

Date: September 13, 2017
To: Board of Retirement

From: James Wilbanks, Retirement Administrator Subject: Fiscal Year 2018 Proposed Revised Budget

Attached you will find a Proposed Revised Budget for fiscal year 2018. There are four significant changes involved in this proposal. The first change in the Personnel Category reflects the adoption of a new Memorandum of Understanding (MOU) between Mendocino County and the Confidential Employees bargaining unit. All of the staff at MCERA, except for the Retirement Administrator, are members of this bargaining unit. The new MOU became effective September 1, 2017 and provides for a 3% increase in salaries plus a \$2,000 one-time payment.

The second significant change in the proposed revision involves the Retirement Specialist I position. The incumbent in this position recently completed their probationary year and became a permanent County employee. In accordance with County policy, and in reflection of outstanding job performance, the incumbent was also promoted to Retirement Specialist II. This promotion, as one would expect, involves an increase in both responsibilities and salary. The cost changes resulting from the new MOU and promotion result in an increase in the Personnel category expenses of \$30,367 in Fiscal Year 2018.

The next two changes are both related to the Property Maintenance Plan. As mentioned during the August Board Meeting, the bid for the parking lot resurfacing project was \$35,000, well in excess of the budgeted cost of \$20,000. The proposed revised budget includes this increase of \$15,000 for this project.

The final change included in the proposed revised budget is the estimated costs to replace the air conditioning (AC) units for the building. After the August Board meeting, we were notified that the AC unit for Suite A (State office space) was materially underperforming. We requested County facilities staff to investigate the unit and were advised the unit is 37 years old and needed to be replaced. I directed County facilities staff to begin the contracting process to replace the AC unit for Suite A. Subsequently, the AC unit for Suite B (MCERA) also began to underperform during the recent extreme heat. After discussing the issue with County facilities staff and realizing that both units were well past their expected life span, I decided that it was prudent to replace both units. Replacing both units offers a cost savings as opposed to replacing the units separately. We do not yet have bids, but expect the total cost to be \$50,000 or less.

I recommend the Board adopt the Fiscal Year 2018 Proposed Revised Budget.

