Recommended Actions:

1. Receive the June 2016 report prepared by the Independent Citizens Advisory Committee on Pension Matters (Committee).
2. Acknowledge that the Committee has completed its charter and work scope with submission of its full report.
3. Formally dissolve the Committee in its current form and relieve its members of future Brown Act requirements.

Executive Summary:

The Board of Supervisors created the Independent Citizens Advisory Committee on Pension Matters (“Committee”) for the purpose of reviewing and evaluating the County’s pension reform efforts to date. The Committee was charged with producing a written report deliverable addressing three specific areas: 1) evaluating the County’s progress towards achieving its stated pension reform goals; 2) developing a 1-2 page brief summary of the County’s pension system and the roles and responsibilities of governing bodies; and 3) developing and proposing additional pension reform recommendations for the Board’s consideration. The Committee’s full report, provided as an attachment, communicates its members’ findings and recommendations culminating from their 9-month long effort to study, analyze, and evaluate the County’s pension reform efforts.

Background

In November 2011, the Board of Supervisors approved several goals and strategies to reduce Sonoma County’s pension system costs and ensure a fair, equitable, and sustainable pension system. The Board approved three over-arching goals for pension reform: 1) contain costs; 2) maintain market competitiveness and workforce stability, and 3) increase accountability and transparency. As part of this effort, the Board directed staff to explore establishment of an Independent Citizens Committee charged
with reviewing and proposing policy changes to control pension system costs. In April 2015, the Board initiated a selection and recruitment process for 5-7 members from the public to serve on the new committee. In September 2015, the Board authorized creation of the new Sonoma County Independent Citizens Advisory Committee on Pension Matters, and appointed all seven initial members (all are still serving as of June 2016): Jack Atkin, Larry Heiges, Martin Jones, Rebecca Jones, Deborah Lauchner, Bob Likins, and Richard Tracy. The Committee conducted its first meeting on October 2, 2015, and selected Bob Likins to serve as the Committee Chair, and Jack Atkin to serve as Vice-Chair. Soon thereafter the members adopted the Committee’s bylaws, scope of work, conflict of interest code, and ethics policy. All of these items can be viewed on their public website. From October 2015 through June 2016, the Committee has convened 22 meetings, all of which were subject to the Brown Act and open to the public. In addition to attending the meetings, the individual Committee members each devoted a significant amount time to learning about the complexities and intricacies of Sonoma County’s pension system.

Overview of the Committee’s Final Report

The introductory sections of the Committee’s final report provide an overview of the how the County’s pension system works, its assessment of the County’s pension problem, and a recap of its charter from the Board of Supervisors. The bulk of the Committee’s report discusses the County’s progress towards achieving the following pension reform goals and strategies:

<table>
<thead>
<tr>
<th>Goal</th>
<th>Strategies</th>
</tr>
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</table>
| 1. Contain Pension Costs            | 1.A Establish New Pension Tier  
|                                    | 1.B Eliminate Pension Spiking  
|                                    | 1.C Share Risks Between Employer and Employee  
|                                    | 1.D Fiscal Management                                                      |
| and Workforce Stability             | 2.B Provide Greater Retirement Planning Resources for Employees  
|                                    | 2.C Establish County Compensation Philosophy                                |
| 3. Increase Accountability and       | 3.A Changes to Sonoma County Employees’ Retirement Association (SCERA) Board  
| Transparency                         | 3.B Establish Independent Citizens Committee                                |

In addition to the aforementioned County goals and strategies, the Committee’s report also articulates a new proposed strategy for the County to improve and standardize its public reporting with respect to pensions, and to make reporting consistent with SCERA’s reporting. The Committee devoted separate sections in its report for discussing each of the reform strategies. Each strategy section covers the following topics: County actions taken; impact to date; next steps for the County; the Committee’s findings; and lastly, the Committee’s recommendations.

The Committee makes a number of recommendations in its report; the most important short-term and long-term recommendations are outlined below:

Short Term

1. Adopt and demonstrate a higher sense of urgency in pension reform efforts by:
a. Defining an appropriate level of retirement benefits.
b. Defining the County’s level of sustainable pension costs.
c. Tracking progress toward the goal with specific checkpoints.
d. Engaging the employee unions in order to achieve mutual goals.

2. Aggressively pursue the sharing of pension costs with employees.
3. Establish an ongoing citizens advisory committee.
4. Establish a robust, well documented, annual reporting process.

Long Term

1. Implement a new tier that is a hybrid plan of defined benefits and defined contributions.
2. Work on efforts to reform pension laws at the state level.

The Committee’s report addresses all three main elements of its charter; therefore, with the submission of its full report, the Committee has completed the work scope and deliverables directed by the Board of Supervisors.

Prior Board Actions:

09-22-2015: Committee charter approved and all seven members appointed.
04-21-2015: Approved formation of the Committee and the application process.
01-27-2015: Received a staff update on Pension Reform efforts initiated in November 2011.
11-08-2011: Received a report from the Board’s Ad-Hoc Committee on Pension Reform, and directed staff to initiate the strategies contained within the report.

Strategic Plan Alignment  Goal 4: Civic Services and Engagement

The Committee is comprised of seven members from the general public who are not County employees, nor connected with the County’s pension system in any way. The Board created the Committee to engage members of public, and give them an opportunity to influence policy decisions affecting the County’s retirement system. The Committee was also formed in an effort to improve the County’s transparency and accountability with respect to pension matters.

Fiscal Summary - FY 16-17

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<tr>
<td>Total Sources</td>
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</table>
**Narrative Explanation of Fiscal Impacts (If Required):**

The recommended Board actions will not result in any budgetary or fiscal impact in FY 2016-17. The Board authorized a FY 2015-16 budget appropriation of $150,000 for the Committee’s work. Based on the latest estimate of expenditures, the Committee will end up expending approximately $87,000 of the total budget. The majority of expenditures, $62,000, paid for staff support, i.e., administrative, analytical, legal, technical writing, and web page services. A total of $12,000 went towards Committee members' stipends, and one trip to a Pension Conference in Sacramento. The Committee also spent $13,000 on contracts to obtain the following services: expert legal opinion from outside counsel; subject matter expertise and guidance from the retirement system’s actuary; and printing services.

**Staffing Impacts**

<table>
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<th>Position Title (Payroll Classification)</th>
<th>Monthly Salary Range (A – I Step)</th>
<th>Additions (Number)</th>
<th>Deletions (Number)</th>
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<tbody>
<tr>
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</table>

**Narrative Explanation of Staffing Impacts (If Required):**

No staffing impacts.

**Attachments:**


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

None.