

April 12, 2023

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Special District Member**Carol Moore**
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Public Member**STAFF****Carolyn Emery**
Executive Officer**Scott Smith**
General Counsel**TO:** Local Agency Formation Commission
of Orange County**FROM:** Executive Officer**SUBJECT:** Revised Employer/Employee OCERS Contribution Rates
(Fiscal Year 2023-2024)**BACKGROUND**

On November 9, 2022, the Commission adopted a resolution approving the Orange County Employees Retirement System (OCERS) employer/employee contribution rates for Fiscal Year 2023-24 established by the OCERS Board of Retirement. Currently, there are three retirement plans available to OC LAFCO through its participation as an independent member of OCERS: 1) 2.7%@55 Plan, 2) non-PEPRA 1.62 Plan, and 3) PEPRA 1.62 Plan.

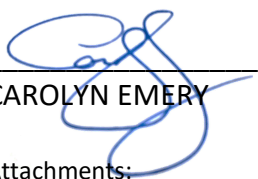
On February 21, 2023, the OCERS Board of Retirement adopted revisions to the contribution rates for the PEPRA 1.62 Plan to reflect a future service benefit enhancement effective June 30, 2023. The benefit enhancement is due to a change involving the participants of the Plan. Changes to the employer and employee contribution rates are reflected in Attachment 1 and include a slight change of 33.25% to 33.23% to the Commission's contribution rate for the PEPRA 1.62 Plan. Other plan rates previously approved by the Commission remain the same.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Adopt Resolution No. CP 22-08R approving the employer/employee contribution rates for Fiscal Year 2023-24, as revised and adopted by OCERS on February 21, 2023.

Respectfully submitted,



CAROLYN EMERY

Attachments:

1. OCERS Contribution Rates (Revised 2/21/23)
2. OC LAFCO Resolution No. CP 22-08R


**Active Participating
Employers:**

CITY OF SAN JUAN
CAPISTRANO

COUNTY OF ORANGE

ORANGE COUNTY
CEMETERY DISTRICT

ORANGE COUNTY CHILDREN
& FAMILIES COMMISSION

ORANGE COUNTY
EMPLOYEES RETIREMENT
SYSTEM

ORANGE COUNTY FIRE
AUTHORITY

ORANGE COUNTY IN-HOME
SUPPORTIVE SERVICES
PUBLIC AUTHORITY

ORANGE COUNTY LOCAL
AGENCY FORMATION
COMMISSION

ORANGE COUNTY PUBLIC
LAW LIBRARY

ORANGE COUNTY
SANITATION DISTRICT

ORANGE COUNTY
TRANSPORTATION
AUTHORITY

SUPERIOR COURT OF
CALIFORNIA, COUNTY
OF ORANGE

TRANSPORTATION
CORRIDOR AGENCIES

March 24, 2023

Ms. Carolyn Emery
Orange County Local Agency Formation Commission
2677 N. Main Street, Suite 1050
Santa Ana, CA 92705

Re: **REVISED Employer/Employee Contribution Rates 2023/2024-Rate Group 2, Plan T**

Dear Ms. Emery:

The attached schedules reflect revised employer and employee contributions rates for fiscal year 2023/2024 for Rate Group 2, Plan T which were adopted by the Board of Retirement on February 21, 2023 to reflect the future service benefit enhancement effective July 1, 2023. The change in contribution rates is a result of 2022 negotiations between the Superior Court of California, County of Orange (Superior Court) and Orange County Employees Association (OCEA) to adopt Plan U on a go forward basis for all existing employees (represented and unrepresented) in Plan T and any future PEPRA eligible employees with an effective date of July 1, 2023.

The attached schedules include both the revised employer rates and a listing of the employee contribution rates for your various plans. Additional plan information, including a detailed breakdown of the UAAL by rate group, can be found in the Actuarial Valuation as of December 31, 2021 located on the OCERS website at: www.ocers.org Forms & Publications, Financial Reports page.

