Alameda County Employees' Retirement Association

BOARD OF RETIREMENT

OPERATIONS COMMITTEE/BOARD MEETING NOTICE and AGENDA

ACERA MISSION:

To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

Wednesday, October 3, 2018
9:30 a.m.

LOCATION	COMMITTEE MEMBERS	
ACERA C.G. "BUD" QUIST BOARD ROOM 475 14TH STREET, 10TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574	OPHELIA BASGAL, CHAIR	APPOINTED
	DALE AMARAL, VICE CHAIR	ELECTED SAFETY
	LIZ KOPPENHAVER	ELECTED RETIRED
	ELIZABETH ROGERS	ELECTED GENERAL
	GEORGE WOOD	ELECTED GENERAL

Should a quorum of the Board attend this meeting, this meeting shall be deemed a joint meeting of the Board and Committee.

The order of agenda items is subject to change without notice. Board and Committee agendas and minutes are available online at www.acera.org.

Note regarding public comments: Public comments are limited to four (4) minutes per person in total.

Note regarding accommodations: The Board of Retirement will provide reasonable accommodations for persons with special needs of accessibility who plan to attend Board meetings. Please contact ACERA at (510) 628-3000 to arrange for accommodation.

OPERATIONS COMMITTEE/BOARD MEETING

Call to Order: 9:30 a.m.

Action Items: Matters for Discussion and Possible Motion by the Committee

1. Review, Discussion and Possible Motion to Adopt the Declining Employer Payroll Policy

- Dave Nelsen
- Andy Yeung, Segal
- Eva Yum, Segal

Recommendation
Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board adopt the Declining Employer Payroll Policy.

2. Review, Discussion and Possible Motion to Adopt the Withdrawing Employer Policy

- Dave Nelsen
- Andy Yeung, Segal
- Eva Yum, Segal

Recommendation
Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board adopt the Withdrawing Employer Policy.

3. Adoption of New Pay Item – Pay Code 42E for County
Discussion and possible motion to approve a New Pay Item – Pay Code 42E for Alameda County.

- Sandra Dueñas-Cuevas

Recommendation:
Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42E – Creation/Revision – Job Code/Spec (Creation/Revision – Job Code Specification) as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

4. Adoption of New Pay Item – Pay Code 42F for County
Discussion and possible motion to approve a New Pay Item – Pay Code 42F for Alameda County.

- Sandra Dueñas-Cuevas

Recommendation:
Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42F – Ovrsight/Resp-Dis. Svcs (PD Off) (Oversight Responsibility – Disability Services Public Defender's Office) as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

5. **Adoption of New Pay Item – Pay Code 42G for County**
Discussion and possible motion to approve a New Pay Item – Pay Code 42G for Alameda County.

- Sandra Dueñas-Cuevas

Recommendation:
Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42G – Lead/Off Mgr-Bus. Tax Lic Unit (Lead/Office Manager – Business Tax License Unit) as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

6. **Adoption of New Pay Item – Pay Code 42H for County**
Discussion and possible motion to approve a New Pay Item – Pay Code 42H for Alameda County.

- Sandra Dueñas-Cuevas

Recommendation:
Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42H – PH Emergency Response Function (Public Health Emergency Response Function) as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

7. **Adoption of New Pay Item – Pay Code 42I for County**
Discussion and possible motion to approve a New Pay Item – Pay Code 42I for Alameda County.

- Sandra Dueñas-Cuevas

Recommendation:
Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board approve the inclusion of Pay Item 42I – Childrn & Family Svcs Dept Asgn (Children And Family Services Department Assignment) as pensionable compensation and compensation earnable for a members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

Information Items: These items are not presented to Committee for action but consist of status updates and cyclical reports consist of status updates and cyclical reports

1. **Operating Expenses**
   Report on the status of ACERA's Budget vs. Actual year-to-date for the period ending August 31, 2018

   \- Margo Allen

2. **Statement of Reserves**
   Statement of Reserves as of June 30, 2018, and the report on the interest posted to member and employer accounts for the six months ended June 30, 2018.

   \- Margo Allen

3. **Board of Retirement Election Update**
   Update on the 2018 Board of Retirement Election

   \- Margo Allen

4. **Quarterly Report on Member Underpayments and Overpayments**
   Quarterly report on underpayments and overpayments of member contributions and benefits.

   – Sandra Dueñas-Cuevas

Future Discussion Items

Trustee Remarks

Public Input

Establishment of Next Meeting Date

December 5, 2018, at 9:30 a.m.

Adjournment

Segal Consulting

Alameda County Employees' Retirement Association

Declining Employer Payroll Policy

Operations Committee Meeting

October 3, 2018

Andy Yeung, ASA

Eva Yum, FSA

Segal Consulting

5548616v1

Proposed ACERA Policy for <u>Withdrawing</u> District

- Proposed policy for “explicit” withdrawal (next agenda item)
  - Employer stops contracting with ACERA to provide future benefit accruals <u>for current and new</u> employees
- Different situation for “implicit” withdrawal (current agenda item)
  - Either stopped contracting with ACERA for all <u>new</u> employees or new employees not enrolled in an existing pooled rate group
  - Payrolls used to assess unfunded actuarial accrued liability (UAAL) contributions have declined materially over time
  - How does ACERA ensure that those employers will pay their fair share of UAAL in a pooled rate group?

Implicit Withdrawal / Declining Employer Payroll

- Situation calling for new policy for “implicit” withdrawal
  - Ongoing employer stops enrolling new employees at ACERA
  - Current employees continue to accrue future service
- Other potential examples could include:
  - District continues to contract with ACERA for current employees but payroll for new employees not used in calculating UAAL rate in an existing pooled rate group
  - District continues to contract with ACERA for current employees but not hiring new employees
  - Or payroll “declining” for other reasons
- Policy issue: How to allocate UAAL and payments to fund UAAL?

Declining Employer Payroll

- For ongoing employers, UAAL payments in actuarial valuation spread over future payroll, assuming constant active count
  - Total payroll assumed to grow at 3.50% (current assumption)
    - UAAL payments also structured to increase at 3.50%
  - In effect, UAAL payments allocated in proportion to “open” payroll
    - Including pay for future actives assumed to replace current actives
- For employer with declining active headcount, payroll used to assess UAAL contributions reduces over time
  - No longer meets 3.50% payroll growth assumption used to develop level percentage of UAAL contribution rate for ACERA as a whole
  - Eventually employer will have no active members or payroll
    - So employer will make no UAAL payments
- New policy meant to ensure that these employers will continue to pay their fair share of UAAL

Declining Employer Payroll

- Proposed ACERA declining employer payroll policy includes:
  - How to identify such employers (“triggering event”)
    - Employer stops contracting with ACERA for new employees, or
    - Payroll shrinking
  - How to re-allocate UAAL and calculate UAAL payments after trigger event
    - Use some basis other than payroll, especially if triggering event was from a few years ago
  - Used by a number of 1937 Act retirement systems
    - Orange and Kern

Declining Employer Payroll – Triggering Events

- What “triggering events” should ACERA consider as identifying a Declining Employer Payroll situation?
  - Employer ceases to enroll new hires in ACERA
  - Employer experiences a material and permanent reduction in payroll in a pooled rate group
    - May be sudden or more gradual (over a period of years)
    - Necessarily more subjective than ceasing to enroll future hires
- ACERA staff works with actuary and employer to obtain information related to active member and payroll history
  - Information to Board to determine if triggering event has occurred
- If a triggering event occurs then generally:
  - Go back to last actuarial valuation date
  - Allocate assets and liabilities to employer
  - Segregate assets and liabilities into a new rate group

Proposed ACERA Declining Employer Payroll Policy

- Once triggering event occurs, two independent policy decisions:
  - How to allocate UAAL
    - By payroll (current) or by Actuarial Accrued Liability (AAL)
    - Policy recommendation - allocate UAAL based on AAL
      - In effect, assets are allocated to the employer so that all employers in the rate group have the same funded ratio
  - How to structure UAAL payments
    - As percent of actual payroll that is assumed to increase (current)
    - As a series of level fixed dollar amounts
      - Not to exceed 20 years
      - UAAL payment as a percent of payroll will increase over time as employer's payroll decreases

Proposed ACERA Declining Employer Payroll Policy

- Total employer contribution still determined annually in each actuarial valuation
  - Employer must be expected to continue as a financially viable entity
- Employer will still have new UAAL amortization layers
  - Due to gains / losses and assumption changes
  - Based only on this employer's experience
  - New UAAL layers are amortized using payment structure recommended by the actuary and adopted by the Board

QUESTIONS

MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: October 3, 2018

TO: Members of the Operations Committee

FROM: Dave Nelsen, Chief Executive Officer DN

SUBJECT: Declining Employer Payroll Policy

Introduction

The Declining Employer Payroll Policy is a proposed new policy. The proposed Policy was first presented to the Operations Committee at the September 2018 meeting, at which time you also considered input about the proposed Policy from the County of Alameda and Alameda Health Systems, two participating employers. You provided staff with further directions in light of that input and discussion.

The new attached Policy specifically provides that the Board, notwithstanding any other provisions in the Policy, may pursue all legal remedies to obtain full recovery of amounts due from an employer who is unable or unwilling to pay the full amount due.

Background

The Board Governance and Policy Development Process provides that a policy may be developed if:

1. The issue in question poses a substantial risk to ACERA (organizational, legal, public perception, etc.);
2. The issue is expected to recur regularly (i.e., it is generic in nature); and
3. The issue is within the Board's area of responsibility to effectively administer the pension plan.

In this case, no existing Board policy addresses the circumstances where the payroll of a Plan Sponsor diminishes to the point that it is insufficient to cover the contribution required to fund the employer's liabilities for employees who are or may be entitled to receive retirement benefits from ACERA.

The above criteria for policy development are present. The declining payroll of a Plan Sponsor could pose a risk to the Plan's fiscal health and falls clearly within the Board's fiduciary duty to effectively administer the Plan for the benefit of all participants. If the issue arises with more than one plan sponsor, a policy provides consistent direction for all such circumstances.

Proposed Policy

The following is a summary of the key provisions in the proposed new Policy:

Background:

ACERA's current practice is to apply a contribution rate determined by ACERA's actuary to the employers' ACERA-covered payroll, which is known as the percentage of payroll methodology. For employers whose ACERA-covered payroll is declining, or is expect to decline materially over time, the Board may reasonably conclude that the percentage of payroll methodology is not the appropriate means of collecting employer contributions owed to the Plan.

The objective of this new Policy is to ensure equitable and adequate funding of UAAL in cases involving employers with declining payrolls, approve procedures for identifying employers who should be subject to this Policy, approve a different methodology for determining any UAAL attributable to such employer, and set the amount and schedule of the contributions needed to fund such UAAL.

Purpose:

The proposed Policy establishes guidelines to:

1. To be applied when a participating ACERA employer experiences an actual or anticipated material decline the payroll attributable to its ACERA-covered payroll; and
2. Ensure such employer will continue to satisfy its obligation to timely pay all UAAL attributable to the prior and future service of ACERA members who are or were the participating employer's employees, and their beneficiaries.
3. Confirm the Board's discretion to take any measures available under law to ensure the actuarial soundness of the Retirement Association including, without limitation, assessing the projected entire amount of the employer's UAAL (as recommended by the fund's actuary and approved by the Board) using a lower discount rate and payable in a single sum immediately due.

Application:

1. Applies to employers which:
    a. Experience a triggering event such as ceasing to enroll new hires in ACERA because of transfer to other pension plans or other causes, or permanent material reduction in ACERA-covered payroll resulting from loss of funding, outsourcing, or other cause.
    b. Are financially viable entities when a triggering event occurs and which ACERA expects to continue indefinitely thereafter to be financially viable entities.
    c. Does not include withdrawing employers.
2. Confirms the Board's discretion to allocate liability for members who worked for more than one ACERA employer, and to set an appropriate manner for ensuring payment of funding obligations by the withdrawing employer.

Guidelines:

Provides a procedure for:

1. The CEO to identify and report triggering events.
2. Holding Board hearings to determine whether a triggering event has occurred and whether coverage should be terminated.

3. Segregating the employer's assets and liabilities for the purpose of determining the employer's UAAL contribution obligation.
4. Certification by ACERA's actuary to the Board of the covered employer's funding obligation for its initial UAAL based on the employer's AAL and authorizing the Board to require the employer's contributions to be paid in level, fixed-dollar amounts over a period not to exceed 20 years.
5. The actuarial valuation of initial VVA, AA, and UAAL and amortization schedule for contributions.
6. Distribution of any final surplus when an employer has satisfied all UAAL obligations.
7. Authorizes the Board to pursue all available legal remedies to recover amounts due from an employer unable or unwilling to pay the amounts due.

Feedback

Alameda Health Systems provided input on this policy. They stated that the policy should also address the situation where an employer has an increasing payroll. That situation was considered in the development of this policy, but it was decided not to recommend including that situation. This policy is designed to ensure *all* employers are not negatively impacted financially by the choices or situation of *one* employer. In the case of increasing payroll, the choices or situation of one employer only negatively impacts that same employer. We didn't feel that needed to be addressed in policy at this time.

Recommendations

Recommend that the Board adopt the Declining Employer Payroll Policy.

Attachments:

Exh. A: Proposed Declining Employer Payroll Policy

Declining Employer Payroll Policy

Purpose and Background

1. A participating Plan Sponsor (employer) in the Alameda County Employees' Retirement Association (ACERA) may experience an actual or anticipated material decline in the payroll attributable to its ACERA active members (ACERA-covered payroll). The Declining Employer Payroll Policy is intended to establish guidelines by which ACERA intends to assure that such employer will continue to satisfy its obligation to timely pay all unfunded actuarial accrued liability (UAAL) attributable to the prior and future service of active, retired and deferred ACERA members who are or were the participating employer's employees, and their beneficiaries.

Background and Objectives

2. As a general rule, under ACERA's practice in place prior to the adoption of this Declining Plan Sponsor Payroll Policy, ACERA determined employers' contribution obligations for UAAL by applying a contribution rate determined by ACERA's actuary to the employer's ACERA-covered payroll (the percentage-of- payroll methodology). For employers whose payrolls are generally consistent with ACERA's actuarial assumptions regarding payroll growth, or those whose payroll is growing faster than the actuarial assumptions, the percentage-of-payroll methodology continues to be appropriate. But for employers whose ACERA-covered payroll is declining, or is expected to decline, materially over time, the Board of Retirement has determined that the percentage-of-payroll methodology is not the appropriate means of collecting employer contributions owed to the Association. The objectives of this Declining Employer Payroll Policy are to (i) ensure equitable and adequate funding of UAAL in cases involving employers with declining payrolls, (ii) approve procedures for identifying employers who should be subject to this Policy, and (iii) approve a different methodology for determining any UAAL attributable to such employers and setting the amount and schedule of the contributions needed to fund such UAAL. This Policy does *not* change the methodology regarding how contributions for "normal cost" are determined for participating employers.

3. Generally, the objectives of this Policy also are to ensure compliance with County Employees Retirement Law of 1937 (Gov. Code secs. 31450 et seq., as amended), the Public Employees' Pension Reform Act of 2013 (Gov. Code secs. 7522-7522.74), and other applicable provisions of law. Pursuant to Gov't. Code sections 7522.52, 31453.5, 31581, 31582, 31584, 31585, 31586, 31611 and other applicable provisions of law, a participating employer remains liable, and must make the required appropriations and transfers to ACERA for the participating employer's share of liabilities attributable to its officers and employees who are and may be entitled to receive retirement, disability and related benefits from ACERA.

4. It is the Board of Retirement's intent to allow an employer covered by this Policy to satisfy its funding obligation in a manner which provides the employer reasonable flexibility; however, primary consideration will be given to ensuring the adequacy of the assets attributable to the employer to satisfy the employer's funding obligations. This will generally require redetermination of the funding obligations of the employer for several years.

Policy Procedures and Guidelines

Absent exigent circumstances or unless otherwise expressly approved by the Board of Retirement at a duly- noticed public meeting, the procedures and guidelines for implementing this Policy are set forth below.

Commencement of Coverage – Triggering Events

5. This Policy covers only those employers for whom the Board determines, based on a recommendation from ACERA's Chief Executive Officer (CEO), that a *triggering event* as described in this section has occurred *and* who are not excluded from coverage under this Policy as described in section 6 and/or section 7 below. The fact that a triggering event may have occurred in the past does not prevent ACERA from applying this policy to that employer. –The Board hereby directs the CEO to work with ACERA's staff and ACERA's actuary to obtain the information (*e.g.,* ACERA-covered payroll history) needed for the Board to make determinations regarding triggering events. The CEO is further directed to report to the Board, at least annually, regarding these activities.

   a. *Triggering event resulting from ceasing to enroll new hires.* Some ACERA participating employers cease to enroll new hires with ACERA but, for a period of time, continue to have at least some previously-enrolled employees maintaining their status as active ACERA members. These employers' ACERA-covered payroll will eventually diminish to zero as their active employees retire or otherwise terminate employment. Examples of employers in this category may include an employer that is acquired by another entity that is not an ACERA participating employer, or an ACERA employer that covers some of its employees through another pension system such as CalPERS or a 401(k) plan. There may be other examples as well.

   b. *Triggering event resulting from a material and permanent reduction in ACERA- covered payroll.* Some employers may experience a material reduction in their ACERA-covered payroll, but nevertheless continue to enroll their new hires with ACERA. The reduction may be sudden (*e.g.*, due to a discrete event such as a partial loss of funding, or partial outsourcing), or it may be more gradual, over a period of years, and might not be tied to a discreet event. Generally, the Board would determine that this type of triggering event has occurred only if the Board expects that the reduction in employer's ACERA-covered payroll is expected to be permanent or for an indefinite period of time with no reasonably foreseeable end. Generally, by its nature, the determination whether this type of triggering event has occurred is more subjective than that described in subparagraph a) immediately above.

Exclusions from Coverage; Terminations of Coverage

6. This Policy also covers *only* those employers which are (i) financially-viable entities when a triggering event occurs, *and* (ii) which ACERA expects to continue indefinitely thereafter to be financially- viable entities. This Policy does not cover any other situation, including, without limitation, an employer going out of business by reason of dissolution, loss of funding, consolidation or merger (unless there is a surviving financially-viable entity that is acceptable to the Board that will make the ongoing payments under the Policy). This Policy also does not cover a "withdrawing employer" who ceases to provide ACERA membership for *all* of the employer's active ACERA members (*i.e.*, as of a date certain, withdraws both new hires and existing actives from membership with ACERA).

7. The Board of Retirement also recognizes that participating employers covered by this Policy will have UAAL funding obligations for several years. Therefore, if concerns arise during that period of time regarding the employer's ongoing existence as a financially-viable entity, the Board may remove the employer from coverage under this Policy and/or take any other measures that may be available to ensure the actuarial soundness of the Retirement Association including, without limitation, assessing the projected entire amount of the employer's UAAL (as recommended by the fund's actuary and approved by the Board) using a lower discount rate and payable in a single sum immediately due.

Procedures

8. The CEO will (i) work with ACERA staff and actuary, and ACERA's participating employers to obtain the information (*e.g.*, ACERA-covered payroll history, financial reports) needed for the Board to make determinations regarding triggering events and exclusions from, or terminations of, coverage and (ii) report to the Board, at least annually, regarding these activities.

9. Upon a recommendation from the CEO and notice to the affected participating employer, the Board will make a determination at a duly-noticed public meeting regarding (i) whether a triggering event has occurred for the employer, (ii) whether the employer should be excluded from coverage under this Policy, and (iii) for those employers that the Board has previously determined to be covered under the Policy, whether their coverage should be terminated under section 6 above. Employers may be required to provide ACERA with updated employee census and payroll data and financial reports. *See* Gov't. Code section 31543.

10. If the Board determines that a triggering event has occurred and the employer is not excluded from coverage under the Policy, then, solely for purposes of determining the covered employer's UAAL contribution obligation, ACERA will segregate on its books all assets and liabilities attributable to the employer based upon the recommendation of ACERA's actuary, and shall maintain such separate accounting for the employer until all of the participating employer's obligations to ACERA have been fully satisfied.

11. ACERA's actuary will determine, and certify to the Board of Retirement, the covered employer's funding obligation for its initial UAAL, which obligation shall not be pro-rata based on payroll, but rather based on the employer's actuarial accrued liability (AAL) including in active members~~s~~, when determinable. Otherwise, the Board may use other methodologies to determine liability as recommended by their actuary, including but not limited to the pro-rata~~e~~ share based on payroll. The Board may determine to require the employer's contributions to be paid in level, fixed-dollar amounts over a period not to exceed twenty (20) years, beginning on July 1 of the calendar year immediately after the year in which the triggering event occurs.

12. The actuary will use the actuarial valuation performed for ACERA as of the end of the calendar year immediately prior to the calendar year in which the triggering event occurs (and based on all of ACERA's then current actuarial assumptions and methodologies) to determine the initial valuation value of assets (VVA), a smoothed value, allocated to the covered employer. That initial VVA will be a pro-rata allocation based on the employer's AAL (*i.e.,* based on the employer's initial UAAL allocation determined in accordance with section 10 above). Later values of the VVA (i.e., those used in the future valuations described below) shall be determined by rolling forward the initial VVA, adding contributions, deducting benefit payments, and crediting earnings at the actual smoothed (VVA) earnings rate on total ACERA assets.

