

January 9, 2023

Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

**SUBJECT: CONSIDERATION OF, AND POSSIBLE ACTION ON, AMENDMENTS TO VCERA
MANAGEMENT EMPLOYEES' RESOLUTION FOLLOWING RECENT COUNTY BOARD OF
SUPERVISORS CHANGES TO COUNTY MANAGEMENT RESOLUTION**

Dear Board Members:

Background

On December 13, 2022, the Ventura County Board of Supervisors (BOS) approved changes to the Management, Confidential Clerical and Other Unrepresented Employees Resolution ("County Management Resolution"). As explained at the December 19, 2022, Board of Retirement meeting, the changes automatically apply to all non-executive VCERA staff members, as they are County Management employees, but do not automatically apply to VCERA's five (5) senior staff positions.

The most significant changes adopted by the BOS are listed below. On December 19, 2022, the Board adopted #5, the addition of June 19th as a holiday, for its senior staff positions. As for the remainder of the changes, the Board directed staff to return with proposed amendments to the VCERA Management Resolution, to reflect the other applicable changes for Board discussion and consideration.

Summary of BOS Actions and Adopted Changes

1. Provide General Salary Increases ("GSI's") for all covered employees in the following amounts:
 - 5.5% effective December 25, 2022
 - 4.0% effective December 24, 2023
 - 3.5% effective December 22, 2024
2. Provide Market-Based Adjustments (MBAs) on January 7, 2023, and January 8, 2024, with authorization for "out-of-cycle" performance reviews;
3. Provide two lump sum payments of \$1,000 each, to be made on January 7, 2023, and January 8, 2024, to all Management employees who are not otherwise eligible for the healthcare worker bonus, retention payment and matching retention payment authorized and/or required by SB 184 and AB 204;
4. Changes to the Flexible Benefit Plan structure to provide (a) a Flexible Benefit Allowance ("FBA") to employees who elect County-sponsored healthcare coverage, and increases to the FBA for each tier of coverage (for employee-only, employee plus dependent, etc.), effective December 11, 2022 (for plan year 2023), effective December 10, 2024 (for plan year 2025), and effective December 8, 2025 (for plan year 2026), and; (b) a new Medical Plan Opt-Out Option (MPOOO);
5. Adds June 19th as a paid holiday to match the SEIU MOU.

Discussion of General Salary Increases (GSIs) and Market-Based Adjustments (MBAs) from Dec. 19

At the December 19, 2022, meeting, the Board discussed the specific change of adoption of General Salary Increases. There was some confusion regarding the difference between GSIs and MBAs.

Market-based adjustments only apply to specific positions and in specific amounts through a market-study process. The Board of Retirement recently did its first independent market study for this purpose for the five (5) senior management positions. Such market studies are designed to compare positions to comparable positions in other counties (or in VCERA's case, comparable public pension plans) to assure salaries are competitive from a market perspective and for retention and recruitment purposes.

General salary increases are based on increases in the cost-of-living, typically using the area's Consumer Price Index. Such adjustments are not related to employee performance, or even on the position itself, but in recognition of economic factors only.

The recent BOS adopted changes to the County Management Resolution addressed *both* the market-based and cost-of-living categories. Prior to January 2020, the Board of Retirement had adopted the same GSIs as adopted by the BOS, and the same MBAs as provided by the BOS to the positions to which the VCERA senior positions were benchmarked. In 2020, the Board of Retirement again adopted the same GSIs as adopted by the BOS for 2020, but deferred adoption of MBAs pending an independent market study. In 2021, the Board of Retirement performed its own market study for its executive staff positions; cost-of-living adjustments were not addressed. The market study used data from a specific peer group and is dated August 2021 in the supporting appendix data. The market-study peer group consisted of eight (8) CA pension plans, seven (7) of which are CERL systems (Alameda, Contra Costa, Fresno, Sacramento, San Bernardino, San Mateo, and Santa Barbara). In response to Board direction, staff contacted these CERL systems to determine if there have been changes to the salary ranges of the benchmarked positions to address cost-of-living. Six of the seven CERL systems responded and all have made salary adjustments since August 2021 market study data was compiled, ranging from 3% to 15%.