If you have any questions or require additional information, feel free to contact me at (714) 558-6201 or by email at bshott@ocers.org.

Regards,

Brenda Shott
Assistant CEO of Finance and Internal Operations

cc: Luis Tapia, Erica Lin, Teresa White, Evarista Narciso

**** Revised 2/21/23 ****

**Orange County Local Agency Formation Commission
Employer Contribution Rates
Effective Pay Period 15, June 30, 2023**

Rate Group	Plan	Rate	
#2	I & J **	Normal	14.67%
		UAAL	<u>26.14%</u>
		Total	40.81%
#2	P	Normal	6.22%
		UAAL	<u>26.14%</u>
		Total	32.36%
#2	T - PEPPRA	Normal	7.09%
		UAAL	<u>26.14%</u>
		Total	33.23%

**** Reverse Pickups:**

Orange County LAFCO bargaining units under the 2.7% at 55 plans are subject to an employee-paid reverse pickup which has not been accounted for in the employer rate above. Any reverse pickup arrangements are between the plan sponsors and employee bargaining units. The reverse pickup rate schedule is available online at:

<https://www.ocers.org/sites/main/files/file-attachments/reversepickups.pdf>

**** Revised 2/21/23 ****

**Orange County Local Agency Formation Commission
Employee Contribution Rates
Effective Pay Period 15, June 30, 2023**

Entry Age	Plan I (2.7% @ 55)	Plan J (2.7% @ 55)	Plan P (1.62% @ 65)	PEPRA
				Plan T (1.62% @ 65)
15	10.39%	9.98%	6.45%	5.04%
16	10.39%	9.98%	6.45%	5.04%
17	10.57%	10.15%	6.57%	5.13%
18	10.76%	10.33%	6.68%	5.22%
19	10.95%	10.51%	6.80%	5.32%
20	11.14%	10.70%	6.92%	5.41%
21	11.34%	10.89%	7.04%	5.51%
22	11.54%	11.08%	7.17%	5.60%
23	11.74%	11.27%	7.29%	5.70%
24	11.95%	11.47%	7.42%	5.80%
25	12.16%	11.67%	7.55%	5.91%
26	12.38%	11.88%	7.69%	6.01%
27	12.60%	12.09%	7.82%	6.12%
28	12.82%	12.30%	7.96%	6.22%
29	13.05%	12.52%	8.10%	6.33%
30	13.29%	12.75%	8.24%	6.45%
31	13.53%	12.98%	8.39%	6.56%
32	13.77%	13.21%	8.53%	6.68%
33	14.02%	13.45%	8.69%	6.80%
34	14.28%	13.70%	8.84%	6.92%
35	14.55%	13.95%	9.00%	7.04%
36	14.83%	14.21%	9.16%	7.17%
37	15.12%	14.48%	9.33%	7.30%
38	15.41%	14.73%	9.49%	7.44%
39	15.69%	14.98%	9.67%	7.57%
40	15.97%	15.23%	9.85%	7.72%
41	16.24%	15.47%	10.03%	7.86%
42	16.51%	15.72%	10.22%	8.01%
43	16.79%	15.97%	10.40%	8.16%
44	17.08%	16.23%	10.58%	8.30%
45	17.39%	16.47%	10.75%	8.44%
46	17.72%	16.68%	10.92%	8.57%
47	17.96%	16.83%	11.09%	8.72%
48	18.20%	16.92%	11.27%	8.86%
49	18.35%	16.91%	11.46%	9.01%
50	18.42%	16.80%	11.63%	9.15%
51	18.37%	16.56%	11.77%	9.28%
52	18.19%	16.20%	11.88%	9.38%
53	17.86%	16.73%	11.94%	9.44%

**** Revised 2/21/23 ****
Orange County Local Agency Formation Commission
Employee Contribution Rates
Effective Pay Period 15, June 30, 2023
 (continued)