13. Annually, after the determination of the covered employer's initial funding obligation, as part of the regular annual actuarial valuation of the plan, ACERA' actuary will measure any change in the UAAL of the participating employer due to actuarial experience or changes in actuarial assumptions. In addition to the amortized payments for the covered employer's initial UAAL funding obligation determined as of the initial valuation, the employer will be liable for, and must contribute to ACERA, any such new UAAL determined as of subsequent valuations, based upon an amortization schedule recommended by the actuary and adopted by the Board of Retirement. ACERA will hold any negative UAAL (Surplus) to be applied against any future UAAL of the covered employer.

14. If any Surplus remains after the covered employer has satisfied *all* of its UAAL obligations (Final Surplus), ACERA will distribute the Final Surplus in accordance with the terms of applicable law.

15. Notwithstanding anything to the contrary herein, the ACERA Board of Retirement hereby reserves the right to pursue any other remedies under applicable law that, depending on the circumstances, may be available to "ensure the actuarial soundness of the retirement system" (CERL section 31564.2(d)).

Policy Review

16~~5~~. The Board of Retirement will review this Policy at least every three (3) years to ensure that it remains relevant and appropriate.

Policy History

16. The Board of Retirement adopted this Policy on ____________, 2018.

ACERA Board Policy

Declining Employer Payroll Policy

Purpose and Background

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Background and Objectives

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3. Generally, the objectives of this Policy also are to ensure compliance with County Employees Retirement Law of 1937 (Gov. Code secs. 31450 et seq., as amended), the Public Employees' Pension Reform Act of 2013 (Gov. Code secs. 7522-7522.74), and other applicable provisions of law. Pursuant to Gov't. Code sections 7522.52, 31453.5, 31581, 31582, 31584, 31585, 31586, 31611 and other applicable provisions of law, a participating employer remains liable, and must make the required appropriations and transfers to ACERA for the participating employer's share of liabilities attributable to its officers and employees who are and may be entitled to receive retirement, disability and related benefits from ACERA.

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    b. *Triggering event resulting from a material and permanent reduction in ACERA- covered payroll.* Some employers may experience a material reduction in their ACERA-covered payroll, but nevertheless continue to enroll their new hires with ACERA. The reduction may be sudden (*e.g.*, due to a discrete event such as a partial loss of funding, or partial outsourcing), or it may be more gradual, over a period of years, and might not be tied to a discreet event. Generally, the Board would determine that this type of triggering event has occurred only if the Board expects that the reduction in employer's ACERA-covered payroll is expected to be permanent or for an indefinite period of time with no reasonably foreseeable end. Generally, by its nature, the determination whether this type of triggering event has occurred is more subjective than that described in subparagraph a) immediately above.

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7. The Board of Retirement also recognizes that participating employers covered by this Policy will have UAAL funding obligations for several years. Therefore, if concerns arise during that period of time regarding the employer's ongoing existence as a financially-viable entity, the Board may remove the employer from coverage under this Policy and/or take any other measures that may be available to ensure the actuarial soundness of the Retirement Association including, without limitation, assessing the projected entire amount of the employer's UAAL (as recommended by the fund's actuary and approved by the Board) using a lower discount rate and payable in a single sum immediately due.

Procedures

8. The CEO will (i) work with ACERA staff and actuary, and ACERA's participating employers to obtain the information (*e.g.*, ACERA-covered payroll history, financial reports) needed for the Board to make determinations regarding triggering events and exclusions from, or terminations of, coverage and (ii) report to the Board, at least annually, regarding these activities.

9. Upon a recommendation from the CEO and notice to the affected participating employer, the Board will make a determination at a duly-noticed public meeting regarding (i) whether a triggering event has occurred for the employer, (ii) whether the employer should be excluded from coverage under this Policy, and (iii) for those employers that the Board has previously determined to be covered under the Policy, whether their coverage should be terminated under section 6 above. Employers may be required to provide ACERA with updated employee census and payroll data and financial reports. *See* Gov't. Code section 31543.

10. If the Board determines that a triggering event has occurred and the employer is not excluded from coverage under the Policy, then, solely for purposes of determining the covered employer's UAAL contribution obligation, ACERA will segregate on its books all assets and liabilities attributable to the employer based upon the recommendation of ACERA's actuary, and shall maintain such separate accounting for the employer until all of the participating employer's obligations to ACERA have been fully satisfied.

11. ACERA's actuary will determine, and certify to the Board of Retirement, the covered employer's funding obligation for its initial UAAL, which obligation shall not be pro-rata based on payroll, but rather based on the employer's actuarial accrued liability (AAL) including in active member, when determinable. Otherwise, the Board may use other methodologies to determine liability as recommended by their actuary, including but not limited to the pro-rata share based on payroll. The Board may determine to require the employer's contributions to be paid in level, fixed-dollar amounts over a period not to exceed twenty (20) years, beginning on July 1 of the calendar year immediately after the year in which the triggering event occurs.

12. The actuary will use the actuarial valuation performed for ACERA as of the end of the calendar year immediately prior to the calendar year in which the triggering event occurs (and based on all of ACERA's then current actuarial assumptions and methodologies) to determine the initial valuation value of assets (VVA), a smoothed value, allocated to the covered employer. That initial VVA will be a pro-rata allocation based on the employer's AAL (*i.e.,* based on the employer's initial UAAL allocation determined in accordance with section 10 above). Later values of the VVA (i.e., those used in the future valuations described below) shall be determined by rolling forward the initial VVA, adding contributions, deducting benefit payments, and crediting earnings at the actual smoothed (VVA) earnings rate on total ACERA assets.

13. Annually, after the determination of the covered employer's initial funding obligation, as part of the regular annual actuarial valuation of the plan, ACERA' actuary will measure any change in the UAAL of the participating employer due to actuarial experience or changes in actuarial assumptions. In addition to the amortized payments for the covered employer's initial UAAL funding obligation determined as of the initial valuation, the employer will be liable for, and must contribute to ACERA, any such new UAAL determined as of subsequent valuations, based upon an amortization schedule recommended by the actuary and adopted by the Board of Retirement. ACERA will hold any negative UAAL (Surplus) to be applied against any future UAAL of the covered employer.
14. If any Surplus remains after the covered employer has satisfied *all* of its UAAL obligations (Final Surplus), ACERA will distribute the Final Surplus in accordance with the terms of applicable law.
15. Notwithstanding anything to the contrary herein, the ACERA Board of Retirement hereby reserves the right to pursue any other remedies under applicable law that, depending on the circumstances, may be available to "ensure the actuarial soundness of the retirement system" (CERL section 31564.2(d)).

Policy Review

16. The Board of Retirement will review this Policy at least every three (3) years to ensure that it remains relevant and appropriate.

Policy History

16. The Board of Retirement adopted this Policy on ____________, 2018.

Segal Consulting

Alameda County Employees' Retirement Association

Withdrawing Employer Policy

Operations Committee Meeting

October 3, 2018

Andy Yeung, ASA

Eva Yum, FSA

Segal Consulting

5548305v1

Proposed ACERA Policy for Withdrawing District

- Special district withdrawal
  - District stops contracting with ACERA to provide future benefit accruals <u>for current and new</u> employees
    - "Explicit" withdrawals
    - ACERA retains liability for past service only – active and inactive
- Study prepared before withdrawal to estimate withdrawal liability

  (unfunded liability for members' service to date)
  - Use ongoing actuarial assumptions to determine unfunded liability
    - » Periodic remeasurement to true-up unfunded liability
  - Alternative measure to use market based assumptions to determine unfunded liability
    - » Calculate one-time at withdrawal only, no reassessment
- District pays a lump sum or in installments to settle UAAL

Proposed ACERA Policy for Withdrawing District

- Default approach (Section 31564.2)
  - Allocate system-wide UAAL to withdrawing employer in proportion to contributions made by all employers in last 5 years
  - Approach borrowed from multi-employer plans, without distinguishing contributions made for Normal Cost vs UAAL
- Proposed approach
  - Allocate pooled rate group UAAL to withdrawing employer in proportion to payroll for all employers in rate group in most recent valuation
    - On date of withdrawal, there is no change to the UAAL contribution rate requirement for other employers in that group
  - Used by a number of 1937 Act retirement systems
    - Contra Costa, Fresno, Sacramento, Orange

Proposed ACERA Policy for Withdrawing District

- Unfunded liability based on
  - Valuation Value of Assets
    - Allocated to employer in pooled rate group
  - Present value of future benefits using ongoing assumptions
- Determined as of end of Plan year
  - Adjusted to payment (withdrawal) date with assumed earnings (currently 7.25%)
- Periodic remeasurement (“true-up”) to reflect investment experience, new census data and any new assumptions
  - Remeasurement every three years, after experience analysis
    - Any new unfunded liability is paid by withdrawn district
    - Any surplus held against any future unfunded liabilities
  - In practice, “information only” unfunded liability calculation provided each year

Asset Measures for Withdrawing District

- ACERA is a "cost sharing multiple employer plan"
  - Assets tracked separately for each pooled rate group
  - Assets NOT tracked separately for each employer in rate group
- Valuation Assets (VVA) (smoothed value) for a withdrawing employer
  - Initial value based on UAAL allocated in proportion to payroll
  - Later values "rolled forward" from initial value
    - Add contributions, deduct benefit payments
    - Credit earnings at Total ACERA smoothed (VVA) earnings rate
- Alternative measure using Market Assets (MVA)
  - Start with Valuation Assets (initial or later value)
  - Adjust by deferred investment gains/losses not recognized in VVA

Liability Measures for Withdrawing District

- All are Present Value of Future Benefits
  - Frozen service but projected pay for active reciprocal members
- Ongoing Liability measured consistent with Total ACERA liabilities
  - Use all current assumptions, including earnings assumption
  - Exclude contingent and non-vested SRBR benefits
  - Recalculate each year based on current assumptions and data
- Alternative measure using Market Liability
  - Same as Ongoing Liability except uses a market based “risk free” earnings assumption (recommend using PBGC assumptions)
    - Substantially greater than Ongoing Liability because of lower discount rate (e.g., around 3.0-3.5% versus 7.25%)
    - “Walk away” liability: if funded, ACERA could decide to forego claim against district for any future underfunding

Liability Measures for Withdrawing District

- Alternative measure using Market Liability – cont'd
  - At CalPERS, valuation of liability at current market "risk free" rate is coupled with investment of withdrawn employer's assets in dedicated bond portfolio
  - Some residual risk still exists, primarily retirees living longer than expected by the mortality assumption used for settlement
- Policy issue
  - If market based approach is offered by ACERA, under what conditions?
- District pays a lump sum or in installments to settle UAAL

QUESTIONS

MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: October 3, 2018

TO: Members of the Operations Committee

FROM: Dave Nelsen, Chief Executive Officer DN

SUBJECT: Withdrawing Employer Policy

Introduction

The Withdrawing Employer Policy is a proposed new policy. The proposed Policy was first presented to the Operations Committee at the September 2018 meeting, at which time you also considered input about the proposed Policy from the County of Alameda and Alameda Health Systems, two participating employers. You provided staff with further directions in light of that input and discussion.

The attached Policy now includes a requirement that the governing body of a participating employer wishing to withdraw from ACERA must adopt and provide to ACERA a formal notice of intent to withdraw from ACERA before ACERA will calculate the cost of the withdrawal. Additionally, the proposed policy also provides that the Board, notwithstanding any other provisions in the Policy, may pursue all legal remedies to obtain full recovery of amounts due from an employer who is unable or unwilling to pay the full amount due.

Background

The Board Governance and Policy Development Process provides that a policy may be developed if:

1. The issue in question poses substantial risk to ACERA (organizational, legal, public perception, etc.);
2. The issue is expected to recur regularly (i.e., it is generic in nature); and,
3. The issue is within the Board's area of responsibility to effectively administer the pension plan.

In this case, no existing Board policy addresses the circumstances when an employer chooses to withdraw from participation in ACERA and the above criteria for policy development are present. The withdrawal of an employer could pose a risk to the Plan's fiscal health and falls clearly within the Board's fiduciary duty to effectively administer the Plan for the benefit of all participants. If the issue arises with more than one plan sponsor, a policy provides consistent direction for all such circumstances.

Proposed Policy

The following is a summary of the key provisions in the proposed new policy:

Purpose

The proposed policy establishes guidelines to be applied when a participating ACERA employer ceases to provide ACERA membership for its active ACERA members.

Application

The withdrawing employer:

1. Must continue to be financially able to satisfy its obligation to pay timely all UAAL attributable to its active, retired and deferred employees by reason of their prior services as ACERA members.
   a. This provision does not include employers with declining payroll who do not affirmatively seek to withdraw from ACERA.
   b. This provision does not include the County of Alameda as a possible withdrawing employer.
2. The governing body of a participating employer wishing to withdraw from ACERA must adopt and provide to ACERA a formal notice of intent to withdraw from ACERA before ACERA will calculate the cost of the withdrawal.

Objectives

With this policy, ACERA seeks to:

1. Ensure that a withdrawing employer remains liable for and makes the required appropriations and transfers to ACERA the employer's share of liabilities attributable to employees who are or may be entitled to receive retirement benefits from ACERA.
2. Establish the general principle by which ACERA will be paid the value of future benefits minus the value of ACERA assets attributable to the withdrawing employer.
3. Confirm the Board's discretion to allocate liability for members who worked for more than one ACERA employer, and to set an appropriate manner for ensuring payment of funding obligations by the withdrawing employer.

Guidelines:

1. Upon notice that a withdrawing employer seeks to termination ACERA membership:
   a. ACERA will segregate on its books all assets and liabilities attributable to the employer, as determined by ACERA's actuary and maintain separate accounting for that employer.
   b. ACERA and the withdrawing employer will enter into a Contribution Agreement to memorialize the employer's obligations, funding mechanism to timely satisfy existing and continuing financial obligations of the employer, true-ups, distribution of final surplus and other administrative, financial and reporting details.
2. The Board reserves the right to pursue any other remedies under applicable law to ensure the actuarial soundness of the Plan.

Feedback

Both the County of Alameda and Alameda Health Systems provided input on this policy. The County had two concerns:

- Given the potential administrative difficulties to determine the liability owed by a withdrawing employer, they felt that there should be some guidelines about when ACERA would undertake creating that calculation.
- Also, they wanted to ensure that remaining employers or members/retirees wouldn't have to pay for the liability of a withdrawing employer if the initial calculation of liability used the assumed rate of return, currently at 7.25%, and that rate of return wasn't realized.

We agree with the first concern, so language was included in the revised policy to require adoption of a formal notice to withdraw by the governing body of an employer in an open public meeting. As to the second concern, the policy already provides that this will not occur. ACERA will only use the assumed rate of return to calculate the withdrawing liability if there is an agreement to pay this liability over a long period of time, up to the amortization period used by ACERA, which is currently 20 years. If the agreement to allow extended payments exists, the policy also calls for a recalculation of the withdrawing employer's liability with every experience study. This recalculation will take into account actual experience, including investment experience. This recalculation ensures the withdrawing employer would pay their full liability. If the employer wants to pay the liability immediately, a lower "risk-free" rate of return would be used in that calculation to ensure full payment of the obligation.

Alameda Health Systems shared concerns with the calculation methodology of the withdrawing employer's liability used in this policy. They feel that the proportionate share based upon payroll could assign an inflated liability to a withdrawing employer. They feel the methodology used in the Declining Payroll Policy should be applied in this policy. The Declining Payroll Policy methodology may be determined by examining actual liability, including inactive member liability. The methodology in this policy is consistent with our funding policy, and is administratively easy to calculate. In the situation of a withdrawing employer, you are determining the present liability, and this methodology is an appropriate way to assign that value, just as we do with each valuation. With a declining payroll situation, you may not be enacting that policy until many years after the payroll has declined. To use this methodology in that situation could result in a material understatement of the liability. Therefore, it is appropriate in that situation to attempt to ascertain the actual liability to ensure full crediting of the liability to the employer with the declining payroll.

Recommendations

Recommend to the Board of Trustees to adopt the Withdrawing Employer Policy as amended.

Attachments:
Exh. A: Proposed Withdrawing Employer Policy

ACERA Board Policy

Withdrawing ~~Plan Sponsor~~ Employer Policy

Purpose

This Policy establishes guidelines to be applied when a participating ACERA employer ceases to provide ACERA membership for its active ACERA members. This policy contemplates that the withdrawing employer will continue to be financially able to satisfy its obligation to timely pay all Unfunded Actuarial Accrued Liability ("UAAL") attributable to its active, retired and deferred employees by reason of their prior service as ACERA's members. This Policy is not intended to apply to the County of Alameda as a participating employer.

Objectives

1. To ensure compliance with County Employees Retirement Law of 1937, California Government Code sections 31450 et seq., as amended ("CERL") and other applicable provisions of law:
   a. Pursuant to CERL sections 31564.2, 31580.1, 31584, 31585 and other applicable provisions of law, a withdrawing employer remains liable, and must make the required appropriations and transfers, to ACERA for the employer's share of liabilities attributable to its officers and employees who are and may be entitled to receive retirement, disability and related benefits from ACERA.
   b. CERL section 31564.2(d) provides, in part, that "[t]he funding of the retirement benefits for the employees of a withdrawing agency is solely the responsibility of the withdrawing agency or the board of supervisors. Notwithstanding any other provision of the law, no contracting agency shall fail or refuse to pay the employer's contributions required by this chapter within the applicable time limitations. In dealing with a withdrawing district, the board of retirement shall take whatever action needed to ensure the actuarial soundness of the retirement system."
2. The general principle applied in this policy is to establish the funding obligation of withdrawing employers as:
   a. The value of future benefits to be paid by ACERA to the withdrawing employer's employees, retirees, beneficiaries and terminated members as of the withdrawal date; *minus*
   b. The value of ACERA assets allocated to the withdrawing employer as of the withdrawal date.

   In cases involving members who worked at more than one ACERA employer or who earned service at a County department before it was spun off into a District, the Board of Retirement retains discretion on how liabilities for such members should be allocated to the withdrawing employer.
3. It is the Board of Retirement's intent to allow a withdrawing employer to satisfy its funding obligation in a manner which provides the employer reasonable flexibility. However, primary consideration will be given to ensuring the funding obligation of the withdrawing employer is properly determined and satisfied. This will generally require redetermination of the funding obligation of the employer for several years following the date the employer initiates its withdrawal.

In lieu of the ongoing redetermination of the funding obligations, the withdrawing employer may request that a market valuation approach be used to determine the value of the future benefits to be paid and the value of the assets allocated by ACERA.

4. This policy covers *only* those withdrawing employers (i) who cease to provide ACERA membership for their active employees (i.e., both current actives and new hires), (ii) who are financially viable entities when the withdrawal is initiated, and (iii) for whom ACERA expects thereafter to continue to be financially viable entities. This policy does not cover any other situation – whether a withdrawing employer, a terminating employer or otherwise – including, without limitation, an employer going out of business by reason of bankruptcy, loss of funding, or merger, or an employer who gradually winds down its active employees' continued participation in ACERA either through attrition or through a decision to have employees hired after a specific date to not become members of ACERA (e.g., to participate in a retirement arrangement other than ACERA).

Guidelines

Absent exigent circumstances or unless otherwise expressly approved by the Board of Retirement at a duly-noticed meeting, the guidelines for implementing this policy are set forth below.

5. The governing body of a participating employer must adopt an intent to withdraw from ACERA before ACERA will calculate the cost of the withdrawal. The participating employer must provide ACERA with a copy of the formal action evidencing an intention to withdraw.

6~~5~~. Upon notice that a participating employer seeks to terminate ACERA's membership for its active employees' future service, and on the advice and recommendation of its actuary, ACERA will segregate on its books all assets and liabilities attributable to the employer as determined by ACERA's actuary, and shall maintain such separate accounting for the employer until all of its liabilities have been fully satisfied.

7~~6~~. ACERA and the withdrawing employer will enter into a Continuing Contribution Agreement, the purposes of which are to:

a. evidence the withdrawing employer's obligations as of the date the employer initiates its withdrawal, as well as its continuing funding obligations for the ongoing benefits owed to its retired, deferred and disabled officers and employees and their surviving beneficiaries, for their accumulated ACERA service and related benefits;

b. provide a funding mechanism acceptable to ACERA for the withdrawing employer to timely satisfy its existing and continuing funding obligations to ACERA, the payment of which must be over a period which is not longer than the period over which ACERA's remaining unfunded liability is being amortized (see CERL section 31564.2(c)). However, except in exigent circumstances, the amortization schedule for payment of the employer's initial funding obligation will not exceed a period of five (5) years.

c. require the withdrawing employer to provide ACERA with updated employee census and payroll data requested by ACERA in the years following the date the employer initiates its withdrawal;

d. provide a mechanism for adjusting the withdrawing employer's obligations and payments due to ACERA based on periodic actuarial experience analysis; and

e. provide a mechanism by which ACERA will consider the transfer of any Final Surplus, as defined below, to the withdrawing employer or a successor retirement system, as appropriate.

