**County of Sonoma**

**Agenda Item Summary Report**

Clerk of the Board  
575 Administration Drive  
Santa Rosa, CA 95403

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**To:** Board of Supervisors and Board of Directors

**Board Agenda Date:** April 21, 2015  
**Vote Requirement:** Majority

**Department or Agency Name(s):** County Administrator’s Office

**Staff Name and Phone Number:**  
Chris Thomas  565-2431

**Supervisory District(s):** All

**Title:** Independent Citizen Advisory Committee On Pension Matters

**Recommended Actions:**

Provide Direction on Establishment of an Independent Citizen Advisory Committee on Pension Matters

**Executive Summary:**

This item provides a recommendation for an Independent Citizen Advisory Committee on Pension Matters. The recommended 5 member committee would, over the next 6-9 months, review and comment on achievements to date of the Board's Pension Reform efforts; describe for the public the County pension system and the roles and responsibilities of the various bodies involved; and provide additional recommendations for potential future pension reform actions.

**Background**

In November 2011, the Board of Supervisors approved some goals and strategies to reduce pension system costs and ensure a more fair, equitable and sustainable County pension system. One action directed to staff to explore establishment of an Independent Citizen's Committee to review and propose policy changes to control pension system costs. The 2011 Pension Reform report went on to say, "If such a committee is created, it should exist to bolster increased community engagement, add insight and value to a challenging and complex process, and build an improved understanding for all parties."

In 2012, the determination was made to wait until after an initial round of employee negotiations was completed and then to review the cost and benefit of such a committee at that time.
As a part of the January 27, 2015 Board of Supervisors meeting, staff reported significant progress had been made toward the Board's goals and recommended the independent committee be re-evaluated in fall 2015 after planned community engagement and education efforts had been completed. The Board directed staff to return in April with recommendations for the formation of such a committee, including structure, duration, budget, and purview.

Research on other Committees

Staff looked into what other agencies have done with respect to independent bodies providing advice and recommendations on pension-related issues. Researching via the Internet and contacting some consultants working with a variety of pension systems, there didn't appear to be very many independent bodies dedicated to the topic of pension reform or oversight but we did find some examples (listed in the attachment to this item) and have summarized the findings below.

Temporary committees we found ranged from 4 to 17 members, and lasted an average of around 7 ½ months. They were usually charged with reviewing and making recommendations on pension programs. Their end products were most often in the form of a report. Temporary committees were found to have worked with the City of Santa Rosa, the City of San Jose, the City of Jacksonville, FL, and the State of New Jersey. The City of Glendale, AZ appeared to have a variation on this theme where a single hour-and-a-half City Council meeting, attended by special representatives from different public safety organizations, was dedicated to the effort.

Ongoing committees we found were comprised of nine members, and had a variety of charges, most often in the form of providing pension oversight through a review process. They tended to provide recommendations and informational reports to City or County governing bodies sometimes on specific proposals as a part of a regular vetting process, sometimes more on an ad hoc basis or on pension related matters only as a part of a larger portfolio of financial review responsibilities. One group also publishes a newsletter to help educate the public. Ongoing committees could be found working with Anne Arundel County, the City of Costa Mesa, the City of Oakland. The City of San Diego appeared to have a slight variation on the theme with a permanent office of an independent Budget Analyst.

Recommended Committee

With the range of options that exist, the significant progress that has already been made, and the original focus on community engagement, adding insight and value, and building improved understanding for all parties, staff recommends starting with a relatively small advisory committee, a short list of deliverables, and a 6 to 9 month timeline for completing its work.

More specifically, staff recommends that the committee be composed of 5 individuals, none of whom are members or beneficiaries of the County system. In order to facilitate timely completion of the
committee's charges, these individuals should already have some familiarity or expertise in retirement or pension related matters. Staff recommends at least one individual have some actuarial expertise, at least one individual have experience as a taxpayer advocate, at least one individual have experience with labor issues, and that at least two members have experience as trustees for public retirement systems, preferably those governed by California public retirement law. In addition, potential committee members will have to be willing to participate in a 6-9 month public process with regular meetings and some significant time commitments in reading materials and other meeting preparation.

Further staff recommends the committee be charged with producing a written report covering three specific areas:

1) A review and opinion on what the County has accomplished to date with its pension reform efforts
2) A short, 1-2 page, easy to understand description of the current pension system and the roles and responsibilities of the governing bodies involved in the system
3) A review and opinion on the currently approved next steps and recommendations for continuing pension reform efforts from the January 27, 2015 report and any other recommendations the committee wishes to make for further improvement and progress toward the Board of Supervisor's adopted goals on pension reform.

Finally, staff recommends the committee meet monthly and committee members be provided with a $100/meeting stipend plus reimbursement for any travel expenses. The committee should have the resources to enter into contracts for services, particularly with actuaries, as necessary. The committee will also need some staff support from the County Administrator’s office and in keeping with independence from the county the services of outside administrator with public retirement system and Brown Act compliance experience are recommended. Rich White, who has been an administrator for the Mendocino and Orange County retirement systems, has tentatively agreed to assist should the Board of Supervisors decide to proceed with these recommendations.

Next Steps

The Board of Supervisors approves the recommendations or provides alternative or additional direction to staff for the formation of the Independent Citizen Advisory Committee on Pension Matters.

Staff returns in three weeks with a formal resolution establishing the committee, appointing members, and approving any necessary personnel contracts.

Budgetary adjustments would be included in the May Budget Update and Consolidated Adjustments for FY 14-15 and any subsequent needs would be addressed in the supplemental budget process or in
future consolidated budget adjustment packages.

The administrator for the new committee, working with County Administrator staff, will then finalize logistics, collect initial reading materials, and schedule the regular meetings of the committee.

Prior Board Actions:

November 2011 approved Pension Reform efforts, January 2015 received update on Pension Reform efforts to date and directed staff to return in April with potential Independent Citizen Committee

Strategic Plan Alignment  Goal 3: Invest in the Future

Pension reform efforts will help to ensure that pension costs are sustainable into the future. This committee will also assist with Community Engagement efforts as well.

Fiscal Summary - FY 14-15

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Narrative Explanation of Fiscal Impacts (If Required):

A preliminary budget estimate of $150,000 has been developed based on 6 meetings at $3000 total for stipends, approximately $50,000 for administrative staff services, $80,000 for consulting services if needed, $10,000 for legal counsel, and $7000 for other expenses as required. This preliminary budget estimate is subject to change based upon Board direction with respect to the timing, composition, and scope of the committee and would likely be expended over FY 14-15 and FY 15-16. FY 14-15 costs will be included in the next package of consolidated budget adjustments as financed by General Fund Appropriations for Contingencies. FY 15-16 costs would be included in the budget process.
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**Narrative Explanation of Staffing Impacts (If Required):**

**Attachments:**

Research on Independent Citizens Committees on Pension Matters

**Related Items “On File” with the Clerk of the Board:**