male and 70% Female.

Salary Increase: 5 Year Select and Ultimate Salary Increase Assumptions (see Exhibit V)

Note: These rates are determined before any pickups by the employer.

**SECTION 4: Reporting Information for the San Diego County Employees Retirement Association**

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**iv. General Tier C Members' Contribution Rates from the June 30, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Adopted Assumptions**

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	<b>Total</b>
All General Tier C members	7.72%

The General Tier C member contribution rate is 50% of the Normal Cost rate.

Note: It is our understanding that in the determination of pension benefits under the Tier C formulas, the compensation that can be taken into account for 2013 is equal to the Social Security Taxable Wage Base or \$113,700. (For an employer that is not enrolled in Social Security, the maximum amount is \$136,440 or 120% of the Social Security Taxable Wage Base) (reference Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2013 (reference Section 7522.10(d)).

**SECTION 4: Reporting Information for the San Diego County Employees Retirement Association**

**v. Safety Tier A Members' Contribution Rates from the June 30, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Adopted Assumptions**

<b>Entry Age</b>	<b>Basic</b>	<b>COLA</b>	<b>Total</b>
15	8.01%	4.41%	12.42%
16	8.01%	4.41%	12.42%
17	8.01%	4.41%	12.42%
18	8.01%	4.41%	12.42%
19	8.01%	4.41%	12.42%
20	8.01%	4.41%	12.42%
21	8.01%	4.41%	12.42%
22	8.13%	4.48%	12.61%
23	8.26%	4.55%	12.81%
24	8.38%	4.62%	13.00%
25	8.51%	4.69%	13.20%
26	8.64%	4.76%	13.40%
27	8.77%	4.83%	13.60%
28	8.91%	4.91%	13.82%
29	9.04%	4.98%	14.02%
30	9.18%	5.06%	14.24%
31	9.32%	5.13%	14.45%
32	9.47%	5.22%	14.69%
33	9.62%	5.30%	14.92%
34	9.77%	5.38%	15.15%
35	9.93%	5.47%	15.40%
36	10.09%	5.56%	15.65%
37	10.26%	5.65%	15.91%
38	10.43%	5.75%	16.18%
39	10.62%	5.85%	16.47%
40	10.81%	5.96%	16.77%
41	11.02%	6.07%	17.09%
42	11.25%	6.20%	17.45%
43	11.51%	6.34%	17.85%
44	11.82%	6.51%	18.33%
45	11.83%	6.52%	18.35%

**SECTION 4: Reporting Information for the San Diego County Employees Retirement Association**

**v. Safety Tier A Members' Contribution Rates from the June 30, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Adopted Assumptions**

<b>Entry Age</b>	<b>Basic</b>	<b>COLA</b>	<b>Total</b>
46	11.81%	6.51%	18.32%
47	11.78%	6.49%	18.27%
48	11.71%	6.45%	18.16%
49 & Over	11.49%	6.33%	17.82%

Interest: 7.75%

Inflation: 3.25%

Across the board increase: 0.75%

COLA: 3.00%

COLA Loading Factor: 55.09%

Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2016 with Scale AA, set back one year for males and no age setback for females, weighted 75% Male and 25% Female.

Salary Increase: 5 Year Select and Ultimate Salary Increase Assumptions (see Exhibit V)

Note: These rates are determined before any pickups by the employer.

**SECTION 4: Reporting Information for the San Diego County Employees Retirement Association**

**vi. Safety Tier B Members' Contribution Rates from the June 30, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Adopted Assumptions**

<b>Entry Age</b>	<b>Basic</b>	<b>COLA</b>	<b>Total</b>
15	7.64%	2.16%	9.80%
16	7.64%	2.16%	9.80%
17	7.64%	2.16%	9.80%
18	7.64%	2.16%	9.80%
19	7.64%	2.16%	9.80%
20	7.64%	2.16%	9.80%
21	7.64%	2.16%	9.80%
22	7.75%	2.20%	9.95%
23	7.87%	2.23%	10.10%
24	7.99%	2.26%	10.25%
25	8.11%	2.30%	10.41%
26	8.24%	2.33%	10.57%
27	8.36%	2.37%	10.73%
28	8.49%	2.41%	10.90%
29	8.62%	2.44%	11.06%
30	8.75%	2.48%	11.23%
31	8.89%	2.52%	11.41%
32	9.03%	2.56%	11.59%
33	9.17%	2.60%	11.77%
34	9.31%	2.64%	11.95%
35	9.46%	2.68%	12.14%
36	9.62%	2.73%	12.35%
37	9.78%	2.77%	12.55%
38	9.94%	2.82%	12.76%
39	10.12%	2.87%	12.99%
40	10.30%	2.92%	13.22%
41	10.50%	2.97%	13.47%
42	10.73%	3.04%	13.77%
43	10.87%	3.08%	13.95%
44	10.92%	3.09%	14.01%
45	10.90%	3.09%	13.99%

**SECTION 4: Reporting Information for the San Diego County Employees Retirement Association**

**vi. Safety Tier B Members' Contribution Rates from the June 30, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Adopted Assumptions**

<b>Entry Age</b>	<b>Basic</b>	<b>COLA</b>	<b>Total</b>
46	10.84%	3.07%	13.91%
47	10.70%	3.03%	13.73%
48	11.09%	3.14%	14.23%
49 & Over	11.49%	3.26%	14.75%

Interest: 7.75%

Inflation: 3.25%

Across the board increase: 0.75%

COLA: 2.00%

COLA Loading Factor: 28.33%

Mortality: RP-2000 Combined Healthy Mortality Table Projected to 2016 with Scale AA, set back one year for males and no age setback for females, weighted 75% Male and 25% Female.

Salary Increase: 5 Year Select and Ultimate Salary Increase Assumptions (see Exhibit V)

Note: These rates are determined before any pickups by the employer.

**SECTION 4: Reporting Information for the San Diego County Employees Retirement Association**

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**vii. Safety Tier C Members' Contribution Rates from the June 30, 2013 Actuarial Valuation  
(Expressed as a Percentage of Monthly Payroll)**

**Calculated Under Adopted Assumptions**

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	<b>Total</b>
All Safety Tier C members	14.11%

The Safety Tier C member contribution rate is 50% of the Normal Cost rate.

Note: It is our understanding that in the determination of pension benefits under the Tier C formulas, the compensation that can be taken into account for 2013 is equal to the Social Security Taxable Wage Base or \$113,700. (For an employer that is not enrolled in Social Security, the maximum amount is \$136,440 or 120% of the Social Security Taxable Wage Base) (reference Section 7522.10). These amounts should be adjusted for changes to the Consumer Price Index for All Urban Consumers after 2013 (reference Section 7522.10(d)).