8~~7~~. Pursuant to the terms of the Continuing Contribution Agreement, ACERA's actuary will determine, and certify to the Board of Retirement, the withdrawing employer's initial funding obligation for its UAAL calculated as of the date of withdrawal.

9~~8~~. A detailed description of the methodology that will be used in determining the initial value of the assets is provided in Exhibit One. The initial value of the assets used to determine the withdrawing employer's initial funding obligation for its UAAL will be based on the valuation value of assets (VVA) (a smoothed value) allocated to the withdrawing employer determined as of the end of the prior calendar year, adjusted to the date the employer initiated its withdrawal (or later date if the Continuing Contribution Agreement so provides), based upon all of ACERA's then current actuarial assumptions and methodologies. Later values (i.e., those used in "true-ups" described below) shall be determined by rolling forward the initial VVA, adding contributions, deducting benefit payments, and crediting earnings at the Total ACERA smoothed (VVA) earnings rate.

No consideration will be given to current assets that are accumulated in the Supplemental Retiree Benefit Reserve (SRBR) to pay future Board of Retirement provided benefits paid out of the SRBR.

~~9~~10. The present value of future benefits owed to the withdrawing employer's retired, deferred and disabled officers and employees and their surviving beneficiaries (present value of accrued benefits, or "liabilities") will be determined using ACERA's then current actuarial assumptions and methodologies. In determining the present value of accrued benefits, benefit service shall be frozen for the withdrawing employer's active employees but, for members who transfer to a system that has reciprocity with ACERA, pay shall be projected based on ACERA's then salary growth assumptions.

No consideration will be given to future Board of Retirement provided benefits paid out of the SRBR.

1~~0~~1. ~~-~~Periodically after the date the employer initiated its withdrawal, in periods not to exceed three (3) years' duration, following an experience analysis, ACERA's actuary will re-measure (true-up), and certify to the Board of Retirement, any additional obligation of the withdrawing employer for UAAL. In accordance with the terms of the Continuing Contribution Agreement and applicable law, the withdrawing employer is liable for, and must contribute, any new UAAL determined in the true-up experience analysis, based upon an amortization schedule recommended by the actuary and adopted by ACERA.

Absent exigent circumstances, the amortization schedule for payment of the employer's periodic true-up funding obligations will not exceed a period of three (3) years. ACERA will hold any negative UAAL (Surplus) to be applied against any future UAAL of the withdrawing employer.

12~~1~~. If any Surplus remains after the withdrawing employer has satisfied *all* of its UAAL obligations (Final Surplus), ACERA will distribute the Final Surplus in accordance with the terms of the Continuing Contribution Agreement and applicable law.

1~~2~~3. Notwithstanding anything to the contrary herein, the ACERA Board of Retirement hereby reserves the right to pursue any other remedies under applicable law that, depending on the circumstances, may be available to "ensure the actuarial soundness of the retirement system" (CERL section 31564.2(d)). For example, notwithstanding the employer's obligations under the Continuing Contribution Agreement, if concerns arise regarding the employer's ongoing existence as a financially viable entity, the Board of Retirement may assess the projected entire amount of the employer's UAAL (as recommended by the fund's actuary and approved by the Board) using a lower discount rate and payable in a single sum immediately due.

Policy Review

14~~3~~. The Board of Retirement will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

~~that it remains relevant and appropriate.~~

Policy History

15~~4~~. The Board of Retirement adopted this policy on ____________________.

Exhibit One

Determination of Withdrawing Employer's Assets

ACERA is a cost sharing multiple employer plan. As a result, there is no ongoing separate accounting of ACERA's assets by employer except in instances when, in the Board of Retirement's opinion, separate accounting is necessary to maintain equity among employers. The ACERA assets attributable to contributions of the withdrawing employer and its employees as of the withdrawal date will be determined as follows:

Step 1: Determine the Actuarial Accrued Liability of the withdrawing employer as of ACERA's most recent actuarial valuation irrespective of the employer's anticipated withdrawal.

Step 2: Determine the Unfunded Actuarial Accrued Liability (UAAL) of the withdrawing employer as of the most recent actuarial valuation by dividing the withdrawing employer's annual required UAAL contribution amount by the UAAL amortization factor. The amortization factor will generally equal the UAAL contribution amount for the membership group which includes the withdrawing employer divided by the UAAL for that membership group. The withdrawing employer's UAAL contribution rate, annual payroll and UAAL amortization factor would be determined as of the most recent actuarial valuation date.

Step 3: Determine the non-investment change in assets from the most recent actuarial valuation date to the actual withdrawal date as:

- The total contributions by the withdrawing employer since the most recent actuarial valuation date; plus
- The total contributions by employees of the withdrawing employer since the most recent actuarial valuation date; minus
- The total benefit and refund payments since the most recent actuarial valuation date to retirees, beneficiaries, and former employees of the employer.

Step 4: Determine the accumulated assets at the withdrawal date as:

(Step 1 – Step 2) x (1 + i x t/365) + Step 3 x (1 + i x t/730)

where:

i = annual interest at the actuarial rate of return assumed in ACERA's most recent valuation.

t = number of calendar days from the most recent actuarial valuation date to the effective date of the employer's withdrawal.

ACERA Board Policy

Withdrawing Employer Policy

Purpose

This Policy establishes guidelines to be applied when a participating ACERA employer ceases to provide ACERA membership for its active ACERA members. This policy contemplates that the withdrawing employer will continue to be financially able to satisfy its obligation to timely pay all Unfunded Actuarial Accrued Liability ("UAAL") attributable to its active, retired and deferred employees by reason of their prior service as ACERA's members. This Policy is not intended to apply to the County of Alameda as a participating employer.

Objectives

1. To ensure compliance with County Employees Retirement Law of 1937, California Government Code sections 31450 et seq., as amended ("CERL") and other applicable provisions of law:

   a. Pursuant to CERL sections 31564.2, 31580.1, 31584, 31585 and other applicable provisions of law, a withdrawing employer remains liable, and must make the required appropriations and transfers, to ACERA for the employer's share of liabilities attributable to its officers and employees who are and may be entitled to receive retirement, disability and related benefits from ACERA.

   b. CERL section 31564.2(d) provides, in part, that "[t]he funding of the retirement benefits for the employees of a withdrawing agency is solely the responsibility of the withdrawing agency or the board of supervisors. Notwithstanding any other provision of the law, no contracting agency shall fail or refuse to pay the employer's contributions required by this chapter within the applicable time limitations. In dealing with a withdrawing district, the board of retirement shall take whatever action needed to ensure the actuarial soundness of the retirement system."

2. The general principle applied in this policy is to establish the funding obligation of withdrawing employers as:

   a. The value of future benefits to be paid by ACERA to the withdrawing employer's employees, retirees, beneficiaries and terminated members as of the withdrawal date; *minus*

   b. The value of ACERA assets allocated to the withdrawing employer as of the withdrawal date.

   In cases involving members who worked at more than one ACERA employer or who earned service at a County department before it was spun off into a District, the Board of Retirement retains discretion on how liabilities for such members should be allocated to the withdrawing employer.

3. It is the Board of Retirement's intent to allow a withdrawing employer to satisfy its funding obligation in a manner which provides the employer reasonable flexibility. However, primary consideration will be given to ensuring the funding obligation of the withdrawing employer is properly determined and satisfied. This will generally require redetermination of the funding obligation of the employer for several years following the date the employer initiates its withdrawal.

In lieu of the ongoing redetermination of the funding obligations, the withdrawing employer may request that a market valuation approach be used to determine the value of the future benefits to be paid and the value of the assets allocated by ACERA.

4. This policy covers *only* those withdrawing employers (i) who cease to provide ACERA membership for their active employees (i.e., both current actives and new hires), (ii) who are financially viable entities when the withdrawal is initiated, and (iii) for whom ACERA expects thereafter to continue to be financially viable entities. This policy does not cover any other situation – whether a withdrawing employer, a terminating employer or otherwise – including, without limitation, an employer going out of business by reason of bankruptcy, loss of funding, or merger, or an employer who gradually winds down its active employees' continued participation in ACERA either through attrition or through a decision to have employees hired after a specific date to not become members of ACERA (e.g., to participate in a retirement arrangement other than ACERA).

Guidelines

Absent exigent circumstances or unless otherwise expressly approved by the Board of Retirement at a duly-noticed meeting, the guidelines for implementing this policy are set forth below.

5. The governing body of a participating employer must adopt an intent to withdraw from ACERA before ACERA will calculate the cost of the withdrawal. The participating employer must provide ACERA with a copy of the formal action evidencing an intention to withdraw.

6. Upon notice that a participating employer seeks to terminate ACERA's membership for its active employees' future service, and on the advice and recommendation of its actuary, ACERA will segregate on its books all assets and liabilities attributable to the employer as determined by ACERA's actuary, and shall maintain such separate accounting for the employer until all of its liabilities have been fully satisfied.

7. ACERA and the withdrawing employer will enter into a Continuing Contribution Agreement, the purposes of which are to:

   a. evidence the withdrawing employer's obligations as of the date the employer initiates its withdrawal, as well as its continuing funding obligations for the ongoing benefits owed to its retired, deferred and disabled officers and employees and their surviving beneficiaries, for their accumulated ACERA service and related benefits;

   b. provide a funding mechanism acceptable to ACERA for the withdrawing employer to timely satisfy its existing and continuing funding obligations to ACERA, the payment of which must be over a period which is not longer than the period over which ACERA's remaining unfunded liability is being amortized (see CERL section 31564.2(c)). However, except in exigent circumstances, the amortization schedule for payment of the employer's initial funding obligation will not exceed a period of five (5) years.

   c. require the withdrawing employer to provide ACERA with updated employee census and payroll data requested by ACERA in the years following the date the employer initiates its withdrawal;

d. provide a mechanism for adjusting the withdrawing employer's obligations and payments due to ACERA based on periodic actuarial experience analysis; and

e. provide a mechanism by which ACERA will consider the transfer of any Final Surplus, as defined below, to the withdrawing employer or a successor retirement system, as appropriate.

8. Pursuant to the terms of the Continuing Contribution Agreement, ACERA's actuary will determine, and certify to the Board of Retirement, the withdrawing employer's initial funding obligation for its UAAL calculated as of the date of withdrawal.

9. A detailed description of the methodology that will be used in determining the initial value of the assets is provided in Exhibit One. The initial value of the assets used to determine the withdrawing employer's initial funding obligation for its UAAL will be based on the valuation value of assets (VVA) (a smoothed value) allocated to the withdrawing employer determined as of the end of the prior calendar year, adjusted to the date the employer initiated its withdrawal (or later date if the Continuing Contribution Agreement so provides), based upon all of ACERA's then current actuarial assumptions and methodologies. Later values (i.e., those used in "true-ups" described below) shall be determined by rolling forward the initial VVA, adding contributions, deducting benefit payments, and crediting earnings at the Total ACERA smoothed (VVA) earnings rate.

   No consideration will be given to current assets that are accumulated in the Supplemental Retiree Benefit Reserve (SRBR) to pay future Board of Retirement provided benefits paid out of the SRBR.

10. The present value of future benefits owed to the withdrawing employer's retired, deferred and disabled officers and employees and their surviving beneficiaries (present value of accrued benefits, or "liabilities") will be determined using ACERA's then current actuarial assumptions and methodologies. In determining the present value of accrued benefits, benefit service shall be frozen for the withdrawing employer's active employees but, for members who transfer to a system that has reciprocity with ACERA, pay shall be projected based on ACERA's then salary growth assumptions.

    No consideration will be given to future Board of Retirement provided benefits paid out of the SRBR.

11. Periodically after the date the employer initiated its withdrawal, in periods not to exceed three (3) years' duration, following an experience analysis, ACERA's actuary will re-measure (true-up), and certify to the Board of Retirement, any additional obligation of the withdrawing employer for UAAL. In accordance with the terms of the Continuing Contribution Agreement and applicable law, the withdrawing employer is liable for, and must contribute, any new UAAL determined in the true-up experience analysis, based upon an amortization schedule recommended by the actuary and adopted by ACERA.

    Absent exigent circumstances, the amortization schedule for payment of the employer's periodic true-up funding obligations will not exceed a period of three (3) years. ACERA will hold any negative UAAL (Surplus) to be applied against any future UAAL of the withdrawing employer.

12. If any Surplus remains after the withdrawing employer has satisfied *all* of its UAAL obligations (Final Surplus), ACERA will distribute the Final Surplus in accordance with the terms of the Continuing Contribution Agreement and applicable law.

13. Notwithstanding anything to the contrary herein, the ACERA Board of Retirement hereby reserves the right to pursue any other remedies under applicable law that, depending on the circumstances, may be available to "ensure the actuarial soundness of the retirement system" (CERL section 31564.2(d)). For example, notwithstanding the employer's obligations under the Continuing Contribution Agreement, if concerns arise regarding the employer's ongoing existence as a financially viable entity, the Board of Retirement may assess the projected entire amount of the employer's UAAL (as recommended by the fund's actuary and approved by the Board) using a lower discount rate and payable in a single sum immediately due.

Policy Review

14. The Board of Retirement will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

Policy History

15. The Board of Retirement adopted this policy on ______________________.

Exhibit One

Determination of Withdrawing Employer's Assets

ACERA is a cost sharing multiple employer plan. As a result, there is no ongoing separate accounting of ACERA's assets by employer except in instances when, in the Board of Retirement's opinion, separate accounting is necessary to maintain equity among employers. The ACERA assets attributable to contributions of the withdrawing employer and its employees as of the withdrawal date will be determined as follows:

Step 1: Determine the Actuarial Accrued Liability of the withdrawing employer as of ACERA's most recent actuarial valuation irrespective of the employer's anticipated withdrawal.

Step 2: Determine the Unfunded Actuarial Accrued Liability (UAAL) of the withdrawing employer as of the most recent actuarial valuation by dividing the withdrawing employer's annual required UAAL contribution amount by the UAAL amortization factor. The amortization factor will generally equal the UAAL contribution amount for the membership group which includes the withdrawing employer divided by the UAAL for that membership group. The withdrawing employer's UAAL contribution rate, annual payroll and UAAL amortization factor would be determined as of the most recent actuarial valuation date.

Step 3: Determine the non-investment change in assets from the most recent actuarial valuation date to the actual withdrawal date as:

- The total contributions by the withdrawing employer since the most recent actuarial valuation date; plus
- The total contributions by employees of the withdrawing employer since the most recent actuarial valuation date; minus
- The total benefit and refund payments since the most recent actuarial valuation date to retirees, beneficiaries, and former employees of the employer.

Step 4: Determine the accumulated assets at the withdrawal date as:

(Step 1 – Step 2) x (1 + i x t/365) + Step 3 x (1 + i x t/730)

where:

i = annual interest at the actuarial rate of return assumed in ACERA's most recent valuation.

t = number of calendar days from the most recent actuarial valuation date to the effective date of the employer's withdrawal.

ALAMEDA
HEALTH SYSTEM

September 5, 2018

Chair
ACERA, Operations Committee
475 14th Street, Suite 100
Oakland, CA 94612

Re: Proposed Policies (Agenda Items 2 and 3)

Dear Ms. Basgal,

I write on behalf of Alameda Health System regarding the proposed Declining Employer Payroll Policy and Withdrawing Employer Policy. These changes provide for action to be taken where an employer's operations/situation departs from the assumptions underlying regular ACERA contribution policies. The policies also require ACERA to undertake an analysis of individual employer liability (versus pooled liability) where required to insure equity amongst employers. The proposed policies appear designed to protect the integrity of the system (i.e., the overall funding of ACERA and the remaining employers) and AHS supports this approach in principle. We also note that the policies are premised in part on issues of inter-employer equity (i.e., protecting against/avoiding the situation where one employer's situation ends up adversely impacting other employers in the system).

As you are aware, AHS made a request for policy change to ACERA that was premised on the same principles – 1) avoiding an adverse impact on one employer where its situation departed from the assumptions underlying general policies and 2) conducting an individualized analysis of AHS unfunded liability to insure overall liability was being assessed fairly. Given that the proposed Declining Employer Payroll Policy is premised on the same principle of inter-employer equity underlying AHS's earlier request, it is evident that the rationales articulated by ACERA to deny the AHS request are not credible.

In addition, AHS contends that the determination of liability under the Withdrawing Employer Policy is inadequate. As noted from the prior discussions concerning the AHS request, the actual liability of a particular employer is not reflected by the current allocation of UAAL calculation. If an employer finds it necessary to withdraw from ACERA – a decision that is subject to each employer's fiduciary obligations – the employer should not be assessed liability of other employers, particularly where ACERA would not assess such liability in other circumstances.

Accordingly, AHS requests that ACERA:

- Revise the Declining Employer Payroll Policy to address all changes in payroll operations that impact equitable contributions by employers, including an increasing payroll as reflected in the AHS request.
- Revise the Withdrawing Employer Policy to provide for determination and payment of liability consistent with the provisions of the revised Declining Employer Payroll policy.

Sincerely,

Tony Redmond
Chief Human Resources Officer

From: Coletto, Peter, CAO <Peter.Coletto@acgov.org>
Sent: Friday, August 31, 2018 11:50 AM
To: David Nelsen <dnelsen@acera.org>
Cc: Margo Allen <mallen@acera.org>; Manning, Steve, Auditor Agency <steve.manning@acgov.org>; O'Connell, Pat, CAO <Pat.O'Connell@acgov.org>; Boyer, Craig, Auditor Agency <Craig.Boyer@acgov.org>
Subject: Initial Comments on Withdrawing Plan Sponsor Policy

Hi Dave,

Below are the County's initial comments on the Withdrawing Plan Sponsor Policy that ACERA presented at the Participating Employers Meeting. Both this policy and the Declining Employer Payroll Policy are still under review by the County's actuary and we may have additional feedback based on their input.

The County has reviewed the Withdrawing Plan Sponsor Policy and the County has a couple points of concern:

1. The policy is silent with regards to when to calculate the withdrawing employer's funding obligation.
   The County is concerned that an unhappy employer could use the ambiguity in the policy to request that ACERA make these calculations prior to taking formal action to withdraw. As the withdrawal process will require a significant amount of analysis and associated administrative costs for the withdrawal study, the County believes that the governing Board of the withdrawing employer must approve a resolution asserting an intent to withdraw before ACERA conducts any analysis regarding the share of the unfunded liability associated with the withdrawing employer or any withdrawal study. The County also believes that the administrative costs should be paid by the withdrawing employer.

2. The policy utilizes the current discount rate of 7.25% for determining the present value of the accrued benefits (paragraph 9).
   The County is concerned that using this discount rate will reduce the initial termination payment for the withdrawing employer and future payments are less likely to be paid. If this were to occur, then ACERA would either need to reduce the retiree benefits or increase the contributions to the remaining employers to make up the difference. The County believes that this needs to be addressed in the policy. In addition, the County believes that ACERA should use the a more conservative discount rate, such as the 10-year U.S. Treasury rate, rather than the long-term rate of return for calculating the initial termination payment on the unfunded liability. This more conservative approach will protect the ACERA members of the terminating employer from potential future benefit cuts and reduce the likelihood that the remaining participating employers may face increased contributions for the unpaid liability.

MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: October 3, 2018

TO: Members of the Operations Committee

FROM: Sandra Dueñas-Cuevas, Benefits Manager

SUBJECT: **Adoption of New Pay Item – Pay Code 42E for County**

Attached is a request from Dawn Duffy, of the Auditor-Controller Agency, with the County of Alameda (County) to review a new pay item to determine whether it meets the criteria of compensation earnable and pensionable compensation.

The pay item is Creation/Revision – Job Code/Spec (Creation/Revision – Job Code Specification), code 42E. The Board of Supervisors of the County of Alameda approved the Alameda County Salary Ordinance Section 3-13.21 to state; Effective August 12, 2018, not to exceed one position occupying a position under Job Code 0293SM, when assigned, in addition to the regular assignment, direct responsibility of the meet and confer process for the creation of new job classifications and job specification revisions, shall receive an additional five percent (5%) compensation. Pay Code 42E is effective August 12, 2018. The County has provided all required information for this item.

Because this pay item applies to one member in the classifications mentioned above, it will be not considered pensionable compensation for PEPRA members however it will be compensation earnable for Legacy members according to Government Codes Section 7522.34 and 31461 (see attached Government Code Sections).

Recommendation:

Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42E – Creation/Revision – Job Code/Spec (Creation/Revision – Job Code Specification) as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

Attachments

ALAMEDA COUNTY
AUDITOR-CONTROLLER AGENCY
STEVE MANNING

AUDITOR-CONTROLLER/CLERK-RECORDER

REQUEST FOR ACERA'S REVIEW OF A NEW PAY ITEM/CODE

Employer Name:	County of Alameda
Date of Request	9/12/18
Employer Department Submitting the Request	Auditor-Controller's Agency
Contact Person/Employer (include title/position)	Dawn Duffy
Contact Person Telephone incl area code	(510) 272-6383
Contact Person Email address	dawn.duffy@acgov.org
Pay Item Name (and code Number)	**42E Creation/Revsion-Job Code/Spec**
Pay Item Effective Date per authorization:	8/12/18
State if additional documentation is attached	Yes

NOTE: The following information is required before ACERA can review and respond to the request. To meet ACERA's requirements, please provide substantive responses below or on a separate paper and return , with this form, all of the supporting documentation prior to issuing (paying) the pay item to any employee who is an ACERA member.

