
INTEROFFICE MEMORANDUM

TO: BOARD OF SUPERVISORS
FROM: AMY S. NILSEN, COUNTY ADMINISTRATIVE OFFICER
SUBJECT: RESPONSES TO 2016-17 GRAND JURY REPORT *UNFUNDED PENSIONS*
DATE: JUNE 15, 2017

The 2016-17 Grand Jury has issued a report titled “Unfunded Pensions,” and the Board of Supervisors (BOS), Department of Health & Human Services (DHHS), and County Administrative Officer (CAO) are required to respond. I recommend that the BOS, DHHS and CAO respond as follows.

Recommendation No. R1: *The Humboldt County Civil Grand Jury recommends that the Humboldt County Board of Supervisors continues to add funds to the Public Agency Retirement Services (PARS) Trust. For the upcoming Fiscal Year 2017-18, we recommend that the Board of Supervisors contribute a minimum of \$2 million, or just under 1 percent of the outstanding unfunded pension liability (\$232 million).*

Response: This recommendation will be partially implemented. Pursuant to the Pension Funding Policy adopted by the Board of Supervisors on March 14, 2017, the county will contribute between .25 percent up to 2 percent of salaries. The adopted budget for Fiscal Year 2017-18 contains a contribution of .5 percent of salaries, or an estimated amount of \$593,173.

Recommendation No. R2: *The Humboldt County Civil Grand Jury recommends that the Humboldt County Board of Supervisors direct the County Administrative Office to develop a method of equitably deducting funds from all county programs, including the Department of Health & Human Services, such as collection of fees for hours worked. The accumulation of fees should then be placed in the county’s Public Agency Retirement Services Trust Fund.*

Response: This recommendation has already been implemented. The Board adopted the Pension Funding Policy on March 14, 2017. Pursuant to that policy, the CAO will review and forecast future costs based on CalPERS actuarial valuation and projected revenue availability to determine the annual departmental contribution rate to PARS. Once the contribution rate is adopted by the Board, Payroll will apply the county-wide deduction percentage based on salary expense per full-time equivalent allocation.