



**DIANNE JACOB**  
SUPERVISOR, SECOND DISTRICT  
SAN DIEGO COUNTY BOARD OF SUPERVISORS

**AGENDA ITEM**

**DATE:** December 7, 2010

**40**

**TO:** Board of Supervisors

**SUBJECT:** PRESENTATION ON THE COUNTY'S PENSION OBLIGATION  
(DISTRICT: ALL)

**SUMMARY:**

**Overview**

Public retirement systems across the state and the nation are grappling with the challenge of maintaining the health of their retirement funds and budgeting for pension obligations. Because of a \$2.2 billion pension fund loss in FY 2008/2009, San Diego County has not escaped this challenge. Compounding the problem for the County is a decrease in local tax revenues and the State's ongoing budget shortfall. In my State of the County address in February of 2009, I warned that our required pension contribution will significantly increase and that current benefits are not sustainable.

The County of San Diego has clearly tackled this situation head on. We have taken important steps to decrease the pension liability that impacts general fund dependent programs and services. Following an important decision to reduce retiree health costs, the County moved forward with implementing a second tier for pension benefits. These two actions combined are expected to save over \$2 billion over the next 20 years. Credit goes to the Board of Supervisors, the Chief Administrative Officer, the Chief Financial Officer, and our extraordinary County management team.

Despite the bold action that has been taken, there is much more work to do. The public needs to be aware of the pension challenges that we still face. This item will provide a presentation to the Board on the County's pension obligation, and its impact on the County budget and County employees.

**Recommendation(s)**

**SUPERVISOR JACOB**

Receive a presentation on the County's pension obligation, and its impact on the County budget and County employees. |

**Fiscal Impact**

There is no fiscal impact associated with this recommendation.

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(DISTRICT: ALL)

**Business Impact Statement**

N/A

**Advisory Board Statement**

N/A

**BACKGROUND:**

Public retirement systems across the state and the nation are grappling with the challenge of maintaining the health of their retirement funds and budgeting for pension obligations. Because of a \$2.2 billion pension fund loss in FY 2008/2009, San Diego County has not escaped this challenge. Compounding the problem for the County is a decrease in local tax revenues and the State's ongoing budget shortfall. In my State of the County address in February of 2009, I warned that our required pension contribution will significantly increase and that current benefits are not sustainable.

The County of San Diego has clearly tackled this situation head on. We have taken important steps to decrease the pension liability that impacts general fund dependent programs and services. Following an important decision to reduce retiree health costs, the County moved forward with implementing a second tier for pension benefits. These two actions combined are expected to save over \$2 billion over the next 20 years. Credit goes to the Board of Supervisors, the Chief Administrative Officer, the Chief Financial Officer, and our extraordinary County management team.

Despite the bold action that has been taken, there is much more work to do. The challenge of managing the County's pension contribution and reducing the impact on general fund revenue will not be fixed overnight. We have an obligation to the valuable employees that provide critical services, the residents that depend on those services, and the taxpayers of the region who pay for those services.

The public needs to be aware of the pension challenges that we still face. This item will provide a presentation to the Board on the County's pension obligation, and its impact on the County budget and County employees.

**Linkage to the County of San Diego Strategic Plan**

N/A

Respectfully submitted,

**SUBJECT:** PRESENTATION ON THE COUNTY'S PENSION OBLIGATION  
(DISTRICT: ALL)

DIANNE JACOB  
Supervisor, Second District

**ATTACHMENT(S)**

N/A

**SUBJECT:** PRESENTATION ON THE COUNTY'S PENSION OBLIGATION  
(DISTRICT: ALL)

**AGENDA ITEM INFORMATION SHEET**

**REQUIRES FOUR VOTES:**        Yes      No

**WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED**  
   Yes      No

**PREVIOUS RELEVANT BOARD ACTIONS:**  
N/A

**BOARD POLICIES APPLICABLE:**  
N/A

**BOARD POLICY STATEMENTS:**  
N/A

**MANDATORY COMPLIANCE:**  
N/A

**ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):**  
N/A

**ORIGINATING DEPARTMENT:** District 2, Board of Supervisors

**OTHER CONCURRENCE(S):**   N/A

**CONTACT PERSON(S):**

Jeff Collins	
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_____ Fax	_____ Fax
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