1. State the job classification of employees eligible for the pay item (i.e. Job Code 0499-Nurse Practitioners II may receive this pay item)

RESPONSE #1: Job Code 0293SM, Personnel Services Manager

2. State employment status of employees eligible to receive the pay item (i.e. full time employees, part time employees)

RESPONSE #2: Full Time

3. State the number of members or employees who are eligible to receive the pay item (i.e. all members or employees in a job classification eligible to receive the pay item, or "not to exceed one employee")

RESPONSE #3: One

4. State whether pay item is for overtime or regular base pay

RESPONSE #4: Regular base pay

5. State whether pay item is calculated as a fixed amount or percentage of the base pay

RESPONSE #5: percentage

6. State whether the pay item is paid one time (i.e. incentive pay, referral pay, bonus, award)

RESPONSE #6: No

7. State whether the pay item is an ad hoc payment (i.e, stipend, payment for attending a meeting during the working hours, payment for attending a meeting during non-working hours)

RESPONSE #7: No

8. State whether the pay item is a reimbursement (i.e., car allowance, housing allowance, uniform allowance, mileage payment, cell phone allowance)

RESPONSE #8: No

9. State regular working hours of the employees who will receive the pay item (i.e., 37.5 hour workweek employees, 40 hour workweek employees)

RESPONSE #9: 40 hour workweek

10. State whether pay item is for work performed outside of the regular workweek (i.e., payment for work or services performed outside of the employee's 37.5 hour workweek, or outside the employee's 40 hour workweek)

RESPONSE #10: No

11. State whether the pay item if for deferred compensation

RESPONSE #11: No

12. State whether the pay item is for retro payments

RESPONSE #12: No

13. State whether the pay item is for accrued unused leaves (i.e., sick leave, annual leave, floating holiday, vacation, comp time)

RESPONSE #13: No

14. State whether the payment is compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member or employee

RESPONSE #14: No

15. State whether the payment is severance or other payment in connection with or in anticipation of a separation from employment (and state if this payment is made while employee is working)

RESPONSE #15: No

16. State whether the pay item is paid in one lump sum or biweekly (or over some other time period-monthly, quarterly, annually)

RESPONSE #16: Biweekly

17. State the basis for eligibility for the pay item (i.e., certification of completion of training program conducted by an accredited university, or employee assigned as supervisor of badge distribution)

RESPONSE #17:

Effective August 12, 2018, not to exceed one person occupying a position under Job Code 0293SM, when assigned, in addition to the regular assignment, direct responsibility of the meet and confer process for the creation of new job classifications and job specification revisions, shall receive an additional five percent (5%) compensation.

Additional Information:

Per Salary Ordinance Section 3-13.21 (copy attached).

Article 3, Subsection 3-13 of the County of Alameda Salary Ordinance is hereby amended by the addition thereto of the following footnotes, to be effective August 12, 2018.

3-13.21 Effective August 12, 2018, not to exceed one person occupying a position under Job Code 0293SM, when assigned, in addition to the regular assignment, direct responsibility of the meet and confer process for the creation of new job classifications and job specification revisions, shall receive an additional five percent (5%) compensation.

SECOND READING - CONTINUED FROM 07/24/2018

Human Resource Services

Agenda ____________July 24, 2018
Lakeside Plaza Building
1401 Lakeside Drive, Suite 200
Oakland, CA 94612-4305
TDD: (510) 272-3703

2nd Reading 8/7/18

July 11, 2018

Honorable Board of Supervisors
Administration Building
Oakland, CA 94612

Subject: Salary Ordinance Amendments and One Memorandum of Understanding Amendment

Dear Board Members:

<u>Recommendation:</u>

1) Adopt the following Salary Ordinance amendments:
   a. Adjust the salaries for two classifications represented by the Service Employees International Union (SEIU) Local 1021 due to a re-organization of the classification structure and adjust the salary for an unrepresented classification of 0199N Accounting/Financial Support I, Services-As-Needed (SAN);
   b. Establish eight new job classifications of job codes 6033SM Probation Community Re-Entry and Outreach Director, 6076SM Probation Contracts and Grants Administrative Manager and 8588CA Investigator, Probation Department in the Probation Department, 5695NM Vector Ecologist and 5694NM Assistant Vector Ecologist in the Health Care Services Agency, 3310SM District Attorney Administrative Chief of Staff in the District Attorney's Office, 0191SM Safety and Emergency Preparedness Program Manager, General Services Agency (GSA) and 1361NM Retirement Benefits Specialist in the Alameda County Employee Retirement Association (ACERA).
   c. Establish two footnote provisions, one for 0293SM Personnel Services Manager and one for 0463SM Disability Program Administrator in the Human Resource Services Department; Section 3-12.21
   d. Amend Section 3-12.82 to extend the termination date of the footnote for job code 5143SM Physician V through December 1, 2018 and amend Section 3-12.86 to include an additional job code of 5030SM Housing Services Administrator effective August 12, 2018.

2) Adopt an Ordinance amending the April 9, 2017 through June 25, 2022 Memorandum of Understanding between the Alameda County Management Employees Association (General Government Unit) and the County of Alameda by adding the Maternal Paternal Child and Adolescent Administrator classification effective August 12, 2018.

<u>Discussion/Findings:</u>

Due to the re-organization and the collapse of the Retirement Specialist series in the Alameda County Employee Retirement Association (ACERA), staff recommend adjusting the salaries of newly retitled job codes 1352NM Retirement Technician and 1353NM Senior Retirement Technician based on the market survey and by incorporating an existing footnote compensation and eliminating the footnote compensation going forward. The revised classifications will function as a two-level flexibly staffed classification with an entry-level at the lower level and a journey-level at the higher level. The journey-level is expected to handle the more complex assignments with minimal direction. Additionally, the classification of 1351NM Retirement Specialist I will be abolished.

On May 22, 2018, your Board authorized the salary for a new classification of Accounting/Financial Support I (SAN) Temporary Assignment Pool (TAP). This classification was established to supplement the existing Accounting/Financial Support II (SAN) TAP classification to provide operating departments temporary support in the areas of clerical accounting, general accounting and/or financial services duties. There was an administrative error with the salary range that was approved, and staff recommends the correct deep class salary range as outlined in the attached ordinance. Due to the wide range of assignments for this classification, the salaries should be a larger range than what was previously approved.

The new classification of 6033SM, Probation Community Re-Entry and Outreach Director is as a result of a recent reorganization in the Probation Department that establishes a new operational division in response to initiatives focused on public safety realignment service needs throughout Alameda County. This single position classification will be responsible for managing the new Re-Entry Services Division programs, operational activities and projects for the Probation Department. Additionally, the new classification of 6076SM Probation Contracts and Grants Administrative Manager, is being established to add a unique subordinate supervisory classification to assist with managing various administrative units that provide specialized contracts and grants management, administration and auditing services. The classification will be involved in planning, coordinating, supervising and reviewing the work of subordinate staff, instituting performance measurement standards, managing contractor performance and compliance across multiple complex service areas, and/or coordinating the grants management program for the Probation Department. The new classification of 8588CA Investigator, Probation Department is being established as part of the development of the new Office of Professional Standards within the Probation Department. The Investigators conduct background and internal affairs investigations for the Chief Probation Officer and perform related investigative duties as required.

The new classifications of 5694NM Assistant Vector Ecologist and 5695NM Vector Ecologist are being established in the Environmental Health Services Department in the Health Care Services Agency under the Alameda County Vector Control Services District (ACVCSD). The ACVCSD will be undertaking a number of existing surveillance testing that were/are conducted by other agencies as well as new research projects within the District. These new positions will focus on conducting and researching molecular and scientific testing methods for detecting various pathogens and pesticide resistance of vectors. The Vector Ecologist provides direct support to the Scientific Program Manager of the ACVCD and the Assistant Vector Control Ecologists receive direction from the Vector Control Ecologist.

The new classification of 3310PA District Attorney Administrative Chief of Staff is a management-level administrative classification that will provide direct support to the District Attorney (DA) and other DA classifications. This position will be responsible for managing and supervising small administrative units within the DA's Office and will assist in planning, organizing and coordinating the administrative processes and projects in the DA's Office. Duties will consist of coordinating structured activities, developing written legal and administrative policies and practices, managing project timelines and implementation of service delivery programs and other related assignments.

The new classification of 0191SM Safety and Emergency Preparedness Program Manager, General Services Agency (GSA) is as a result of an analysis of the current class structure within GSA. The position will develop, implement, manage, coordinate and evaluate the Department's safety and emergency preparedness program in addition to having countywide responsibility for ensuring the safety of county-owned buildings.

The new classification of 1361NM Retirement Benefits Specialist is being established as a result of a reorganization within the Alameda County Employee Retirement Association's (ACERA) Benefits Unit. It was determined that the creation of a fully functioning lead position to provide oversight over each unit with a team of Retirement Technicians would increase efficiency in operations. In addition, the Retirement Benefits Specialist will help oversee and handle more complex and technical benefits assignments and projects and assist the supervisor with administering the ACERA benefits program.

Currently, there is one Personnel Services Manager that oversees the Classification and Compensation Unit in the Personnel Services Division of the Human Resources Department who administers meet and confer sessions over the creation of new job classifications and the revisions of existing job classifications. The function of the meet and confers are assigned in addition to the day-to-day oversight of the classification and compensation unit. Therefore, staff recommends establishing an additional five percent (5%) compensation for the added responsibilities.

The Public Defender's Office requested that the Human Resources Department provide direct oversight of the day to day handling of their disability cases and transactions. Due to a pending staffing assessment of the Disability Programs Division, the Disability Program Administrator is being assigned to oversee this function until the completion of the pending staffing assessment. Staff recommends a five percent (5%) footnote for the additional responsibility during this interim period.

The Health Care Services Agency currently has a Physician V who is providing leadership, direction and oversight responsibilities as the Director of the Behavioral Health Care Services Department while continuing the regular day to day duties. The Agency is in need of extending the additional compensation provided for this position to perform these additional duties while they are in the process of filling the Director, Behavioral Health Care Services position permanently.

There is an existing footnote compensation for one job code 5094SM, Division Director, Behavioral Health Care Services, when providing oversight and direction for the integrated Mental Health Services Component for the Alameda County Care Connect

(AC 3)/Whole Person Care Project. Staff recommends expanding this footnote to include one additional job code of 5094SM when providing oversight and direction for the Housing Services Component for the AC3/Whole Person Care Project.

The County and Alameda County Management Employees Association (General Government Unit R45) have reached agreement to amend the April 9, 2017 through June 25, 2022 Memorandum of Understanding to include the job classification 5086SM, Maternal Paternal Child and Adolescent Administrator, that petitioned to be represented by ACMEA. As such, the County and Alameda County Management Employees Association (General Government Unit) have agreed to include the job classification in the existing contract between the County and ACMEA effective August 12, 2018.

Financing:

Funds are available in the 2018-2019 Approved Budget and will be included in future years' requested budgets to cover the costs resulting from these actions.

Very truly yours,

Joe Angelo, Director
Human Resource Services

JA:my
Z:\Board Letters\07 24 18\ Salary Ordinance Amendments & SLA MOU Changes

Cc: CAO
Auditor-Controller
County Counsel
CEO, ACERA
Director, Health Care Services Agency
Director, General Services Agency
Probation Chief
District Attorney

1st reading 7/24/18
2nd reading 8/7/18

Job Code		Title	EFF DATE	STEP 01	STEP 02	STEP 03	STEP 04	STEP 05
5694	NM	Assistant Vector Ecologist						
			08/12/2018	2924.80	3071.20	3224.00	3385.60	3554.40
			06/30/2019	3020.00	3171.20	3328.80	3496.00	3669.60
5695	NM	Vector Ecologist						
			08/12/2018	3224.00	3385.60	3554.40	3732.80	3919.20
			06/30/2019	3328.80	3496.00	3669.60	3854.40	4046.40
6033	SM	Probation Community Re-Entry and Outreach Director						
			08/12/2018	5146.40				6258.40
			12/30/2018	5326.40				6477.60
6076	SM	Probation Contracts and Grants Administrative Manager						
			08/12/2018	4069.60				4945.60
			12/30/2018	4212.00				5118.40
8588	CA	Investigator, Probation Department						
			08/12/2018	3894.40				4712.00
			12/30/2018	4030.40				4876.80

SECTION III

Article 3, Subsection 3-12 of the County of Alameda Salary Ordinance is hereby amended by the following underlined language thereto of the following footnotes.

3-12.82 ~~**Effective April 28, 2013,**~~ **Effective February 13, 2017,** not to exceed one position under Job Code 5143SM, when assigned leadership, direction and oversight responsibilities as the Director of the County's Behavioral Health Care Services program in the Health Care Services Agency, the incumbent shall receive an additional five percent compensation. ~~This footnote is to sunset effective October 26, 2013. (BOS approved October 26, 2013 on 6/4/13) April 26, 2014 (BOS approved 11/5/13).~~ This footnote shall sunset effective ~~June 2, 2018~~ December 1, 2018. (BOS approved 5/23/17)

3-12.86 **Effective November 19, 2017**, not to exceed one position under Job Code 5094SM and effective August 12, 2018, one position under Job Code 5030SM, when providing oversight and direction for the integrated Mental Health or Housing Services component for the Alameda County Care Connect (AC3) / Whole Person Care Project, shall receive an additional five percent compensation. This footnote is to sunset effective November 14, 2020. (BOS approved 11/7/17)

SECTION IV

Article 3, Subsection 3-13 of the County of Alameda Salary Ordinance is hereby amended by the addition thereto of the following footnotes, to be effective August 12, 2018.

Jen Add'l 42E

3-13.21 Effective August 12, 2018, not to exceed one person occupying a position under Job Code 0293SM, when assigned, in addition to the regular assignment, direct responsibility of the meet and confer process for the creation of new job classifications and job specification revisions, shall receive an additional five percent (5%) compensation.

3-13.22 Effective August 12, 2018, not to exceed one person occupying a position under Job Code 0463SM, when assigned, in addition to the regular assignment, direct oversight and responsibility for the disability services for the Public Defender's Office, shall receive an additional five percent (5%) compensation. This footnote shall sunset on August 10, 2019.

Gov. Code Sec. 31461. (a) "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.

(b) "Compensation earnable" does not include, in any case, the following:

(1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:

(A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.

(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.

(C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned in each 12-month period during the final average salary period regardless of when reported or paid.

(2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned in each 12-month period during the final average salary period, regardless of when reported or paid.

(3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(4) Payments made at the termination of employment, except those payments that do not exceed what is earned in each 12-month period during the final average salary period, regardless of when reported or paid.

Gov. Code Sec. 7522.34. (a) "Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.

(b) Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

(c) "Pensionable compensation" does not include the following:

(1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.

(2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.

(3) Any one-time or ad hoc payments made to a member.

(4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

(5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.

(6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.

(8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.

(9) Employer contributions to deferred compensation or defined contribution plans.

(10) Any bonus paid in addition to the compensation described in subdivision (a).

(11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).

(12) Any other form of compensation a public retirement board determines should not be pensionable compensation.

MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE:	October 3, 2018
TO:	Members of the Operations Committee
FROM:	Sandra Dueñas-Cuevas, Benefits Manager
SUBJECT:	**Adoption of New Pay Item – Pay Code 42F for County**

Attached is a request from Dawn Duffy, of the Auditor-Controller Agency, with the County of Alameda (County) to review a new pay item to determine whether it meets the criteria of compensation earnable and pensionable compensation.

The pay item is Ovrsight/Resp-Dis. Svcs (PD Off) (Oversight Responsibility – Disability Services Public Defender's Office), code 42F. The Board of Supervisors of the County of Alameda approved the Alameda County Salary Ordinance Section 3-13.22 to state; Effective August 12, 2018, not to exceed one position occupying a position under Job Code 0463SM, when assigned, in addition to the regular assignment, direct oversight and responsibility for the disability services for the Public Defender's Office, shall receive an additional five percent (5%) compensation. This footnote shall sunset on August 10, 2019. Pay Code 42F is effective August 12, 2018. The County has provided all required information for this item.

Because this pay item applies to one member in the classifications mentioned above, it will be not considered pensionable compensation for PEPRA members however it will be compensation earnable for Legacy members according to Government Codes Section 7522.34 and 31461 (see attached Government Code Sections).

Recommendation:

Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42F – Ovrsight/Resp-Dis. Svcs (PD Off) (Oversight Responsibility – Disability Services Public Defender's Office) as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

Attachments

ALAMEDA COUNTY
AUDITOR-CONTROLLER AGENCY
STEVE MANNING

AUDITOR-CONTROLLER/CLERK-RECORDER

REQUEST FOR ACERA'S REVIEW OF A NEW PAY ITEM/CODE

Employer Name:	County of Alameda
Date of Request	9/12/18
Employer Department Submitting the Request	Auditor-Controller's Agency
Contact Person/Employer (include title/position)	Dawn Duffy
Contact Person Telephone incl area code	(510) 272-6383
Contact Person Email address	dawn.duffy@acgov.org
Pay Item Name (and code Number)	**42F Ovrsight/Resp-Dis.Svcs(PD Off)**
Pay Item Effective Date per authorization:	8/12/18
State if additional documentation is attached	Yes

NOTE: The following information is required before ACERA can review and respond to the request. To meet ACERA's requirements, please provide substantive responses below or on a separate paper and return , with this form, all of the supporting documentation prior to issuing (paying) the pay item to any employee who is an ACERA member.

1. State the job classification of employees eligible for the pay item (i.e. Job Code 0499-Nurse Practitioners II may receive this pay item)

RESPONSE #1: Job Code 0463SM, Disability Progrm Administor

2. State employment status of employees eligible to receive the pay item (i.e. full time employees, part time employees)

RESPONSE #2: Full Time

3. State the number of members or employees who are eligible to receive the pay item (i.e. all members or employees in a job classification eligible to receive the pay item, or "not to exceed one employee")

RESPONSE #3: One

4. State whether pay item is for overtime or regular base pay

RESPONSE #4: Regular base pay

5. State whether pay item is calculated as a fixed amount or percentage of the base pay

RESPONSE #5: percentage

6. State whether the pay item is paid one time (i.e. incentive pay, referral pay, bonus, award)

RESPONSE #6: No

7. State whether the pay item is an ad hoc payment (i.e, stipend, payment for attending a meeting during the working hours, payment for attending a meeting during non-working hours)

RESPONSE #7: No

8. State whether the pay item is a reimbursement (i.e., car allowance, housing allowance, uniform allowance, mileage payment, cell phone allowance)

RESPONSE #8: No

9. State regular working hours of the employees who will receive the pay item (i.e., 37.5 hour workweek employees, 40 hour workweek employees)

RESPONSE #9: 40 hour workweek

10. State whether pay item is for work performed outside of the regular workweek (i.e., payment for work or services performed outside of the employee's 37.5 hour workweek, or outside the employee's 40 hour workweek)

RESPONSE #10: No

11. State whether the pay item if for deferred compensation

RESPONSE #11: No

12. State whether the pay item is for retro payments

RESPONSE #12: No

13. State whether the pay item is for accrued unused leaves (i.e., sick leave, annual leave, floating holiday, vacation, comp time)

RESPONSE #13: No

14. State whether the payment is compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member or employee

RESPONSE #14: No

15. State whether the payment is severance or other payment in connection with or in anticipation of a separation from employment (and state if this payment is made while employee is working)

RESPONSE #15: No

16. State whether the pay item is paid in one lump sum or biweekly (or over some other time period-monthly, quarterly, annually)

ALAMEDA COUNTY
AUDITOR-CONTROLLER AGENCY
STEVE MANNING
AUDITOR-CONTROLLER/CLERK-RECORDER

RESPONSE #16: Biweekly

17. State the basis for eligibility for the pay item (i.e., certification of completion of training program conducted by an accredited university, or employee assigned as supervisor of badge distribution)

RESPONSE #17:

Effective August 12, 2018, not to exceed one person occupying a position under Job Code 0463SM, when assigned, in addition to the regular assignment, direct oversight and responsibility for the disability services of the Public Defender's Office, shall receive an additional five percent (5%) compensation. This footnote shall sunset on August 10, 2019.

Additional Information:

Per Salary Ordinance Section 3-13.22 (copy attached).

3-13.22 Effective August 12, 2018, not to exceed one person occupying a position under Job Code 0463SM, when assigned, in addition to the regular assignment, direct oversight and responsibility for the disability services for the Public Defender's Office, shall receive an additional five percent (5%) compensation. This footnote shall sunset on August 10, 2019.