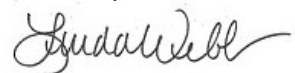
CONCLUSION

Staff has inserted draft amendments for the remaining potential applicable changes for Board review and consideration as directed. Please note the following in regard to the County's 5 listed changes:

1. General Salary Increases: Reflected in redline in Exhibit 1.
2. Market-Based Adjustments: Not reflected in redline because, as explained above, market-based adjustments are not yet contemplated under the three-year cycle provided in VCERA's Management Resolution.
3. These one-time payments were not approved through a change to the County Management Resolution, but rather as a separate BOS approval of two lump sum payments. *This would require approval by the Board separate from the redlined VCERA Resolution.*
4. Changes to Flexible Benefit Plan structure: Reflected in redline in Section 401. (Though the Board previously decided flexible credit allowances will automatically mirror the County allowances without specific Board adoption of new rates each year, in order to conform to the County's new Flexible Benefit Plan structure, amendments are necessary.)
5. Addition of June 19th as a Holiday - Reflected in redline in Section 701 (previously approved by BOR on Dec. 19, 2022.)
6. Bereavement Leave - Note that one additional change adopted by the BOS was to extend Bereavement Leave to allow employees to use annual leave for up to three days (instead of two) in cases where the employee is traveling to a distant location. Due to recent changes in California State Law (AB 1949), which require employers to provide up to five days of leave (not necessarily paid leave), staff has recommended the changes shown on the redline to comply with AB 1949.

Staff will be pleased to answer any questions at the January 9, 2023, Board meeting.

Sincerely,

A handwritten signature in cursive script that reads "Linda Webb". The signature is fluid and elegant, with the first and last names clearly legible.

Linda Webb
Retirement Administrator

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (VCERA)

Management Employees Resolution



~~May 2, 2022~~ January 9, 2023

**ARTICLE 4
HEALTH INSURANCE**

Sec. 401 **HEALTH INSURANCE:** VCERA ~~intends to will~~ make available to employees, through the County of Ventura (County), a Cafeteria Plan qualified under Section 125 of the Internal Revenue Code, known as the Flexible Benefit Program. For employees who opt into a County or VCERA-sponsored medical plan, VCERA will provide, a Flexible ~~Credit-Benefit~~ Allowance, which may be used to pay premiums for medical, vision and dental coverage under a County or VCERA-sponsored plan, if any, as well as for dependent and health care spending accounts. For employees who opt out of enrollment in a County-sponsored medical plan, VCERA shall provide a Medical Plan Opt Out Option payment, and such employees may also direct a portion of earnings to pay premiums for vision or dental coverage under a County or VCERA-sponsored plan, or to contribute to dependent and healthcare spending accounts. The Flexible Credit-Benefit Allowance and Medical Plan Opt Out Option payment shall be provided by VCERA for to each employee in the same amount under the same terms and at the same rates as is provided by the County for Senior Management in Benefit Categories 1 and 2, with payroll designations as MA or MB employees, as amended from time to time.

Sec. 402 **CONTINUATION OF HEALTH PLAN:** It is VCERA's intent to fully comply with the provisions of both the Federal Family Medical Leave Act (FMLA) and the California Family Rights Act (CFRA), and the California Pregnancy Disability Leave Law (PDL). Notwithstanding the requirements of either act, should an employee exhaust sick leave and annual leave and go on leave of absence without pay, VCERA agrees to continue to provide a portion of the Flexible Credit Allowance in the amount allocated by the employee for health insurance premiums for seven biweekly pay periods provided, however, that any such biweekly period covered pursuant to this provision shall be credited towards, and not considered to be in addition to, any requirement of the FMLA, CFRA, or PDL. The portion of the Flexible Credit Allowance allocated by the employee for spending accounts or to be received in cash will not continue to be provided during such leave of absence.

ARTICLE 7 HOLIDAYS

Sec. 701 PAID ASSIGNED HOLIDAYS

- A. New Year's Day, January 1;
- B. Martin Luther King Day, the third Monday in January;
- C. President's Day, the third Monday in February;
- D. Memorial Day, the last Monday in May;
- E. Juneteeth, June 19
- FE. Independence Day, July 4;
- GF. Labor Day, the first Monday in September;
- HG. Veterans Day, November 11
- IH. Thanksgiving Day, the fourth Thursday in November;
- J. The day after Thanksgiving;
- KJ. Christmas Day, December 25;
- LK. And every day appointed by the President of the United States or Governor of the State for public fast, thanksgiving, or holiday, when specifically authorized by the Board.