Mendocino County Employees Retirement Association Fiscal Year 2017/2018

Proposed Revised Budget - September 2017 Vs Adopted Budget - May 2017

Personnel (BU 1920) Gross Regular Salaries \$ 357,049 Extra Help Retirement 102,821 FICA 20,999 Medicare 4,911 Retirement Cola 30,721 Health Insurance 66,581 Unemployment Insurance 277 Workers Comp 322 Subtotal \$ 583,683 Administrative Office Expense \$ 41,850 Legal Expense \$ 41,850 Contracts 900 Staff Education and Training 15,000 Membership 5,250 Subtotal \$ 221,000 Board Expense Fiduciary Insurance \$ 42,000 Board Expense \$ 42,000 Board Expense \$ 7,100 Board Expense \$ 7,530 Subtotal \$ 75,830 Total Personnel, Administrative & Board Expense \$ 880,513 Total Personnel, Administrative & Board Expense \$ 33,522 Hearing Preparation 30,000 Hearings 15,000	\$ \$	377,191 109,559 21,925 5,469 32,718 66,586 277 323 614,049 41,850 118,000 40,000 900 15,000 5,250 221,000	\$	20,141	5.64% 0.00% 6.55% 4.44% 11.40% 6.50% 0.00% 0.00% 5.20% 0.00% 0.00% 0.00% 0.00% 0.00%
Personnel (BU 1920) \$ 357,049 Gross Regular Salaries \$ 357,049 Extra Help 102,825 Retirement 102,825 FICA 20,999 Medicare 4,910 Retirement Cola 30,722 Health Insurance 66,580 Unemployment Insurance 277 Workers Comp 32 Subtotal \$ 583,683 Administrative 0ffice Expense Legal Expense \$ 118,000 Audit 40,000 Contracts 900 Staff Education and Training 15,000 Membership 5,250 Subtotal \$ 221,000 Board Expense \$ 42,000 Board Education and Training 26,730 Subtotal \$ 75,830 Total Personnel, Administrative & Board \$ 880,513 Disability Administrative Review \$ 33,523 Hearing Preparation 30,000	\$ \$	377,191 - 109,559 21,925 5,469 32,718 66,586 277 323 614,049 41,850 118,000 40,000 900 15,000 5,250 221,000	\$	20,141 - 6,736 933 560 1,997 - -	5.64% 0.00% 6.55% 4.44% 11.40% 6.50% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%
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Extra Help Retirement 102,82: FICA 20,99: Medicare 4,91: Retirement Cola 30,72: Health Insurance 66,58: Unemployment Insurance 27' Workers Comp 32: Subtotal \$ 583,68: Administrative Coffice Expense Legal Expense \$ 118,00: Audit 40,00: Contracts 90: Staff Education and Training 15,00: Membership 5,25: Subtotal \$ 221,00: Board Expense Fiduciary Insurance \$ 42,00: Board Education and Training 26,73: Subtotal \$ 75,83: Total Personnel, Administrative & Board Expense \$ 880,51: Disability Administrative Review \$ 33,52: Hearing Preparation 30,00:	\$ \$	109,559 21,925 5,469 32,718 66,586 277 323 614,049 41,850 118,000 40,000 900 15,000 5,250 221,000	\$	- 6,736 933 560 1,997 - -	0.00% 6.55% 4.44% 11.40% 6.50% 0.00% 0.00% 5.20% 0.00% 0.00% 0.00% 0.00% 0.00%
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FICA 20,999 Medicare 4,910 Retirement Cola 30,722 Health Insurance 66,580 Unemployment Insurance 277 Workers Comp 322 Subtotal \$ 583,683 Administrative 0ffice Expense Office Expense \$ 41,850 Legal Expense 118,000 Audit 40,000 Contracts 900 Staff Education and Training 15,000 Membership 5,250 Subtotal \$ 221,000 Board Expense \$ 42,000 Board Meeting Stipends 7,100 Board Education and Training 26,730 Subtotal \$ 75,830 Total Personnel, Administrative & Board Expense Disability Administrative Review \$ 33,520 Hearing Preparation 30,000	\$	21,925 5,469 32,718 66,586 277 323 614,049 41,850 118,000 40,000 900 15,000 5,250 221,000		933 560 1,997 - -	4.44% 11.40% 6.50% 0.00% 0.00% 5.20% 0.00% 0.00% 0.00% 0.00% 0.00%
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Total Personnel, Administrative & Board Expense \$ 880,512 Disability Administrative Review \$ 33,522 Hearing Preparation \$ 30,000		26,730		-	0.00%
Expense \$ 880,512 Disability Administrative Review \$ 33,522 Hearing Preparation 30,000	\$	75,830	\$	-	0.00%
Expense \$ 880,512 Disability Administrative Review \$ 33,522 Hearing Preparation 30,000					
Administrative Review \$ 33,529 Hearing Preparation \$ 30,000	\$	910,879	\$	30,367	3.45%
Administrative Review \$ 33,529 Hearing Preparation \$ 30,000					
Hearing Preparation 30,000	\$	33,525	\$	-	0.00%
	*	30,000	Ψ	-	0.00%
		15,000		-	0.00%
Subtotal \$ 78,52!	\$	78,525	\$	-	0.00%
625-B Kings Court					
Imputed Rent \$ 52,933		F2 022	\$	_	0.00%
Subtotal \$ 52,93:	\$	5/44/	\$	-	0.00%
Total Administrative Expense \$ 1,011,969	\$ \$	52,932 52,932	Ş		

Mendocino County Employees Retirement Association Fiscal Year 2017/2018

Proposed Revised Budget - September 2017 Vs Adopted Budget - May 2017

	FY 2017/2018 Adopted		FY 2017/2018 Proposed Revised		Difference		
		Budget		Budget		\$	%
Technology							
Automation							
LRS/Pension Gold	\$	158,177	\$	158,177	\$	-	0.00%
Linea Consultant		-		-		-	0.00%
County IT Related Expenses		5,000		5,000		-	0.00%
PCX Scan Station Project		10,500		10,500		-	0.00%
Subtotal	\$	173,677	\$	173,677	\$	-	0.00%
Investment							
New Investment Manager 1	\$	30,000	\$	30,000	\$	-	0.00%
Mondrian Fees		230,000		230,000		-	0.00%
Investment Consultant-Callan		149,968		149,968		-	0.00%
Actuary Services-Segal		83,000		83,000		-	0.00%
Actuarial Audit		76,000		76,000		-	0.00%
State Street		60,600		60,600		-	0.00%
Other Investment Expense		1,000		1,000		-	0.00%
Subtotal	\$	630,568	\$	630,568	\$	-	0.00%
Property Maintenance Plan	\$	47,000	\$	112,000	\$	65,000	138.30%
Total MCERA	\$	1,863,214	\$	1,958,581	\$	95,367	5.12%
Total Administrative Expenses	\$	1,011,969	\$	1,042,336			
(Total ex Technology & Investment)	•	<u> </u>		· · ·	:		
CERL Administrative Cap	\$	2,000,000	\$	2,000,000			
(Over)/Under Cap	\$	988,031	\$	957,664			
MCERA Policy Cap	\$	1,281,802	\$	1,327,321			
Balance	\$	269,833	\$	284,985			
Basis Points Test		0.21%		0.21%			
AAL	\$	610,381,849	\$	632,057,539			
Date		6/30/2015		6/30/2016			

¹ A new manager may be added depending on the outcome of the manager selection portion of the FY '16 Asset/Liability Study.