Central Collections Division
1221 Oak St., Rm. 220
Oakland, CA 94612
Tel: (510) 208-9900
Fax: (510) 208-9932

Office of the Auditor-Controller
Melissa Wilk, Chief Deputy Auditor
1221 Oak St., Rm. 249
Oakland, CA 94612
Tel: (510) 272-6565
Fax: (510) 272-6502

Clerk-Recorder's Office
1106 Madison St., 1st Floor
Oakland, CA 94607
Tel: (510) 272-6362
Fax: (510) 208-9858

SECOND READING - CONTINUED FROM 07/24/2018

Human Resource Services

Agenda ____________ July 24, 2018
Lakeside Plaza Building
1401 Lakeside Drive, Suite 200
Oakland, CA 94612-4305
TDD: (510) 272-3703

2nd Reading 8/7/18

July 11, 2018

Honorable Board of Supervisors
Administration Building
Oakland, CA 94612

Subject: Salary Ordinance Amendments and One Memorandum of Understanding Amendment

Dear Board Members:

Recommendation:

1) Adopt the following Salary Ordinance amendments:
   a. Adjust the salaries for two classifications represented by the Service Employees International Union (SEIU) Local 1021 due to a re-organization of the classification structure and adjust the salary for an unrepresented classification of 0199N Accounting/Financial Support I, Services-As-Needed (SAN);
   b. Establish eight new job classifications of job codes 6033SM Probation Community Re-Entry and Outreach Director, 6076SM Probation Contracts and Grants Administrative Manager and 8588CA Investigator, Probation Department in the Probation Department, 5695NM Vector Ecologist and 5694NM Assistant Vector Ecologist in the Health Care Services Agency, 3310SM District Attorney Administrative Chief of Staff in the District Attorney's Office, 0191SM Safety and Emergency Preparedness Program Manager, General Services Agency (GSA) and 1361NM Retirement Benefits Specialist in the Alameda County Employee Retirement Association (ACERA).
   c. Establish two footnote provisions, one for 0293SM Personnel Services Manager and one for 0463SM Disability Program Administrator in the Human Resource Services Department;
   d. Amend Section 3-12.82 to extend the termination date of the footnote for job code 5143SM Physician V through December 1, 2018 and amend Section 3-12.86 to include an additional job code of 5030SM Housing Services Administrator effective August 12, 2018.

Section 3-13.22 New 42F

2) Adopt an Ordinance amending the April 9, 2017 through June 25, 2022 Memorandum of Understanding between the Alameda County Management Employees Association (General Government Unit) and the County of Alameda by adding the Maternal Paternal Child and Adolescent Administrator classification effective August 12, 2018.

Discussion/Findings:

Due to the re-organization and the collapse of the Retirement Specialist series in the Alameda County Employee Retirement Association (ACERA), staff recommend adjusting the salaries of newly retitled job codes 1352NM Retirement Technician and 1353NM Senior Retirement Technician based on the market survey and by incorporating an existing footnote compensation and eliminating the footnote compensation going forward. The revised classifications will function as a two-level flexibly staffed classification with an entry-level at the lower level and a journey-level at the higher level. The journey-level is expected to handle the more complex assignments with minimal direction. Additionally, the classification of 1351NM Retirement Specialist I will be abolished.

On May 22, 2018, your Board authorized the salary for a new classification of Accounting/Financial Support I (SAN) Temporary Assignment Pool (TAP). This classification was established to supplement the existing Accounting/Financial Support II (SAN) TAP classification to provide operating departments temporary support in the areas of clerical accounting, general accounting and/or financial services duties. There was an administrative error with the salary range that was approved, and staff recommends the correct deep class salary range as outlined in the attached ordinance. Due to the wide range of assignments for this classification, the salaries should be a larger range than what was previously approved.

The new classification of 6033SM, Probation Community Re-Entry and Outreach Director is as a result of a recent reorganization in the Probation Department that establishes a new operational division in response to initiatives focused on public safety realignment service needs throughout Alameda County. This single position classification will be responsible for managing the new Re-Entry Services Division programs, operational activities and projects for the Probation Department. Additionally, the new classification of 6076SM Probation Contracts and Grants Administrative Manager, is being established to add a unique subordinate supervisory classification to assist with managing various administrative units that provide specialized contracts and grants management, administration and auditing services. The classification will be involved in planning, coordinating, supervising and reviewing the work of subordinate staff, instituting performance measurement standards, managing contractor performance and compliance across multiple complex service areas, and/or coordinating the grants management program for the Probation Department. The new classification of 8588CA Investigator, Probation Department is being established as part of the development of the new Office of Professional Standards within the Probation Department. The Investigators conduct background and internal affairs investigations for the Chief Probation Officer and perform related investigative duties as required.

The new classifications of 5694NM Assistant Vector Ecologist and 5695NM Vector Ecologist are being established in the Environmental Health Services Department in the Health Care Services Agency under the Alameda County Vector Control Services District (ACVCSD). The ACVCSD will be undertaking a number of existing surveillance testing that were/are conducted by other agencies as well as new research projects within the District. These new positions will focus on conducting and researching molecular and scientific testing methods for detecting various pathogens and pesticide resistance of vectors. The Vector Ecologist provides direct support to the Scientific Program Manager of the ACVCD and the Assistant Vector Control Ecologists receive direction from the Vector Control Ecologist.

The new classification of 3310PA District Attorney Administrative Chief of Staff is a management-level administrative classification that will provide direct support to the District Attorney (DA) and other DA classifications. This position will be responsible for managing and supervising small administrative units within the DA's Office and will assist in planning, organizing and coordinating the administrative processes and projects in the DA's Office. Duties will consist of coordinating structured activities, developing written legal and administrative policies and practices, managing project timelines and implementation of service delivery programs and other related assignments.

The new classification of 0191SM Safety and Emergency Preparedness Program Manager, General Services Agency (GSA) is as a result of an analysis of the current class structure within GSA. The position will develop, implement, manage, coordinate and evaluate the Department's safety and emergency preparedness program in addition to having countywide responsibility for ensuring the safety of county-owned buildings.

The new classification of 1361NM Retirement Benefits Specialist is being established as a result of a reorganization within the Alameda County Employee Retirement Association's (ACERA) Benefits Unit. It was determined that the creation of a fully functioning lead position to provide oversight over each unit with a team of Retirement Technicians would increase efficiency in operations. In addition, the Retirement Benefits Specialist will help oversee and handle more complex and technical benefits assignments and projects and assist the supervisor with administering the ACERA benefits program.

Currently, there is one Personnel Services Manager that oversees the Classification and Compensation Unit in the Personnel Services Division of the Human Resources Department who administers meet and confer sessions over the creation of new job classifications and the revisions of existing job classifications. The function of the meet and confers are assigned in addition to the day-to-day oversight of the classification and compensation unit. Therefore, staff recommends establishing an additional five percent (5%) compensation for the added responsibilities.

The Public Defender's Office requested that the Human Resources Department provide direct oversight of the day to day handling of their disability cases and transactions. Due to a pending staffing assessment of the Disability Programs Division, the Disability Program Administrator is being assigned to oversee this function until the completion of the pending staffing assessment. Staff recommends a five percent (5%) footnote for the additional responsibility during this interim period.

The Health Care Services Agency currently has a Physician V who is providing leadership, direction and oversight responsibilities as the Director of the Behavioral Health Care Services Department while continuing the regular day to day duties. The Agency is in need of extending the additional compensation provided for this position to perform these additional duties while they are in the process of filling the Director, Behavioral Health Care Services position permanently.

There is an existing footnote compensation for one job code 5094SM, Division Director, Behavioral Health Care Services, when providing oversight and direction for the integrated Mental Health Services Component for the Alameda County Care Connect

(AC 3)/Whole Person Care Project. Staff recommends expanding this footnote to include one additional job code of 5094SM when providing oversight and direction for the Housing Services Component for the AC3/Whole Person Care Project.

The County and Alameda County Management Employees Association (General Government Unit R45) have reached agreement to amend the April 9, 2017 through June 25, 2022 Memorandum of Understanding to include the job classification 5086SM, Maternal Paternal Child and Adolescent Administrator, that petitioned to be represented by ACMEA. As such, the County and Alameda County Management Employees Association (General Government Unit) have agreed to include the job classification in the existing contract between the County and ACMEA effective August 12, 2018.

Financing:

Funds are available in the 2018-2019 Approved Budget and will be included in future years' requested budgets to cover the costs resulting from these actions.

Very truly yours,

Joe Angelo, Director
Human Resource Services

JA:my
Z:\Board Letters\07 24 18\ Salary Ordinance Amendments & SLA MOU Changes

Cc: CAO
Auditor-Controller
County Counsel
CEO, ACERA
Director, Health Care Services Agency
Director, General Services Agency
Probation Chief
District Attorney

1st reading 7/24/18
2nd reading 8/7/18

Job Code		Title	EFF DATE	STEP 01	STEP 02	STEP 03	STEP 04	STEP 05
5694	NM	Assistant Vector Ecologist						
			08/12/2018	2924.80	3071.20	3224.00	3385.60	3554.40
			06/30/2019	3020.00	3171.20	3328.80	3496.00	3669.60
5695	NM	Vector Ecologist						
			08/12/2018	3224.00	3385.60	3554.40	3732.80	3919.20
			06/30/2019	3328.80	3496.00	3669.60	3854.40	4046.40
6033	SM	Probation Community Re-Entry and Outreach Director						
			08/12/2018	5146.40				6258.40
			12/30/2018	5326.40				6477.60
6076	SM	Probation Contracts and Grants Administrative Manager						
			08/12/2018	4069.60				4945.60
			12/30/2018	4212.00				5118.40
8588	CA	Investigator, Probation Department						
			08/12/2018	3894.40				4712.00
			12/30/2018	4030.40				4876.80

SECTION III

Article 3, Subsection 3-12 of the County of Alameda Salary Ordinance is hereby amended by the following underlined language thereto of the following footnotes.

3-12.82 ~~Effective April 28, 2013,~~ **Effective February 13, 2017,** not to exceed one position under Job Code 5143SM, when assigned leadership, direction and oversight responsibilities as the Director of the County's Behavioral Health Care Services program in the Health Care Services Agency, the incumbent shall receive an additional five percent compensation. ~~This footnote is to sunset effective October 26, 2013. (BOS approved October 26, 2013 on 6/4/13) April 26, 2014 (BOS approved 11/5/13).~~ This footnote shall sunset effective ~~June 2, 2018~~ December 1, 2018. (BOS approved 5/23/17)

3-12.86 **Effective November 19, 2017**, not to exceed one position under Job Code 5094SM and effective August 12, 2018, one position under Job Code 5030SM, when providing oversight and direction for the integrated Mental Health or Housing Services component for the Alameda County Care Connect (AC3) / Whole Person Care Project, shall receive an additional five percent compensation. This footnote is to sunset effective November 14, 2020. (BOS approved 11/7/17)

SECTION IV

Article 3, Subsection 3-13 of the County of Alameda Salary Ordinance is hereby amended by the addition thereto of the following footnotes, to be effective August 12, 2018.

3-13.21 Effective August 12, 2018, not to exceed one person occupying a position under Job Code 0293SM, when assigned, in addition to the regular assignment, direct responsibility of the meet and confer process for the creation of new job classifications and job specification revisions, shall receive an additional five percent (5%) compensation.

3-13.22 Effective August 12, 2018, not to exceed one person occupying a position under Job Code 0463SM, when assigned, in addition to the regular assignment, direct oversight and responsibility for the disability services for the Public Defender's Office, shall receive an additional five percent (5%) compensation. This footnote shall sunset on August 10, 2019.

New
Add'l 42F

Gov. Code Sec. 31461. (a) "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.

(b) "Compensation earnable" does not include, in any case, the following:

(1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:

(A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.

(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.

(C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned in each 12-month period during the final average salary period regardless of when reported or paid.

(2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned in each 12-month period during the final average salary period, regardless of when reported or paid.

(3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(4) Payments made at the termination of employment, except those payments that do not exceed what is earned in each 12-month period during the final average salary period, regardless of when reported or paid.

Gov. Code Sec. 7522.34. (a) "Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.

(b) Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

(c) "Pensionable compensation" does not include the following:

(1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.

(2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.

(3) Any one-time or ad hoc payments made to a member.

(4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

(5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.

(6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.

(8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.

(9) Employer contributions to deferred compensation or defined contribution plans.

(10) Any bonus paid in addition to the compensation described in subdivision (a).

(11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).

(12) Any other form of compensation a public retirement board determines should not be pensionable compensation.

MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: October 3, 2018

TO: Members of the Operations Committee

FROM: Sandra Dueñas-Cuevas, Benefits Manager

SUBJECT: **Adoption of New Pay Item – Pay Code 42G for County**

Attached is a request from Dawn Duffy, of the Auditor-Controller Agency, with the County of Alameda (County) to review a new pay item to determine whether it meets the criteria of compensation earnable and pensionable compensation.

The pay item is Lead/Off Mgr-Bus. Tax Lic Unit (Lead/Office Manager – Business Tax License Unit), code 42G. The Board of Supervisors of the County of Alameda approved the Alameda County Salary Ordinance Section 3-19-17 to state; Effective September 23, 2018, not to exceed one position under Job Code 0161NM, when performing lead duties in the Business License Tax Unit of the Treasurer-Tax Collector Department on an on-going basis, and serving as the Office Manager in the Hayward Office in the absence of the supervisor, shall receive an additional five (5) percent compensation. This footnote shall sunset on September 19, 2020. Pay Code 42G is effective September 23, 2018. The County has provided all required information for this item.

Because this pay item applies to one member in the classifications mentioned above, it will be not considered pensionable compensation for PEPRA members however it will be compensation earnable for Legacy members according to Government Codes Section 7522.34 and 31461 (see attached Government Code Sections).

Recommendation:
Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42G – Lead/Off Mgr-Bus. Tax Lic Unit (Lead/Office Manager – Business Tax License Unit) as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

Attachments

ALAMEDA COUNTY
AUDITOR-CONTROLLER AGENCY
STEVE MANNING
AUDITOR-CONTROLLER/CLERK-RECORDER

REQUEST FOR ACERA'S REVIEW OF A NEW PAY ITEM/CODE

Employer Name:	County of Alameda
Date of Request	9/12/18
Employer Department Submitting the Request	Auditor-Controller's Agency
Contact Person/Employer (include title/position)	Dawn Duffy
Contact Person Telephone incl area code	(510) 272-6383
Contact Person Email address	dawn.duffy@acgov.org
Pay Item Name (and code Number)	**42G Lead/Off Mgr-Bus.Tax Lic Unit**
Pay Item Effective Date per authorization:	9/23/18
State if additional documentation is attached	Yes

NOTE: The following information is required before ACERA can review and respond to the request. To meet ACERA's requirements, please provide substantive responses below or on a separate paper and return , with this form, all of the supporting documentation prior to issuing (paying) the pay item to any employee who is an ACERA member.

1. State the job classification of employees eligible for the pay item (i.e. Job Code 0499-Nurse Practitioners II may receive this pay item)

RESPONSE #1: Job Code 0161NM, Business License Tax Auditor

2. State employment status of employees eligible to receive the pay item (i.e. full time employees, part time employees)

RESPONSE #2: Full Time

3. State the number of members or employees who are eligible to receive the pay item (i.e. all members or employees in a job classification eligible to receive the pay item, or "not to exceed one employee")

RESPONSE #3: One

4. State whether pay item is for overtime or regular base pay

RESPONSE #4: Regular base pay

5. State whether pay item is calculated as a fixed amount or percentage of the base pay

RESPONSE #5: percentage

6. State whether the pay item is paid one time (i.e. incentive pay, referral pay, bonus, award)

RESPONSE #6: No

7. State whether the pay item is an ad hoc payment (i.e, stipend, payment for attending a meeting during the working hours, payment for attending a meeting during non-working hours)

RESPONSE #7: No

8. State whether the pay item is a reimbursement (i.e., car allowance, housing allowance, uniform allowance, mileage payment, cell phone allowance)

RESPONSE #8: No

9. State regular working hours of the employees who will receive the pay item (i.e., 37.5 hour workweek employees, 40 hour workweek employees)

RESPONSE #9: 40 hour workweek

10. State whether pay item is for work performed outside of the regular workweek (i.e., payment for work or services performed outside of the employee's 37.5 hour workweek, or outside the employee's 40 hour workweek)

RESPONSE #10: No

11. State whether the pay item if for deferred compensation

RESPONSE #11: No

12. State whether the pay item is for retro payments

RESPONSE #12: No

13. State whether the pay item is for accrued unused leaves (i.e., sick leave, annual leave, floating holiday, vacation, comp time)

RESPONSE #13: No

14. State whether the payment is compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member or employee

RESPONSE #14: No

15. State whether the payment is severance or other payment in connection with or in anticipation of a separation from employment (and state if this payment is made while employee is working)

RESPONSE #15: No

16. State whether the pay item is paid in one lump sum or biweekly (or over some other time period-monthly, quarterly, annually)

RESPONSE #16: Biweekly

17. State the basis for eligibility for the pay item (i.e., certification of completion of training program conducted by an accredited university, or employee assigned as supervisor of badge distribution)

RESPONSE #17:

Effective September 23, 2018, not to exceed one position under Job Code 0161NM, when performing lead duties in the Business License Tax Unit of the Treasurer-Tax Collector Department on an on-going basis, and serving as the Office Manager in the Hayward Office in the absence of the supervisor, shall receive an additional five percent (5%) compensation. This footnote shall sunset on September 19, 2020.

Additional Information:

Per Salary Ordinance Section 3-19.17 (copy attached).

SECTION II

Article 3, Subsection 3-19 of the County of Alameda Salary Ordinance is hereby amended by the addition thereto of the following footnote, to be effective September 23, 2018.

3-19.17 Effective September 23, 2018, not to exceed one position under Job Code 0161NM, when performing lead duties in the Business License Tax Unit of the Treasurer-Tax Collector Department on an on-going basis, and serving as the Office Manager in the Hayward Office in the absence of the supervisor, shall receive an additional five percent (5%) compensation. This footnote shall sunset on September 19, 2020.

Human Resource Services

Agenda ____________August 7, 2018

Lakeside Plaza Building
1401 Lakeside Drive, Suite 200
Oakland, CA 94612-4305
TDD: (510) 272-3703

July 25, 2018

Honorable Board of Supervisors
Administration Building
Oakland, CA 94612

Subject: Salary Ordinance Amendments and One Memorandum of Understanding Amendment

Dear Board Members:

Recommendation:

1) Adopt the following Salary Ordinance amendments:
   a. Increase the salaries for the County of Alameda Deputy Sheriff's Association classifications, Alameda County Management Employees Association (ACMEA) Sheriff's Management Sworn Unit classifications, Unrepresented District Attorney Inspector classifications and the ACMEA General Government Public Defender Investigator classifications by 3.8% based upon mandated Memoranda of Understanding (MOU) provisions and salary tie relationships.
   b. Adjust the salaries for two unrepresented executive management level classifications due to salary compaction issues and one classification represented by the Service Employees International Union (SEIU) Local 1021 based on an internal alignment with another classification;
   3-19.17 c. Establish one footnote provision for 0161NM Business License Tax Auditor in the Treasurer-Tax Collector's Department;

2) Adopt one Sideletter of Agreement between the County of Alameda and the ACMEA Sheriff's Management Sworn Unit to implement Memorandum of Understanding (MOU) changes for employees covered by the California Labor Code Section 4850 industrial illness or injury provisions.

Discussion/Findings:

The Memorandum of Understanding between the County and the County of Alameda Deputy Sheriff's Association calls for a salary increase effective July 2018 based on survey results. The increase this year is 3.8%, effective July 15, 2018.

In addition, the Alameda County Management Employees Association (ACMEA) - Sheriff's Management Sworn Unit calls for a salary increase for sworn management classes in the Sheriff's Office, in the same amount and effective the same date as the Deputy Sheriff's Association increase. As such, these classes are to receive a 3.8% increase, effective July 15, 2018.

Based on a historic tie with sworn personnel in the Sheriff's Office, we are recommending a salary increase for the Inspector job classes in the District Attorney's Office, which is a 3.8% increase, effective July 15, 2018.

Further, based on contractual agreement with the ACMEA General Government Unit, the Public Defender Investigators are to receive the same salary increase, effective the same date as granted to the District Attorney Inspectors. As such, these classes are also to receive a 3.8% increase, effective July 15, 2018.

With the increases for the ACMEA Sheriff's Management Sworn Unit, staff recommend applying the same increases, effective the same date, to the classifications of 0053EM Assistant Sheriff and 0055EM Undersheriff in order to prevent compaction and to maintain the current difference between the classifications.

On July 24, 2018, your Board approved the salary adjustment of the 6765NM Adult Protective Services Worker II classification, however, there was an administrative error and the approved salary rates did not include the 3.5% cost-of-living increase received by SEIU Local 1021 effective July 1, 2018. Staff recommends the corrected rate as outlined in the attached ordinance.