Sec. 702 **OBSERVANCE:** If a paid, assigned holiday falls on a Saturday, the preceding Friday shall be the holiday in lieu of the day observed. If a paid, assigned holiday falls on a Sunday, the following Monday shall be the holiday in lieu of the day observed.

Sec. 703 **FLOATING HOLIDAY:** In addition to the holidays listed in Section 701, effective January 1st of each year each employee covered under the terms of this Resolution shall be granted floating holiday leave hours equivalent to the employee's standard daily work schedule. Hours granted under this section shall in no case exceed twelve (12) hours. Such leave with pay may be taken, subject to the Retirement Administrator's approval, or if applicable to the Retirement Administrator, then the Board Chair, no later than March 1 of the year following the year in which it was granted. Leave granted pursuant to this provision shall have no cash value beyond that provided herein and shall be lost without benefit of compensation if not taken by March 1 as described above.

Sec. 704 **HOLIDAY PAY:** If a holiday falls within a biweekly pay period in which an employee is compensated, then such employee shall be given leave with pay for each holiday occurring within that biweekly pay period. Such pay shall be

**ARTICLE 10
LEAVES OF ABSENCE**

- Sec. 1001 **LEAVES OF ABSENCE - GENERAL POLICY:** Leaves of absence from regular duties without pay for such purposes as recovery from illness or injury or to restore health, or maternity may be granted by the VCERA Retirement Administrator, or if applicable to the Retirement Administrator or General Counsel then the VCERA Board, not to exceed one (1) year, when such leave is in the best interests of VCERA. Additional leave for the same purposes may be granted by the VCERA Retirement Administrator upon approval by the VCERA Board. This Section shall not limit military leave of absence rights as provided in the California Military and Veterans Code or as provided in other state and federal statutes.
- Sec. 1002 **NO LOSS OF RIGHTS OR BREAKS IN SERVICE:** Employees on authorized leaves of absence shall not lose any rights accrued at the time the leave is granted and such authorized leave of absence shall not be deemed a break in VCERA service.
- Sec. 1003 **EARLY RETURN FROM LEAVES OF ABSENCE:** An employee absent on authorized leave may return to work prior to expiration of the period of authorized leave upon receiving permission thereto from the VCERA Retirement Administrator, or if applicable to the Retirement Administrator or General Counsel, then the VCERA Board.
- Sec. 1004 **BEREAVEMENT LEAVE:**
- A. Any employee may be allowed to be absent from duty for up to three (3) working days without loss of pay, because of the death of a member of his/her immediate family. The bereavement leave need not be taken on consecutive days but shall be completed within 3 months of the date of death. When travel to distant locations or other circumstances requires absence in excess of ~~three—five (5)~~ consecutive working days, the VCERA Retirement Administrator, or if applicable to the Retirement Administrator, then the VCERA Board Chair, may allow the use of accrued annual leave or unpaid leave to

**EXHIBIT 1
 OUTLINE OF SALARY & BENEFITS VENTURA COUNTY
 EMPLOYEES' RETIREMENT ASSOCIATION EMPLOYEES
 (Effective December 13, 2021)**

VCERA Title	Salary Range	Benefit Category under County Management Employees Resolution	Unit for County Payroll Purposes
Retirement Administrator	\$286,776 \$272,437 \$258,815 \$245,875 \$233,581 \$221,902 \$210,807	1	MA
General Counsel	\$276,780 \$262,941 \$249,794 \$237,304 \$225,439 \$214,167 \$203,459	2	MB
Chief Financial Officer	\$223,824 \$212,632 \$202,001 \$191,901 \$182,306 \$173,191 \$164,531	2	MB
Chief Investment Officer	\$310,128 \$294,622 \$279,891 \$265,896 \$252,601 \$239,971 \$227,973	2	MB
Chief Operations Officer	\$237,048 \$225,196 \$213,936 \$203,239 \$193,077 \$183,423 \$174,252	2	MB

The following General Salary Increases (GSIs) shall apply to the employees in the positions listed above as follows:

5.5% effective December 25, 2022

4.0% effective December 24, 2023

3.5% effective December 22, 2024