

Retirement Services

Department

Russell Crosby, Director

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Provide quality services in the delivery of pension and related benefits and maintain financially sound pension plans

City Service Area

Strategic Support

Core Services

Administer Retirement Plans

Implement policies and procedures to deliver retirement benefits and maintain the retirement plans

Strategic Support: Retirement Boards' Support, Training, and Contract Administration

Retirement Services Department

Department Budget Summary

| | 2007-2008 Actual 1 | 2008-2009 Adopted 2 | 2009-2010 Forecast 3 | 2009-2010 Adopted 4 | % Change (2 to 4) |
|--------------------------------|--------------------------|---------------------------|----------------------------|---------------------------|-------------------------|
| Dollars by Core Service | | | | | |
| Administer Retirement Plans | \$ 2,661,696 | \$ 3,132,375 | \$ 3,322,605 | \$ 3,952,688 | 26.2% |
| Strategic Support | 150,940 | 247,368 | 273,498 | 273,498 | 10.6% |
| Total | \$ 2,812,636 | \$ 3,379,743 | \$ 3,596,103 | \$ 4,226,186 | 25.0% |
| Dollars by Category | | | | | |
| Personal Services | \$ 2,812,636 | \$ 3,379,743 | \$ 3,596,103 | \$ 4,226,186 | 25.0% |
| Total | \$ 2,812,636 | \$ 3,379,743 | \$ 3,596,103 | \$ 4,226,186 | 25.0% |
| Dollars by Fund | | | | | |
| Federated Retirement | \$ 1,402,471 | \$ 1,686,887 | \$ 1,794,979 | \$ 2,048,073 | 21.4% |
| Police & Fire Retirement | 1,410,165 | 1,692,856 | 1,801,124 | 2,178,113 | 28.7% |
| Total | \$ 2,812,636 | \$ 3,379,743 | \$ 3,596,103 | \$ 4,226,186 | 25.0% |
| Authorized Positions | 28.13 | 29.25 | 29.25 | 33.25 | 13.7% |

Retirement Services Department

Budget Reconciliation

(2008-2009 Adopted to 2009-2010 Adopted)

| | Positions | All Funds (\$) |
|-------------------------------------------------------------------|--------------|-------------------|
| Prior Year Budget (2008-2009): | 29.25 | 3,379,743 |
| Base Adjustments | | |
| Technical Adjustments to Costs of Ongoing Activities | | |
| • Salary/benefit changes and the following position reallocation: | | 216,360 |
| - 1.0 Administrative Officer to Program Manager II | | |
| Technical Adjustments Subtotal: | 0.00 | 216,360 |
| 2009-2010 Forecast Base Budget: | 29.25 | 3,596,103 |
| Budget Proposals Approved | | |
| 1. Retirement Services Department Reorganization | 4.00 | 630,083 |
| Total Budget Proposals Approved | 4.00 | 630,083 |
| 2009-2010 Adopted Budget Total | 33.25 | 4,226,186 |

Retirement Services Department

Budget Changes By Department

| Adopted Budget Changes | Positions | All Funds (\$) |
|--------------------------------------------------|-----------|----------------|
| 1. Retirement Services Department Reorganization | 4.00 | 630,083 |

Strategic Support CSA
Administer Retirement Plans

This action realigns the Investment Division in the Retirement Services Department with other California public pension plans to improve the structure of the Department, achieve the best rate of return, and reduce systemic risk to meet the Federated and Police and Fire Retirement Plans' liability structure. To achieve this, two filled positions (1.0 Financial Analyst, 1.0 Staff Specialist) were approved to be eliminated and six new positions (2.0 Retirement Investment Administrator I, 3.0 Retirement Investment Administrator II, 1.0 Analyst) were added to the remaining three positions in the Division. The Retirement Investment Administrators will provide senior investment and actuarial duties and the Analyst will support the Federated and Police and Fire Retirement Plans' Investment Policy and actuarial demands. The Retirement Services Department is working with the Federated and Police and Fire Retirement Plans' investment consultants to reduce both Plans' exposure to the general market risk by improving its portfolio diversification and increasing long-term allocation to alternative investments. This action was approved by both the Federated and Police and Fire Retirement Boards and will result in the cost of staff salaries and indirect labor costs to exceed the cap on administrative costs (0.07% of 2009-2010 assets for the Federated Retirement System Fund). The City and select bargaining units met in June 2009 both acknowledging that Department of Retirement Services is currently exceeding the administrative cost limits as outlined in select MOA's and further discussions on this matter are expected in August. (Ongoing costs: \$614,419)

Performance Results:

Quality, Customer Satisfaction This reorganization will provide the necessary structure to achieve the best rate of return and reduce the systemic risk to meet the Plans' liability structure. It is anticipated that exposure to general market risk will decrease with a more diversified portfolio.

| | | |
|-----------------------------------------------|-------------|----------------|
| 2009-2010 Adopted Budget Changes Total | 4.00 | 630,083 |
|-----------------------------------------------|-------------|----------------|

Retirement Services Department

Departmental Position Detail

| Position | 2008-2009 Adopted | 2009-2010 Adopted | Change |
|----------------------------------------|----------------------|----------------------|-------------|
| Account Clerk II | 1.00 | 1.00 | - |
| Accountant II | 1.00 | 1.00 | - |
| Accounting Technician | 1.00 | 1.00 | - |
| Administrative Assistant | 1.00 | 1.00 | - |
| Administrative Officer | 2.00 | 1.00 | (1.00) |
| Analyst I/II | 7.00 | 8.00 | 1.00 |
| Deputy Director, Federated | 1.00 | 1.00 | - |
| Deputy Director, Police & Fire | 1.00 | 1.00 | - |
| Director, Retirement Services | 1.00 | 1.00 | - |
| Financial Analyst | 2.00 | 1.00 | (1.00) |
| Information Systems Analyst | 2.00 | 2.00 | - |
| Network Technician II PT | 0.75 | 0.75 | - |
| Office Specialist II | 2.00 | 2.00 | - |
| Program Manager II | 0.00 | 1.00 | 1.00 |
| Retirement Investment Administrator I | 0.00 | 2.00 | 2.00 |
| Retirement Investment Administrator II | 0.00 | 3.00 | 3.00 |
| Secretary | 1.00 | 1.00 | - |
| Senior Account Clerk | 1.00 | 1.00 | - |
| Senior Accountant | 1.00 | 1.00 | - |
| Senior Analyst | 1.00 | 1.00 | - |
| Staff Specialist | 1.00 | 0.00 | (1.00) |
| Staff Technician | 1.50 | 1.50 | - |
| Total Positions | 29.25 | 33.25 | 4.00 |

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