The Treasurer-Tax Collector's Office is in need of having one Business License Tax Auditor perform in a lead capacity on an ongoing basis to other support staff in the Business License Tax Unit, as well as function as the Office Manager in the absence of the supervisor. Staff recommends establishing a five percent (5%) footnote to compensate for the additional work that will be required.

Lastly, on June 6, 2017, your Board authorized staff to meet with identified labor organizations to discuss proposed MOU changes related to the State of California's Labor Code Section 4850 Industrial Illness or Injury and the impact to employees covered by this provision. The sideletter of agreement between the County of Alameda and the ACMEA Sheriff's Management Sworn Unit reflects the changes to the MOU provision.

Financing:

Funds are available in the 2018-2019 Approved Budget and will be included in future years' requested budgets to cover the costs resulting from these actions.

Very truly yours,

Joe Angelo, Director
Human Resource Services

JA:my
Z:\Board Letters\08 07 18\ Salary Ordinance Amendments & SLA MOU Changes

Cc: CAO
Auditor-Controller
County Counsel
Director, Social Services Agency
Sheriff
Public Defender
District Attorney

Job Code		Title		STEP 01	STEP 02	STEP 03	STEP 04	STEP 05
8576	SM	Public Defender Investigtr I						
			07/15/2018	2812.80	2953.60	3101.60	3256.80	3508.00
8577	CA	Public Defender Investigtr II						
			07/15/2018	3461.60	3635.20	3817.60	4008.00	4261.60
8579	CA	Public Defender Investigtr III						
			07/15/2018	4413.60	4626.40	4812.80	5053.60	5302.40
8581	SM	Senior Invest, Pub Def Office						
			07/15/2018	5303.20	5569.60	5840.00	6132.80	6433.60

SECTION II

Article 3, Subsection 3-19 of the County of Alameda Salary Ordinance is hereby amended by the addition thereto of the following footnote, to be effective September 23, 2018.

New Add'l 42G

3-19.17 Effective September 23, 2018, not to exceed one position under Job Code 0161NM, when performing lead duties in the Business License Tax Unit of the Treasurer-Tax Collector Department on an on-going basis, and serving as the Office Manager in the Hayward Office in the absence of the supervisor, shall receive an additional five percent (5%) compensation. This footnote shall sunset on September 19, 2020.

SECTION III

This ordinance shall take effect immediately, and before the expiration of fifteen days after its passage, shall be published once with the names of the members voting for and against it in the Inter-City Express, a newspaper published in the County of Alameda.

JA:my
Z:\Board Letters\08 07 18\ Salary Ordinance Amendments & SLA MOU Changes

Gov. Code Sec. 31461. (a) "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.

(b) "Compensation earnable" does not include, in any case, the following:

(1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:

(A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.

(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.

(C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned in each 12-month period during the final average salary period regardless of when reported or paid.

(2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned in each 12-month period during the final average salary period, regardless of when reported or paid.

(3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(4) Payments made at the termination of employment, except those payments that do not exceed what is earned in each 12-month period during the final average salary period, regardless of when reported or paid.

Gov. Code Sec. 7522.34. (a) "Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.

(b) Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

(c) "Pensionable compensation" does not include the following:

(1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.

(2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.

(3) Any one-time or ad hoc payments made to a member.

(4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

(5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.

(6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.

(8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.

(9) Employer contributions to deferred compensation or defined contribution plans.

(10) Any bonus paid in addition to the compensation described in subdivision (a).

(11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).

(12) Any other form of compensation a public retirement board determines should not be pensionable compensation.

MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE:	October 3, 2018
TO:	Members of the Operations Committee
FROM:	Sandra Dueñas-Cuevas, Benefits Manager
SUBJECT:	**Adoption of New Pay Item – Pay Code 42H for County**

Attached is a request from Dawn Duffy, of the Auditor-Controller Agency, with the County of Alameda (County) to review a new pay item to determine whether it meets the criteria of compensation earnable and pensionable compensation.

The pay item is PH Emergency Response Function (Public Health Emergency Response Function), code 42H. The Board of Supervisors of the County of Alameda approved the Alameda County Salary Ordinance Section 3-12.88 to state; Effective July 29, 2018, not to exceed one person occupying a position under Job Code 0315SM, when assigned, in addition to the regular assignment, clinical expertise and oversight responsibility when overseeing public health emergency response functions in the Public Health System Preparedness and Response Unit, shall be compensated an additional five (5) percent compensation. This footnote will sunset on August 8, 2020. Pay Code 42H is effective July 29, 2018. The County has provided all required information for this item.

Because this pay item applies to one member in the classifications mentioned above, it will be not considered pensionable compensation for PEPRA members however it will be compensation earnable for Legacy members according to Government Codes Section 7522.34 and 31461 (see attached Government Code Sections).

Recommendation:
Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board designate Pay Item 42H – PH Emergency Response Function (Public Health Emergency Response Function) as not pensionable compensation for PEPRA members however compensation earnable for Legacy members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

Attachments

ALAMEDA COUNTY
AUDITOR-CONTROLLER AGENCY
STEVE MANNING
AUDITOR-CONTROLLER/CLERK-RECORDER

REQUEST FOR ACERA'S REVIEW OF A NEW PAY ITEM/CODE

Employer Name:	County of Alameda
Date of Request	9/12/18
Employer Department Submitting the Request	Auditor-Controller's Agency
Contact Person/Employer (include title/position)	Dawn Duffy
Contact Person Telephone incl area code	(510) 272-6383
Contact Person Email address	dawn.duffy@acgov.org
Pay Item Name (and code Number)	**42H PH Emergency Response Function**
Pay Item Effective Date per authorization:	7/29/18
State if additional documentation is attached	Yes

NOTE: The following information is required before ACERA can review and respond to the request. To meet ACERA's requirements, please provide substantive responses below or on a separate paper and return , with this form, all of the supporting documentation prior to issuing (paying) the pay item to any employee who is an ACERA member.

1. State the job classification of employees eligible for the pay item (i.e. Job Code 0499-Nurse Practitioners II may receive this pay item)

RESPONSE #1: Job Code 0315SM, Health Care Program Admin II

2. State employment status of employees eligible to receive the pay item (i.e. full time employees, part time employees)

RESPONSE #2: Full Time

3. State the number of members or employees who are eligible to receive the pay item (i.e. all members or employees in a job classification eligible to receive the pay item, or "not to exceed one employee")

RESPONSE #3: One

4. State whether pay item is for overtime or regular base pay

RESPONSE #4: Regular base pay

5. State whether pay item is calculated as a fixed amount or percentage of the base pay

RESPONSE #5: percentage

6. State whether the pay item is paid one time (i.e. incentive pay, referral pay, bonus, award)

RESPONSE #6: No

7. State whether the pay item is an ad hoc payment (i.e, stipend, payment for attending a meeting during the working hours, payment for attending a meeting during non-working hours)

RESPONSE #7: No

8. State whether the pay item is a reimbursement (i.e., car allowance, housing allowance, uniform allowance, mileage payment, cell phone allowance)

RESPONSE #8: No

9. State regular working hours of the employees who will receive the pay item (i.e., 37.5 hour workweek employees, 40 hour workweek employees)

RESPONSE #9: 40 hour workweek

10. State whether pay item is for work performed outside of the regular workweek (i.e., payment for work or services performed outside of the employee's 37.5 hour workweek, or outside the employee's 40 hour workweek)

RESPONSE #10: No

11. State whether the pay item if for deferred compensation

RESPONSE #11: No

12. State whether the pay item is for retro payments

RESPONSE #12: No

13. State whether the pay item is for accrued unused leaves (i.e., sick leave, annual leave, floating holiday, vacation, comp time)

RESPONSE #13: No

14. State whether the payment is compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member or employee

RESPONSE #14: No

15. State whether the payment is severance or other payment in connection with or in anticipation of a separation from employment (and state if this payment is made while employee is working)

RESPONSE #15: No

16. State whether the pay item is paid in one lump sum or biweekly (or over some other time period-monthly, quarterly, annually)

RESPONSE #16: Biweekly

17. State the basis for eligibility for the pay item (i.e., certification of completion of training program conducted by an accredited university, or employee assigned as supervisor of badge distribution)

RESPONSE #17:

When assigned clinical expertise and oversight responsibility when overseeing public health emergency response functions in the Public Health System Preparedness and Response Unit, shall be compensated an additional 5 percent.

Additional Information:

Per Salary Ordinance Section 3-12.88 (copy attached).

3-12.88 **Effective July 29, 2018,** not to exceed one person occupying a position under Job Code 0315SM, when assigned, in addition to the regular assignment, clinical expertise and oversight responsibility when overseeing public health emergency response functions in the Public Health System Preparedness and Response Unit, shall be compensated an additional 5 percent compensation. This footnote will sunset on August 8, 2020. (BOS approved 7/24/18)

ALAMEDA COUNTY

Human Resource Services

Agenda 22 July 10, 2018

Lakeside Plaza Building
1401 Lakeside Drive, Suite 200
Oakland, CA 94612-4305
TDD: (510) 272-3703

2nd Reading 7/24/18

File 30114

June 26, 2018

Honorable Board of Supervisors
Administration Building
Oakland, CA 94612

Subject: Salary Ordinance Amendments and Two Sideletters of Agreement

Dear Board Members:

Recommendation:

1) Adopt the following Salary Ordinance amendments:
   a. Increase the salary for one classification represented by the Service Employees International Union (SEIU) Local 1021 and various Unrepresented Management classifications based on internal alignment and/or compaction issues;
   b. Establish a new job classification of Associate Youth and Family Services Therapist in the Sheriff's Office;
   c. Establish two footnote provisions, one for 6045SM Social Services Program Manager when assigned to the Children and Family Services Department in the Social Services Agency (SSA) and one for 0315SM Health Care Program Administrator II in the Health Care Services Agency;
   d. Amend Section 3-12.69 to extend the termination date of the footnote through December 29, 2018 for the classifications under Job Codes 5129 and/5139N when performing the full range of psychiatric care duties in the Criminal Justice Mental Health Services in Behavioral Health Care Services;
   e. Amend Section 3-12.19 and 3-18.31 to specify salary administration criteria for the classifications of 5390PA Deputy Director, Public Health Nursing, 6080EM Assistant Agency Director, SSA and 0484SM Staff Development Manager.

2) Adopt an Ordinance amending the April 9, 2017 through June 25, 2022 Memorandum of Understanding between the Alameda County Management Employees Association (General Government Unit) and the County of Alameda by adding the Deputy Director, Emergency Medical Services District classification effective July 1, 2018.

3) Adopt two Sideletters of Agreement between the County of Alameda and the Service Employees International Union (SEIU) Local 1021 to implement Memorandum of Understanding (MOU) changes by revising the caseloads for Child Welfare Workers in the Children and Family Services Department effective July 1, 2018. The second is between the County of Alameda and the Union of American Physicians and Dentists (UAPD) is to amend Section 3-12.69 to extend the termination date of the footnote through December 29, 2018 for the classifications under Job Codes 5129 and 5139N when performing the full range of psychiatric care duties in the Criminal Justice Mental Health Services in Behavioral Health Care Services.

Discussion/Findings:

Staff conducted a review of the salaries for various classifications represented by SEIU Local 1021 and two Unrepresented Management classifications that have compaction issues with subordinate staff and/or internal alignment issues with other comparable classifications. Staff recommends special adjustments outlined in the attached ordinance to address these issues.

The new classification of the Associate Youth and Family Services Therapist is a result of the expansion of the Sheriff's Office Youth and Family Services Bureau. Over time, the program has grown exponentially and now provides a wide range of services to clients participating in Inmate Services/Youth and Family coordinated reentry programs. The focus of this position is to provide a variety of crisis intervention and referrals based on client risks and needs. Incumbents will conduct individual, couple, family and group therapy for at-risk children, adolescents, adults and their families who are victims of crime, trauma and abuse who may be involved in the criminal justice system and/or who are suffering from mental health disorders.

As a part of ACMEA General Government contract negotiations, your Board authorized staff to develop a task force with ACMEA GG and some of its members that work in the SSA Children and Family Services (CFS) Department. As a result of the task force and approval by the SSA Agency Director, staff are recommending a 5 percent footnote compensation to acknowledge the complexity of the work performed by the SSA Program Managers assigned to the CFS Department including the large amount of additional work that is required due to the intricacies of child welfare work.

Staff recommend establishing a footnote for one Health Care Program Administrator II when providing clinical coordination and oversight in the Public Health System Preparedness & Response unit. With the clinical oversight responsibility, this position will be responsible for providing clinical expertise that allows more input and independence to assess, coordinate and provide training and response to bioterrorism and other public health emergencies, including relevant clinical training and response to private health care providers, essential service workers and other emergency personnel that otherwise would require an additional or separate clinical consultant to develop the materials and/or provide the training. This clinical oversight will also include required service on the rotation as the First Call Duty Officer within the Emergency Medical Services Division.

Staff are currently in negotiations with the Union of American Physicians and Dentists (UAPD) – staff recommend temporarily extending the existing footnote compensation for the Physician IIIs while working in Criminal Justice Mental Health Services until negotiations are completed or no later than December 29, 2018. The attached ordinance reflects the proposed amended language.

The unrepresented management classifications of Deputy Director, Public Health Nursing, Assistant Agency Director, SSA and Staff Development Manager are receiving special adjustments due to internal alignment and/or market survey results. As such, staff recommends these classifications be established as "deep classes" with salary administration criteria effective on the dates outlined in the attached ordinance.

The County and Alameda County Management Employees Association (General Government Unit R45) have reached agreement to amend the April 9, 2017 through June 25, 2022 Memorandum of Understanding to include the job classification 5789SM, Deputy Director, Emergency Medical Services District, that petitioned to be represented by ACMEA. As such, the County and Alameda County Management Employees Association (General Government Unit) have agreed to include the job classification in the existing contract between the County and ACMEA effective July 1, 2018.

Staff met with SEIU Local 1021 to discuss changes to the caseloads for the Child Welfare Workers in the CFS Department effective July 1, 2018. The attached sideletter between the County of Alameda and SEIU 1021 reflects the changes in the caseloads for the respective units which will replace the existing sideletter in the current MOU.

Financing:

Funds are available in the 2018-2019 Approved Budget and will be included in future years' requested budgets to cover the costs resulting from these actions.

Very truly yours,

Cynthia Baron for

Joe Angelo, Director
Human Resource Services

JA:my
Z:\Board Letters\07 10 18\ Salary Ordinance Amendments & SLA MOU Changes

Cc: CAO
Auditor-Controller
County Counsel
Director, Social Services Agency
Director, Health Care Services Agency
Director, General Services Agency
Sheriff

5096SM (effective 09/20/09),5098SM (effective 3/21/10), 5391PA (effective 10/3/10), 5643PA, 5791SM (effective 09/23/07), 5801SM (effective 11/15/09) 6141PA, 6186SM, 6494SM, 6645SM, 6516SM (effective 4/4/10), 6517SM (effective 4/4/10), 6518PA (effective 11/14/10) and 6647SM (effective 01/25/09), 5061SM and 5062SM (effective 7/2/17), and Job Code 5789SM (effective 9/24/17) (BOS approved 9/12/17) and 5056EM, 5088PA, 5091SM and 6910PA and 5390PA (effective 7/29/18) may be compensated at any biweekly amount within the range of salaries shown for that classification, as determined by the Director of Health Care Services. (BOS approved 5049PA 03/11/08) (BOS approved 5086SM and 6647SM 01/27/09) (BOS approved 5096SM 09/15/09) (BOS approved 5801SM 11/10/09) (BOS approved 0302PA 2/9/10) (BOS approved 5098SM 3/16/10) (BOS approved 6516SM and 6517SM 3/30/10) (BOS approved 5391PA 9/28/10) (BOS approved 0302PA and 6518PA 11/2/10) (BOS approved 5075SM 1/29/13) (BOS approved 5045EM 5/21/13) (BOS approved 5069SM 4/18/14) (BOS approved 5095PA 121/6/13) (BOS approved 5693SM 1/27/15) and Job Code 0401SM Director of Interagency Children's Policy Council (effective 3/15/15) (BOS approved 3/10/15) and Job Code 5760SM (BOS approved 2/2/16) and Job Code 1500SM (effective 6/5/16) (BOS approved 5/24/16) and Job Code 5055SM (effective 06/17/16) (BOS approved 7/12/16) and Job Code 5782SM (effective 3/26/17) (BOS approved 3/21/17) (BOS approved 5056EM, 5088PA, 5091SM and 6910PA 12/19/17)

3-12.69 **Effective** ~~July 27, 2008~~ ~~**December 11, 2011, December 7, 2014,**~~ **July 1, 2018,** not to exceed ten employees occupying positions under Job Codes 5139 and/or 5139N who perform the full range of psychiatric care duties in the Criminal Justice Mental Health Services in Behavioral Health Care Services shall receive an additional twenty-five percent compensation. The compensation authorized by this footnote will terminate ~~December 10, 2011~~ ~~**December 6, 2014**~~. ~~**July 4, 2015 January 2, 2016. July 2, 2016. June 30, 2018**~~ **December 29, 2018.**

3-12.88 Effective July 29, 2018, not to exceed one person occupying a position under Job Code 0315SM, when assigned, in addition to the regular assignment, clinical expertise and oversight responsibility when overseeing public health emergency response functions in the Public Health System Preparedness and Response Unit, shall be compensated an additional 5 percent compensation. This footnote will sunset on August 8, 2020.

SECTION IV

Article 3, Subsection 3-18 of the County of Alameda Salary Ordinance is hereby amended by the following underlined language and the addition thereto of the following footnotes, to be effective on the dates indicated below.

3-18.31 Persons occupying positions under Job Codes 6912PA, ~~or~~ 6915PA, 6080EM (effective. 6/3/2018) or 0484SM (effective 7/29/18) may be compensated at any salary within the salary range for the respective class as determined by the Agency head.

3-18.44 Effective July 29, 2018, persons occupying positions under Job Code 6045SM shall be compensated an additional 5 percent when assigned to the Children and Family Services Department.

SECTION V

This ordinance shall take effect immediately, and before the expiration of fifteen days after its passage, shall be published once with the names of the members voting for and against it in the Inter-City Express, a newspaper published in the County of Alameda.

JA:my
Z:\Board Letters\07 10 18\ Salary Ordinance Amendments & SLA MOU Changes

Gov. Code Sec. 31461. (a) "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.

(b) "Compensation earnable" does not include, in any case, the following:

(1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:

(A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.

(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.

(C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned in each 12-month period during the final average salary period regardless of when reported or paid.

(2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned in each 12-month period during the final average salary period, regardless of when reported or paid.

(3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(4) Payments made at the termination of employment, except those payments that do not exceed what is earned in each 12-month period during the final average salary period, regardless of when reported or paid.

Gov. Code Sec. 7522.34. (a) "Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.

(b) Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

(c) "Pensionable compensation" does not include the following:

(1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.

(2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.

(3) Any one-time or ad hoc payments made to a member.

(4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

(5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.

(6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.

(8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.

(9) Employer contributions to deferred compensation or defined contribution plans.

(10) Any bonus paid in addition to the compensation described in subdivision (a).

(11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).

(12) Any other form of compensation a public retirement board determines should not be pensionable compensation.

MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: October 3, 2018

TO: Members of the Operations Committee

FROM: Sandra Dueñas-Cuevas, Benefits Manager

SUBJECT: **Adoption of New Pay Item – Pay Code 42I for County**

Attached is a request from Dawn Duffy, of the Auditor-Controller Agency, with the County of Alameda (County) to review a new pay item to determine whether it meets the criteria of compensation earnable and pensionable compensation.

The pay item is Childrn & Famly Svcs Dept Asgn (Children And Family Services Department Assignment), code 42I. The Board of Supervisors of the County of Alameda approved the Alameda County Salary Ordinance Section 3-18.44 to state; Effective July 29, 2018, persons occupying positions under Job Code 6045SM shall be compensated an additional five (5) percent when assigned to the Children and Family Services Department. Pay Code 42I is effective July 29, 2018. The County has provided all required information for this item.

Because this pay item applies to more than one member in the classifications mentioned above, it will be considered pensionable compensation and compensation earnable according to Government Codes Section 7522.34 and 31461 (see attached Government Code Sections).

Recommendation:
Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board approve the inclusion of Pay Item 42I – Childrn & Family Svcs Dept Asgn (Children And Family Services Department Assignment) as pensionable compensation and compensation earnable for a members with entry dates before, on or after January 1, 2013, based on Government Code Section 7522.34 and 31461.

Attachments

REQUEST FOR ACERA'S REVIEW OF A NEW PAY ITEM/CODE

Employer Name:	County of Alameda
Date of Request	9/12/18
Employer Department Submitting the Request	Auditor-Controller's Agency
Contact Person/Employer (include title/position)	Dawn Duffy
Contact Person Telephone incl area code	(510) 272-6383
Contact Person Email address	dawn.duffy@acgov.org
Pay Item Name (and code Number)	**42I Childrn & Famly Svcs Dept Asgn**
Pay Item Effective Date per authorization:	7/29/18
State if additional documentation is attached	Yes

NOTE: The following information is required before ACERA can review and respond to the request. To meet ACERA's requirements, please provide substantive responses below or on a separate paper and return , with this form, all of the supporting documentation prior to issuing (paying) the pay item to any employee who is an ACERA member.

1. State the job classification of employees eligible for the pay item (i.e. Job Code 0499-Nurse Practitioners II may receive this pay item)

RESPONSE #1: Job Code 6045SM, Social Services Program Mgr

2. State employment status of employees eligible to receive the pay item (i.e. full time employees, part time employees)

RESPONSE #2: Full Time

3. State the number of members or employees who are eligible to receive the pay item (i.e. all members or employees in a job classification eligible to receive the pay item, or "not to exceed one employee")

RESPONSE #3: "Persons" – exact number not stated.

4. State whether pay item is for overtime or regular base pay

RESPONSE #4: Regular base pay

5. State whether pay item is calculated as a fixed amount or percentage of the base pay

RESPONSE #5: percentage

6. State whether the pay item is paid one time (i.e. incentive pay, referral pay, bonus, award)

RESPONSE #6: No

7. State whether the pay item is an ad hoc payment (i.e, stipend, payment for attending a meeting during the working hours, payment for attending a meeting during non-working hours)

RESPONSE #7: No

8. State whether the pay item is a reimbursement (i.e., car allowance, housing allowance, uniform allowance, mileage payment, cell phone allowance)

RESPONSE #8: No

9. State regular working hours of the employees who will receive the pay item (i.e., 37.5 hour workweek employees, 40 hour workweek employees)

RESPONSE #9: 40 hour workweek

10. State whether pay item is for work performed outside of the regular workweek (i.e., payment for work or services performed outside of the employee's 37.5 hour workweek, or outside the employee's 40 hour workweek)

RESPONSE #10: No

11. State whether the pay item if for deferred compensation

RESPONSE #11: No

12. State whether the pay item is for retro payments

RESPONSE #12: No

13. State whether the pay item is for accrued unused leaves (i.e., sick leave, annual leave, floating holiday, vacation, comp time)

RESPONSE #13: No

14. State whether the payment is compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member or employee

RESPONSE #14: No

15. State whether the payment is severance or other payment in connection with or in anticipation of a separation from employment (and state if this payment is made while employee is working)

RESPONSE #15: No

16. State whether the pay item is paid in one lump sum or biweekly (or over some other time period-monthly, quarterly, annually)

RESPONSE #16: Biweekly

17. State the basis for eligibility for the pay item (i.e., certification of completion of training program conducted by an accredited university, or employee assigned as supervisor of badge distribution)

RESPONSE #17:

Persons occupying positions under Job Code 6045SM shall be compensated an additional 5 percent when assigned to the Children and Family Services Department

Additional Information:

Per Salary Ordinance Section 3-18.44 (copy attached).

3-18.44 Effective July 29, 2018, persons occupying positions under Job Code 6045SM shall be compensated an additional 5 percent when assigned to the Children and Family Services Department. (BOS approved 7/24/18)

Human Resource Services

Agenda 22 July 10, 2018

Lakeside Plaza Building
1401 Lakeside Drive, Suite 200
Oakland, CA 94612-4305
TDD: (510) 272-3703

June 26, 2018

2nd Reading 7/24/18
File 30114

Honorable Board of Supervisors
Administration Building
Oakland, CA 94612

Subject: Salary Ordinance Amendments and Two Sideletters of Agreement

Dear Board Members:

Recommendation:

1) Adopt the following Salary Ordinance amendments:
   a. Increase the salary for one classification represented by the Service Employees International Union (SEIU) Local 1021 and various Unrepresented Management classifications based on internal alignment and/or compaction issues;
   b. Establish a new job classification of Associate Youth and Family Services Therapist in the Sheriff's Office;
   c. Establish two footnote provisions, one for 6045SM Social Services Program Manager when assigned to the Children and Family Services Department in the Social Services Agency (SSA) and one for 0315SM Health Care Program Administrator II in the Health Care Services Agency;
   d. Amend Section 3-12.69 to extend the termination date of the footnote through December 29, 2018 for the classifications under Job Codes 5129 and/5139N when performing the full range of psychiatric care duties in the Criminal Justice Mental Health Services in Behavioral Health Care Services;
   e. Amend Section 3-12.19 and 3-18.31 to specify salary administration criteria for the classifications of 5390PA Deputy Director, Public Health Nursing, 6080EM Assistant Agency Director, SSA and 0484SM Staff Development Manager.

2) Adopt an Ordinance amending the April 9, 2017 through June 25, 2022 Memorandum of Understanding between the Alameda County Management Employees Association (General Government Unit) and the County of Alameda by adding the Deputy Director, Emergency Medical Services District classification effective July 1, 2018.

3) Adopt two Sideletters of Agreement between the County of Alameda and the Service Employees International Union (SEIU) Local 1021 to implement Memorandum of Understanding (MOU) changes by revising the caseloads for Child Welfare Workers in the Children and Family Services Department effective July 1, 2018. The second is between the County of Alameda and the Union of American Physicians and Dentists (UAPD) is to amend Section 3-12.69 to extend the termination date of the footnote through December 29, 2018 for the classifications under Job Codes 5129 and 5139N when performing the full range of psychiatric care duties in the Criminal Justice Mental Health Services in Behavioral Health Care Services.

Discussion/Findings:

Staff conducted a review of the salaries for various classifications represented by SEIU Local 1021 and two Unrepresented Management classifications that have compaction issues with subordinate staff and/or internal alignment issues with other comparable classifications. Staff recommends special adjustments outlined in the attached ordinance to address these issues.

The new classification of the Associate Youth and Family Services Therapist is a result of the expansion of the Sheriff's Office Youth and Family Services Bureau. Over time, the program has grown exponentially and now provides a wide range of services to clients participating in Inmate Services/Youth and Family coordinated reentry programs. The focus of this position is to provide a variety of crisis intervention and referrals based on client risks and needs. Incumbents will conduct individual, couple, family and group therapy for at-risk children, adolescents, adults and their families who are victims of crime, trauma and abuse who may be involved in the criminal justice system and/or who are suffering from mental health disorders.

As a part of ACMEA General Government contract negotiations, your Board authorized staff to develop a task force with ACMEA GG and some of its members that work in the SSA Children and Family Services (CFS) Department. As a result of the task force and approval by the SSA Agency Director, staff are recommending a 5 percent footnote compensation to acknowledge the complexity of the work performed by the SSA Program Managers assigned to the CFS Department including the large amount of additional work that is required due to the intricacies of child welfare work.

Staff recommend establishing a footnote for one Health Care Program Administrator II when providing clinical coordination and oversight in the Public Health System Preparedness & Response unit. With the clinical oversight responsibility, this position will be responsible for providing clinical expertise that allows more input and independence to assess, coordinate and provide training and response to bioterrorism and other public health emergencies, including relevant clinical training and response to private health care providers, essential service workers and other emergency personnel that otherwise would require an additional or separate clinical consultant to develop the materials and/or provide the training. This clinical oversight will also include required service on the rotation as the First Call Duty Officer within the Emergency Medical Services Division.

Staff are currently in negotiations with the Union of American Physicians and Dentists (UAPD) – staff recommend temporarily extending the existing footnote compensation for the Physician IIIs while working in Criminal Justice Mental Health Services until negotiations are completed or no later than December 29, 2018. The attached ordinance reflects the proposed amended language.

The unrepresented management classifications of Deputy Director, Public Health Nursing, Assistant Agency Director, SSA and Staff Development Manager are receiving special adjustments due to internal alignment and/or market survey results. As such, staff recommends these classifications be established as "deep classes" with salary administration criteria effective on the dates outlined in the attached ordinance.

The County and Alameda County Management Employees Association (General Government Unit R45) have reached agreement to amend the April 9, 2017 through June 25, 2022 Memorandum of Understanding to include the job classification 5789SM, Deputy Director, Emergency Medical Services District, that petitioned to be represented by ACMEA. As such, the County and Alameda County Management Employees Association (General Government Unit) have agreed to include the job classification in the existing contract between the County and ACMEA effective July 1, 2018.

Staff met with SEIU Local 1021 to discuss changes to the caseloads for the Child Welfare Workers in the CFS Department effective July 1, 2018. The attached sideletter between the County of Alameda and SEIU 1021 reflects the changes in the caseloads for the respective units which will replace the existing sideletter in the current MOU.

Financing:

Funds are available in the 2018-2019 Approved Budget and will be included in future years' requested budgets to cover the costs resulting from these actions.

Very truly yours,

Cynthia Baron for

Joe Angelo, Director
Human Resource Services

JA:my
Z:\Board Letters\07 10 18\ Salary Ordinance Amendments & SLA MOU Changes

Cc: CAO
Auditor-Controller
County Counsel
Director, Social Services Agency
Director, Health Care Services Agency
Director, General Services Agency
Sheriff

5096SM (effective 09/20/09),5098SM (effective 3/21/10), 5391PA (effective 10/3/10), 5643PA, 5791SM (effective 09/23/07), 5801SM (effective 11/15/09) 6141PA, 6186SM, 6494SM, 6645SM, 6516SM (effective 4/4/10), 6517SM (effective 4/4/10), 6518PA (effective 11/14/10) and 6647SM (effective 01/25/09), 5061SM and 5062SM (effective 7/2/17), and Job Code 5789SM (effective 9/24/17) (BOS approved 9/12/17) and 5056EM, 5088PA, 5091SM and 6910PA and 5390PA (effective 7/29/18) may be compensated at any biweekly amount within the range of salaries shown for that classification, as determined by the Director of Health Care Services. (BOS approved 5049PA 03/11/08) (BOS approved 5086SM and 6647SM 01/27/09) (BOS approved 5096SM 09/15/09) (BOS approved 5801SM 11/10/09) (BOS approved 0302PA 2/9/10) (BOS approved 5098SM 3/16/10) (BOS approved 6516SM and 6517SM 3/30/10) (BOS approved 5391PA 9/28/10) (BOS approved 0302PA and 6518PA 11/2/10) (BOS approved 5075SM 1/29/13) (BOS approved 5045EM 5/21/13) (BOS approved 5069SM 4/18/14) (BOS approved 5095PA 121/6/13) (BOS approved 5693SM 1/27/15) and Job Code 0401SM Director of Interagency Children's Policy Council (effective 3/15/15) (BOS approved 3/10/15) and Job Code 5760SM (BOS approved 2/2/16) and Job Code 1500SM (effective 6/5/16) (BOS approved 5/24/16) and Job Code 5055SM (effective 06/17/16) (BOS approved 7/12/16) and Job Code 5782SM (effective 3/26/17) (BOS approved 3/21/17) (BOS approved 5056EM, 5088PA, 5091SM and 6910PA 12/19/17)

3-12.69 **Effective** ~~July 27, 2008~~ **~~December 11, 2011, December 7, 2014,~~ July 1, 2018,** not to exceed ten employees occupying positions under Job Codes 5139 and/or 5139N who perform the full range of psychiatric care duties in the Criminal Justice Mental Health Services in Behavioral Health Care Services shall receive an additional twenty-five percent compensation. The compensation authorized by this footnote will terminate ~~December 10, 2011~~ **~~December 6, 2014~~. ~~July 4, 2015 January 2, 2016. July 2, 2016. June 30, 2018~~ December 29, 2018.**

3-12.88 Effective July 29, 2018, not to exceed one person occupying a position under Job Code 0315SM, when assigned, in addition to the regular assignment, clinical expertise and oversight responsibility when overseeing public health emergency response functions in the Public Health System Preparedness and Response Unit, shall be compensated an additional 5 percent compensation. This footnote will sunset on August 8, 2020.

SECTION IV

Article 3, Subsection 3-18 of the County of Alameda Salary Ordinance is hereby amended by the following underlined language and the addition thereto of the following footnotes, to be effective on the dates indicated below.

3-18.31 Persons occupying positions under Job Codes 6912PA, ~~or~~ 6915PA, 6080EM (effective. 6/3/2018) or 0484SM (effective 7/29/18) may be compensated at any salary within the salary range for the respective class as determined by the Agency head.

3-18.44 Effective July 29, 2018, persons occupying positions under Job Code 6045SM shall be compensated an additional 5 percent when assigned to the Children and Family Services Department.

SECTION V

This ordinance shall take effect immediately, and before the expiration of fifteen days after its passage, shall be published once with the names of the members voting for and against it in the Inter-City Express, a newspaper published in the County of Alameda.

JA:my
Z:\Board Letters\07 10 18\ Salary Ordinance Amendments & SLA MOU Changes

Gov. Code Sec. 31461. (a) "Compensation earnable" by a member means the average compensation as determined by the board, for the period under consideration upon the basis of the average number of days ordinarily worked by persons in the same grade or class of positions during the period, and at the same rate of pay. The computation for any absence shall be based on the compensation of the position held by the member at the beginning of the absence. Compensation, as defined in Section 31460, that has been deferred shall be deemed "compensation earnable" when earned, rather than when paid.

(b) "Compensation earnable" does not include, in any case, the following:

(1) Any compensation determined by the board to have been paid to enhance a member's retirement benefit under that system. That compensation may include:

(A) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member, and which was converted to and received by the member in the form of a cash payment in the final average salary period.

(B) Any one-time or ad hoc payment made to a member, but not to all similarly situated members in the member's grade or class.

(C) Any payment that is made solely due to the termination of the member's employment, but is received by the member while employed, except those payments that do not exceed what is earned in each 12-month period during the final average salary period regardless of when reported or paid.

(2) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, in an amount that exceeds that which may be earned in each 12-month period during the final average salary period, regardless of when reported or paid.

(3) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(4) Payments made at the termination of employment, except those payments that do not exceed what is earned in each 12-month period during the final average salary period, regardless of when reported or paid.

Gov. Code Sec. 7522.34. (a) "Pensionable compensation" of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.

(b) Compensation that has been deferred shall be deemed pensionable compensation when earned rather than when paid.

(c) "Pensionable compensation" does not include the following:

(1) Any compensation determined by the board to have been paid to increase a member's retirement benefit under that system.

(2) Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.

(3) Any one-time or ad hoc payments made to a member.

(4) Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

(5) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.

(6) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.

(8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.

(9) Employer contributions to deferred compensation or defined contribution plans.

(10) Any bonus paid in addition to the compensation described in subdivision (a).

(11) Any other form of compensation a public retirement board determines is inconsistent with the requirements of subdivision (a).

(12) Any other form of compensation a public retirement board determines should not be pensionable compensation.

ACERA

MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: October 3, 2018

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer

SUBJECT: Total Operating Expense Budget Summary for August 31, 2018

ACERA's operating expenses are $24K under budget for the period ending August 31, 2018. Budget overages and surpluses worth noting are as follows:

Budget Overage

1. *Staffing*: Staffing is $295K over budget. This amount comprises overages in fringe benefits of $53K due to excesses in the fringe benefit rate and temporary staffing of $423K, which are offset by surplus in staff vacancies of ($181K).
2. *Professional Fees*: Professional Fees is $44K over budget. This amount comprises overages in actuarial fees of $75K due to timing differences, which is offset by surplus in legal fees of ($26K) and operations consulting of ($5K).

Budget Surplus

1. *Staff Development*: Staff Development is $151K under budget. The is due to savings from unattended staff trainings and reductions in headcount.
2. *Office Expense*: Office Expense is $22K under budget. This amount comprises surpluses in bank charges and misc. admin expenses of ($10K), office maintenance and supplies of ($20K), and printing and postage of ($3K), which are offset by overages in building expenses of $8K, communication expense of $1K, and minor equipment/furniture and equipment lease/maintenance of $2K.
3. *Member Services*: Member Services is $23K under budget. This amount comprises surpluses in disability legal arbitration and transcripts of ($17K), health reimbursement account of ($5K), and members printing and postage of ($7K), which are offset by overages in disability members medical and claim management of $6K.
4. *Systems:* Systems is $68K under budget. This is mainly attributed to surplus in software maintenance of ($75K) due to delays in database migration project, county data processing of ($2K) and computer maintenance of ($1K), that are offset by overage in minor computer hardware of $10K.

5. *Depreciation*: Depreciation is $4K under budget. This is primarily due to fully depreciated fixed assets included in office equipment, EDMS and disaster recovery equipment.

6. *Board of Retirement:* Board of Retirement is $93K under budget. This amount comprises surpluses in board miscellaneous expense of ($19K) primarily due to delays in software upgrade for trustees and board room recording upgrade, board compensation of ($4K), board conferences and trainings of ($2K) and savings of ($69K) from 2017 board employer reimbursement accruals, which are offset by overage in board strategic planning of $1K.

Staffing Detail

As of August 31, 2018, ACERA had the following vacant positions:

Department	Position	QTY	Comments
Administration	Assistant CEO	1	Work out of class – currently budgeted until 12/2018
Benefits	Retirement Specialist	3	Filled by temporary staff - budget allocation will start in 09/2018
Benefits	Retirement Specialist	2	Filled by temporary staff - currently budgeted until 12/2018
Benefits	Retirement Support Specialist	1	Filled by temporary staff – budget allocation will start in 09/2018
Fiscal Services	Assistant Accounting Manager	1	Retired - currently budgeted until 12/2018
Fiscal Services	Retirement Accountant II	1	Retired - currently budgeted until 12/2018
Fiscal Services	Retirement Accountant III	1	Filled by temporary staff - currently budgeted until 12/2018
Investments	Admin Support Specialist	1	Resigned - currently budgeted until 12/2018
Investments	Investment Analyst	1	Resigned - currently budgeted until 12/2018
	Total Positions	**12**	

ACERA

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

TOTAL OPERATING EXPENSE SUMMARY

YEAR TO DATE ACTUAL VS. BUDGET

August 31, 2018

	Actual *Year-To-Date*	Budget *Year-To-Date*	YTD Variance *(Under)/Over*	2018 *Annual* *Budget*	% Actual to *Annual Budget*
Staffing	$ 9,500,849	$ 9,206,200	$ **294,649**	$ 13,850,200	**68.6%**
Staff Development	208,057	358,920	**(150,863)**	559,000	**37.2%**
Professional Fees **(Page 2)**	906,017	861,840	**44,177**	1,143,000	**79.3%**
Office Expense	327,107	349,490	**(22,383)**	530,000	**61.7%**
Insurance	842,672	844,940	**(2,268)**	1,278,000	**65.9%**
Member Services	250,398	272,600	**(22,202)**	470,800	**53.2%**
Systems	707,379	775,420	**(68,041)**	1,191,000	**59.4%**
Depreciation	80,983	85,200	**(4,217)**	126,000	**64.3%**
Board of Retirement	291,409	384,140	**(92,731)**	628,000	**46.4%**
Uncollectable Benefit Payments	-	-	-	30,000	**0.0%**
	$ 13,114,871	**$ 13,138,750**	**$ (23,879)**	**$ 19,806,000**	**66.2%**

ACERA

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
PROFESSIONAL FEES
YEAR TO DATE ACTUAL VS. BUDGET
August 31, 2018

	Actual Year-To-Date	Budget Year-To-Date	YTD Variance (Under)/Over	2018 Annual Budget	% Actual to Annual Budget
Professional Fees					
Consultant Fees - Operations and Projects[1]	$ 250,302	$ 254,800	$ (4,498)	$ 360,000	69.5%
Legal Fees[2]	126,021	152,000	(25,979)	229,000	55.0%
Actuarial Fees	383,694	309,040	74,654	408,000	94.0%
External Audit	146,000	146,000	-	146,000	100.0%
Total Professional Fees	**$ 906,017**	**$ 861,840**	**$ 44,177**	**$ 1,143,000**	79.3%

	Actual Year-To-Date	Budget Year-To-Date	YTD Variance (Under)/Over	2018 Annual Budget	% Actual to Annual Budget
[1] *Consultant Fees - Operations and Projects:*					
Administration					
Contingency Fees	$ -	$ -	$ -	$ -	0.0%
Total Administration	-	-	-	-	0.0%
Benefits					
Keenan (Benefit Consultant/Retiree Open Enrollment)	76,838	76,800	38	115,000	66.8%
Keenan (Retirees Health Insurance Benefit)	35,250	36,000	(750)	36,000	97.9%
Alameda County HRS (County Retirees Medical)	84,000	84,000	-	126,000	66.7%
Total Benefits	196,088	196,800	(712)	277,000	70.8%
Human Resources					
Lakeside Group (County Personnel)	51,333	52,000	(667)	77,000	66.7%
Total Human Resources	51,333	52,000	(667)	77,000	66.7%
Internal Audit					
IDEA Consulting for software	-	3,000	(3,000)	3,000	0.0%
Peer Review - Internal Audit Quality	2,881	3,000	(119)	3,000	0.0%
Total Internal Audit	2,881	6,000	(3,119)	6,000	0.0%
Total Consultant Fees - Operations	$ 250,302	$ 254,800	$ (4,498)	$ 360,000	69.5%
Total Consultant Fees - Operations	**$ 250,302**	**$ 254,800**	**$ (4,498)**	**$ 360,000**	69.5%
ACTUARIAL FEES					
Actuarial fees (562-00-005)	286,194	231,400	54,794	311,000	92.0%
GASB 67 & 68 Valuation (562-00-005)	44,500	30,000	14,500	45,000	98.9%
GASB 74 & 75-Actuarial (562-00-005)	13,000	8,640	4,360	13,000	100.0%
Actuarial fees-SRBR (562-00-007)	39,000	39,000	-	39,000	100.0%
Actuarial Audit (562-90-415)	1,000	-	1,000	-	0.0%
Total Actuarial Fees	$ 383,694	$ 309,040	$ 74,654	$ 408,000	94.0%
EXTERNAL AUDIT					
External audit (562-00-004)	123,936	123,000	936	123,000	100.8%
GASB 67 & 68 (562-00-004)	11,388	12,000	(612)	12,000	94.9%
GASB 74 & 75-External Audit (562-00-004)	10,676	11,000	(324)	11,000	97.1%
Total External Audit Fees	$ 146,000	$ 146,000	$ -	$ 146,000	100.0%
[2] *Legal Fees*					
Fiduciary Counseling:					
Manatt, Phelps & Phillips	-	80,000	(80,000)	121,000	0.0%
Nossaman, LLP	55,119	-	55,119	-	0.0%
Tax and Benefit Issues:					
Hanson, Bridgett, LLP	1,030	28,000	(26,970)	42,000	2.5%
Reed Smith	19,683	-	19,683		0.0%
Litigation and Securities:					
Employment	-	44,000	(44,000)	66,000	0.0%
Pension Reform:					
Reed Smith (ACD Sheriff's)	31,883	-	31,883	-	0.0%
Contingency Fees - Misc.					
Other litigation and investigations:					
Baker Hostetler	3,981	-	3,981	-	0.0%
Byers/Richardson	980	-	980	-	0.0%
Kroll LLC	7,270	-	7,270	-	0.0%
Meyers/Nave Professional Law Corporation	6,075	-	6,075	-	0.0%
John L. Williams	-	-	-	-	0.0%
Amy Oppenheimer	-	-	-	-	0.0%
West Coast Workplace Investigation	-	-	-	-	0.0%
Total Legal Fees	$ 126,021	$ 152,000	$ (25,979)	$ 229,000	55.0%

ACERA

MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: October 3, 2018

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer

SUBJECT: Statement of Reserves as of June 30, 2018

Executive Summary

The Statement of Reserves as of June 30, 2018, is attached for your review. The semi-annual interest crediting as of June 30, 2018 was completed on August 29, 2018.

For the six-month period ended June 30, 2018, approximately $314.7 million of total interest was credited to all the valuation reserve accounts, including the 401(h) account and the SRBR.

- Regular earnings of $293.6 million were credited to the valuation reserve accounts, the 401(h) account and the SRBR at the assumed rate of return of 3.80%.
- The first 50% of $21.1 million ($10.6 million) in earnings above the assumed rate of return (excess earnings) were posted to the valuation reserve accounts and the 401(h) account at crediting rate of 0.1548%.
- The remaining 50% of the $21.1 million ($10.6 million) earnings above the assumed rate of return (excess earnings) were posted to SRBR at the crediting rate of 1.1832%.

The total interest crediting rate to the valuation reserve accounts and the 401(h) account was 3.9546% and the total interest crediting rate to SRBR was 4.9819% (see table below).

	Valuation Reserve & 401(h) Accounts			SRBR	
	Amount	Rate		Amount	Rate
Regular Earnings	$259,621,377	3.8000%		$33,963,283	3.8000%
Excess Earnings	10,574,982	0.1548%		10,574,982	1.1832%
Total Interest Credited	$270,196,359	**3.9548%**		**$44,538,265**	**4.9832%**

The process for crediting interest as of June 30, 2018, is presented in the table below. Note that for this semi-annual interest crediting period, the Contingency Reserve Account (CRA) was restored to 1% of total assets as of June 30, 2018, and there was no subsequent withdrawal of funds from the CRA to meet interest crediting shortfalls.

Interest Crediting Methodology as of June 30, 2018	
Expected Actuarial Earnings for the period	$ 306,788,549.92
10 % Amortization of deferred amounts – (Sum of the last 10 periods)	15,337,369.91
Actuarial earnings on a smoothed basis	**322,125,919.83**
CRA adjustment to 1% of total assets as of 06/30/2018	(7,391,294.62)
Actuarial earnings available for interest crediting	***314,734,625.21***
Interest credited at the assumed return rate of 3.8000%	293,584,660.68
Excess Earnings - Earnings above the assumed rate of return	**$ 21,149,964.53**
50% of Excess Earning credited to the SRBR at the rate of 1.1832%	$ 10,574,982.27
50% of Excess Earning credited to the other reserves at the rate of 0.1548%	$ 10,574,982.26

There was a market ***gain*** of approximately $86.3 million for the six-month period ended June 30, 2018, which was lower than the expected actuarial earnings of approximately $306.8 million. As a result, $220.5 million in ***losses*** were added to the market stabilization reserve (the difference of the actual market gain and the expected actuarial earnings). In addition, $15.3 million of net ***gains*** from the previous ten (10) interest crediting cycles were recognized in the current interest cycle period. Thus, the market stabilization reserve deferred ***gains*** decreased from $309.1 million as of December 31, 2017 to $73.3 million in deferred ***gains*** as of June 30, 2018.

Supplemental Retiree Benefit Reserve (SRBR)
The SRBR received the interest credit of $44.5 million for the six-month period ended June 30, 2018. Please see the attached separate memorandum dated October 3, 2018, and the SRBR status for further details.

Attachments:

- Statement of Reserves as of June 30, 2018.
- Memorandum dated October 3, 2018, SRBR Status as of June 30. 2018.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF RESERVES
For the Six Months Ended June 30, 2018

	Beginning Balances 1/1/2018	Net Contributions Benefits, Refunds & Transfers 1/1 - 6/30/2018	Interest Crediting Process 1/1 - 6/30/2018 (3.8000%)	Allocation of Excess Earnings 1/1 - 6/30/2018 (0.1548%)	Ending Balances 6/30/2018
Member Reserves:					
Active Member Reserves	1,462,720,919	(28,825,135)	52,113,484 [1]	2,122,703 [1]	1,488,131,971
Employer Advance Reserve	916,408,841	15,069,442	32,034,566	1,304,842	964,817,691
401(h) Account - OPEB	7,582,098	207,290	288,119	11,736	8,089,243
Total Employer Reserves	923,990,939	15,276,732	32,322,685 [1]	1,316,578 [1]	972,906,934
Retired Member Reserves	4,445,419,417	(38,821,293)	175,185,208 [1]	7,135,701 [1]	4,588,919,033
Supplemental Retiree Benefit Reserve:	893,770,614	(26,805,864)	33,963,284 [1]	10,574,982 [1]	911,503,016
Contingency Reserve	77,124,340		7,391,295 [2]		84,515,635
Market Stabilization Reserve	309,073,327			(235,779,682)	73,293,645
Total Reserves at Fair Value	8,112,099,556	(79,175,560)	300,975,956	(214,629,718)	8,119,270,234

Notes: 1. Interest credited as of 6/30/18 includes $293,584,660.68 of regular earnings and $21,149,964.53 excess earning allocation.

2. Amount includes $7,391,294.62 addition to restore the CRA to 1% total assets at 6/30/18.

ACERA

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: October 3, 2018

TO: Members of the Retirees Committee

FROM: Margo Allen, Fiscal Services Officer

SUBJECT: Supplemental Retirees Benefit Reserve (SRBR) Status as of June 30, 2018

Executive Summary

The 10-year history of SRBR activity through December 31, 2017, and the six months ended June 30, 2018, is attached for your review. The June 30, 2018, ending balance of the SRBR account is approximately $911.5 million.

The semi-annual interest crediting as of June 30, 2018 was completed on August 29, 2018. The total interest crediting rate to SRBR was 4.9832%.

The break-down of the total interest crediting rate is as follows:

- Regular earnings of more than $33.9 million were credited at the assumed rate of return of 3.80%; and
- Excess earnings, that is, 50% of earnings above the assumed rate of return totaling over $10.5 million were credited at rate of 1.1832%.

The total interest credited to the SRBR for the six-month period ended June 30, 2018, was slightly more than $44.5 million.

For the six-month period, ended June 30, 2018, the deductions from SRBR were approximately $27.4 million. These deductions include the transfer to the employer advance reserve for 401(h) contributions of $20.9 million and the implicit subsidy of $5.8 million, as wells as payments of supplemental COLA and retired death benefits of $0.7 million. Additions to the SRBR were reimbursement of $0.6 million for the 401(h) administrative expense. Total deductions from the SRBR net of the 401(h) administrative expense reimbursement were $26.8 million.

For more information on the interest crediting process and the status of the market stabilization reserve, please see attached memo dated October 3, 2018, the Statement Reserves addressed to the Operations Committee.

Attachments:

- SRBR Status as of June 30, 2018
- Cover Letter dated October 3, 2018, the Statement of Reserves as of June 30, 2018

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUPPLEMENTAL RETIREES' BENEFIT RESERVE (SRBR)
For the Ten Years Ended December 31, 2008 - December 31, 2017 and the Six Months Ended June 30, 2018

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	6/30/2018
Beginning Balance	$686,967,496	$ 677,383,980	$ 658,702,779	$624,166,664	$ 602,906,726	$570,878,929	$643,056,500	$789,826,877	$853,842,371	$874,385,246	$893,770,614
Deductions:											
Transferred to Employers Advance Reserve	28,547,108	27,934,980	29,459,690	31,858,291	33,353,151	32,240,449	34,039,593	36,528,264	33,818,832	38,327,914	20,921,346
Employers Implicit Subsidy	3,091,493	4,149,463	5,287,767	4,402,603	4,411,206	7,370,466	6,992,822	5,320,953	6,021,451	8,787,596	5,800,563
Supplemental Cost of Living	4,135,288	3,534,754	2,984,499	2,556,221	2,345,527	2,067,218	1,849,140	1,555,924	1,350,784	1,231,500	575,792
Death Benefit - Burial - SRBR	760,801	747,163	810,675	746,102	791,492	5,525	223,529	213,909	187,081	187,060	105,663
ADEB (Active Death)	527,526	107,544	828,274	936,133	426,640	-	-	-	-	-	-
Total Deductions	37,062,216	36,473,903	39,370,904	40,499,351	41,328,016	41,683,658	43,105,084	43,619,050	41,378,148	48,534,070	27,403,364
Additions:											
Interest Credited to SRBR	27,478,700	17,792,703	4,834,790	19,239,412	9,300,219	38,786,516	54,031,947	62,722,797	60,730,023	66,715,938	33,963,284
Excess Earnings Allocation	-	-	-	-	-	75,074,713 (1)	132,455,002	43,770,247	-	-	10,574,982
Transferred from Employers Advance Reserve				-	-	-	3,388,512 (2)	1,141,500	1,191,000	1,203,500	597,500
Total Additions	27,478,700	17,792,703	4,834,790	19,239,412	9,300,219	113,861,229	189,875,461	107,634,544	61,921,023	67,919,438	45,135,766
Ending Balance	$677,383,980	$ 658,702,779	$ 624,166,664	$602,906,726	$ 570,878,929	$643,056,500	$789,826,877	$853,842,371	$874,385,246	$893,770,614	$911,503,016

Notes

(1) The Excess Earnings allocation of $75,074,713.03 is a total of $72,013,436.53 from investment earning above the assumed rate of return and $3,061,276.50 from additional excess earning made available from the dispersal of the Death Benefit-Burial Reserve as of 12/31/13.

(2) These amounts include reclassification of OPEB Administrative Expense contribution reimbursement activities and interest from January 2012 through June 2014; and normal activities for the six month period of July 2014 through December 2014. The SB 1479 reimbursements from the Employer Advance Reserve were inadvertently booked to the 401(h) account instead of SRBR. A total misclassified balance of $2,649,500 and regular credited interest of $182,511.54 were transferred from the 401(h) account to SRBR.

Amounts are rounded to the nearest dollar and include <$1 rounding differences.

ACERA

MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: October 3, 2018

TO: Members of the Operations Committee

FROM: Margo Allen, Fiscal Services Officer

SUBJECT: **2018 Board of Retirement Election Update**

The nomination period for the 2018 Board of Retirement election closed on September 10, 2018. There were seven (7) requests for an Election Information Packet for the Second Member to represent the General Members on the Board of Retirement. Two (2) certifications were issued.

The drawing to determine the order of the names as they will appear on the ballot was held on September 12, 2018. Below are the order of the names and designations as they will appear on the ballots.

Second Member to represent the General Members

1. Elizabeth Rogers, Incumbent
2. Dana Hodge, Candidate

A public review period of the candidate statements was held for ten (10) calendar days ending on September 21, 2018.

The ballots for the 2018 Board election will be mailed on November 5, 2018 to all active and deferred General Members who are eligible to vote. In accordance with the Board Elections Policy, all ballots must be received by the Registrar of Voters no later than 5:00 p.m. on December 19, 2018. The ballots will be counted by the Registrar of Voters on December 20, 2018, and the results of the election will be announced at 2:00 p.m. at the Board Meeting.

MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: October 3, 2018

TO: Members of the Operations Committee

FROM: Sandra Dueñas-Cuevas, Benefits Manager

SUBJECT: **Quarterly Report on Member Underpayments and Overpayments**

Attached are the quarterly reports regarding member contributions and overpayments of retirement allowance due to death for the most current six-month period. The report regarding Staff errors contains the cases initially presented that have not yet been resolved, along with recently discovered errors. The information below provides more specifics in each of these categories.

Overpayments of Retirement Allowance Due to Death

This report provides any payments made after the death of a retiree. In instances where a death is not reported timely, an overpayment occurs. For the six-month reporting period December 31, 2017 through June 30, 2018, 148 deaths occurred. There are three overpayments due to unreported deaths to report at this time. Staff is actively attempting to collect on these overpayments.

Staff Errors

The case on this report has previously been provided. (Note, the amount due has been adjusted due to the revision to the Recovery Of Over And Underpayment Of Member Benefits & Underpayment Of Member Contributions Policy).

Overpayments and Underpayments of Member Contributions

This report, which is for the period December 31, 2017 through June 30, 2018, shows discrepancies in member contribution amounts resulting in an underpayment or overpayment above the $50 threshold, average time to resolve, and an explanation of the error type. For this reporting period, Staff identified thirteen members who underpaid their mandatory employee contributions and four members who overpaid their mandatory employee contributions. Staff reviewed and resolved each of the seventeen cases of incorrect payment. There were a total of 2,496 exceptions from all Participating Employers. The most common exception type was overpayments due to the Employers withholding retirement contributions based on the incorrect salary.

Attachments

Overpayments of Retirement Allowance Due to Unreported Death
December 31, 2017 to June 30, 2018

Benefit Type	Date of Death	Date ACERA was notified of Death	Last Check Issued	Net Receivable Owed	Staff's Comment
Service Retirement – Continuance Account	6/29/2018	07/04/2018	06/29/2018	$ 205.72	Payee received pension payments via physical paper checks. Due to this payment method, Staff is not able to request monies to be returned from the payee's financial institution. Two unsuccessful attempts have been made to collect the overpayment from the Public Guardian on file. Staff will continue to attempt collection of overpayment.
Service Retirement –	06/26/2018	07/13/2018	06/29/2018	$ 3,100.82	Staff initiated ACH reversal request with Well Fargo but was unsuccessful at collecting. Two unsuccessful attempts have been made to collect the overpayment from the family. Third request for return of overpayment mailed 9/17/2018. Staff will continue to attempt collection of overpayment.
Service Retirement –	03/16/2018	05/18/2018	3/31/2018	$ 283.65	Due to the late notification of the retiree's death in May, Staff was not able to request the return of the funds through an ACH reversal request with Wells Fargo. Two unsuccessful attempts have been made to collect the overpayment from the beneficiary. Staff will continue to attempt collection of overpayment.
			Total Receivable	$ 3,661.81	

Report on Staff Errors - Overpayments
December 31, 2017 to June 30, 2018

Payee #	Error Type	Overpayment Amount	Retiree/ Payee Age	Retiree/Payee Income	Payment Attempt
1	This is an ex-spouse who received community property share of retiree’s allowance in error upon retiree’s death in November of 2008. Legal interpretation of court order and law is that continuance of benefit should not have been paid.	$115,414.30	72	Monthly income of $1,518 from ACERA was terminated with the October 2015 payroll.	Attorney reviewed ACERA’s files and has provided a “Request for ACERA to Cease any Effort to Recoup any Alleged Pension Overpayments”, dated 12/19/2016. Staff attempted to assess assets to determine whether compromise is appropriate due to hardship. Multiple requests to complete the hardship form were sent to the attorney and to payee with no response. Case will be turned over to the Legal Department for further action. New revised amount due letter will be sent in July 2018 due to revision to ACERA’s Recovery Of Over And Underpayment Of Member Benefits & Underpayment Of Member Contributions Policy.
	Total Receivable Accrual	$115,414.30			

Active Members - Overpayments and Underpayments of Member Contributions
December 31, 2017 to June 30, 2018

Alameda County					
	Amount	**Date Discovered/ Received**	**Date Completed**	**# of days to complete**	**Cause**
Overpayments: 1	$498.96	02/14/2018	03/21/2018	36	Age Adjustment Due to the Establishment of Reciprocity
2	$1,364.82	3/22/2018	3/28/2018	7	Age Adjustment Due to the Establishment of Reciprocity
3	1,942.80	3/22/2018	3/30/2018	9	Age Adjustment Due to the Establishment of Reciprocity
Underpayments: 1	$78.78	07/24/2018	07/31/2018	8	Employer Withheld Contribution Based on Incorrect Salary
2	$118.34	03/26/2018	04/16/2018	22	Employer Withheld Contribution Based on Incorrect Salary
3	$296.01	03/26/2018	04/16/2018	22	Employer Withheld Contribution Based on Incorrect Salary
Summary	**Most Common Exception Type:** Employer Withheld Contribution Based on Incorrect Salary **Total Exceptions:** 1368 **% Above Exceptions of Total Exceptions:** 0.44%				

Alameda County Housing Authority					
	Amount	**Date Discovered/ Received**	**Date Completed**	**# of days to complete**	**Cause**
Overpayments	**No Overpayments to Report**				
Underpayments	**No Underpayments to Report**				
Summary	**Most Common Exception Type:** N/A **Total Exceptions:** 24 **% Above Exceptions of Total Exceptions:** 0.00%				

Alameda Health Systems					
	Amount	**Date Discovered/ Received**	**Date Completed**	**# of days to complete**	**Cause**
Overpayments	**No Overpayments to Report**				
Underpayments: 1	$51.81	03/05/2018	03/12/2018	8	Employer Withheld Contribution Based on Incorrect Salary
2	$1,187.81	04/04/2018	04/16/2018	13	Employer did not withhold Contributions in error
Summary	**Most Common Exception Type:** Employer Withheld Contribution Based on Incorrect Salary **Total Exceptions:** 724 **% Above Exceptions of Total Exceptions:** 0.28%				

First 5 Alameda County					
	Amount	**Date Discovered/ Received**	**Date Completed**	**# of days to complete**	**Cause**
Overpayments	**No Overpayments to Report**				
Underpayments: 1	$119.52	7/23/2018	07/23/2018	1	Employer Withheld Contribution Based on Incorrect Salary
Summary	**Most Common Exception Type:** N/A **Total Exceptions:** 21 **% Above Exceptions of Total Exceptions:** 4.76%				

Alameda County Superior Courts					
	Amount	**Date Discovered/ Received**	**Date Completed**	**# of days to complete**	**Cause**
Overpayments: 1	$616.92	04/05/2018	04/05/2018	1	Employer Withheld Contribution Based on Incorrect Salary
Underpayments: 1	$56.55	03/22/2018	05/15/2018	16	Employer Withheld Contribution Based on Incorrect Salary
2	$67.19	09/04/2018	09/04/2018	7	Employer Withheld Contribution Based on Incorrect Salary
3	$75.46	05/15/2018	05/15/2018	1	Employer Withheld Contribution Based on Incorrect Salary
4	$85.47	05/02/2018	05/02/2018	1	Employer Withheld Contribution Based on Incorrect Salary
5	$160.53	01/10/2018	01/25/2018	16	Employer Withheld Contribution Based on Incorrect Salary
6	$302.55	07/02/2018	07/02/2018	1	Employer Withheld Contribution Based on Incorrect Salary
7	$329.71	03/05/2018	3/12/2018	8	Employer Withheld Contribution Based on Incorrect Salary
Summary	**Most Common Exception Type:** Employer Withheld Contribution Based on Incorrect Salary **Total Exceptions:** 332 **% Above Exceptions of Total Exceptions:** 2.41%				

Livermore Area Recreation and Park District					
	Amount	**Date Discovered/ Received**	**Date Completed**	**# of days to complete**	**Cause**
Overpayments	**No Overpayments to Report**				
Underpayments	**No Underpayments to Report**				
Summary	**Most Common Exception Type:** N/A **Total Exceptions:** 27 **% Above Exceptions of Total Exceptions:** 0.00%				