Entry Age	Plan I (2.7% @ 55)	Plan J (2.7% @ 55)	Plan P (1.62% @ 65)	PEPRA
				Plan T (1.62% @ 65)
54	17.28%	17.28%	11.94%	9.46%
55	17.28%	17.28%	11.86%	9.42%
56	17.28%	17.28%	11.69%	9.33%
57	17.28%	17.28%	11.44%	9.19%
58	17.28%	17.28%	11.81%	9.49%
59	17.28%	17.28%	12.20%	9.80%
60	17.28%	17.28%	12.20%	9.80%
61	17.28%	17.28%	12.20%	9.80%
62	17.28%	17.28%	12.20%	9.80%
63	17.28%	17.28%	12.20%	9.80%
64	17.28%	17.28%	12.20%	9.80%
65	17.28%	17.28%	12.20%	9.80%
66 and thereafter	17.28%	17.28%	12.20%	9.80%

Average entry age and discounted percentages applicable to employee contributions paid under Section 31581.1 are:

Rate Group	Plan	Discounted Percentage	Average Entry Age
#2	Plan I (General)	99.43%	38
#2	Plan J (General)	99.01%	38
#2	Plan P (General)	98.41%	38

CP 22-08R**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF ORANGE COUNTY, CALIFORNIA
ADOPTING REVISED RETIREMENT RATES FOR FY 2023-24****April 12, 2023**

On motion of Commissioner _____, duly seconded by and carried, the following resolution was adopted:

WHEREAS, the California State Legislature adopted AB 2838 in its 1999-2000 legislative session, which, in part, required that Local Agency Formation Commissions throughout the State of California become independent public agencies effective January 1, 2001; and

WHEREAS, the Local Agency Formation Commission of Orange County (“OC LAFCO”) applied and was accepted as an independent member agency under the Orange County Employees Retirement System (“OCERS”) on or about January 1, 2001; and

WHEREAS, as a result of OC LAFCO being an independent member agency under OCERS since 2001, OC LAFCO must annually adopt both the employee and employer rates as approved by OCERS; and

WHEREAS, in August 2004, the County of Orange reached agreement with a number of General Member bargaining units and certain unrepresented employees to implement a 2.7% at 55 retirement formula for both past and future service; and

WHEREAS, on February 9, 2005, OC LAFCO approved implementation of a 2.7% at 55 retirement formula, for future service only, beginning July 1, 2005; and

WHEREAS, the cost to migrate to the 2.7% at 55 retirement formula was paid for by OC LAFCO employees and did not result in additional cost to OC LAFCO except for an annual employer contribution of 0.51 percent and annual modifications made in the retirement rates as determined by OCERS; and

WHEREAS, on December 12, 2012, OC LAFCO rescinded the 2.7% at 55 retirement formula for employees hired by OC LAFCO on or after December 12, 2012; and

WHEREAS, the new 2.7% at 55 retirement formula only applies to active employees and new employees hired between July 1, 2005 and December 11, 2012; and

WHEREAS, on April 20, 2010, the County of Orange approved implementation of a 1.62% at 65 retirement formula for new County employee hires only effective on or after July 1, 2010; and

WHEREAS, on June 9, 2010, OC LAFCO approved implementation of a 1.62% at 65 retirement formula, for new OC LAFCO employee hires only, beginning July 1, 2010; and

WHEREAS, on February 9, 2011, OC LAFCO adopted a temporary resolution establishing that new employees enrolled in the 1.62% at 65 retirement formula are subject to pay the reverse pickup cost; and

WHEREAS, on June 8, 2011, OC LAFCO adopted a revised resolution replacing the February 9, 2011 resolution, establishing OC LAFCO as responsible for the employee reverse pickup, the annual employer contribution of 0.51 percent and annual modifications made in the retirement rates for the 1.62% at 65 as determined by OCERS; and

WHEREAS, on September 12, 2012, the California Public Employees' Pension Reform Act (AB 340) was chaptered into law and became effective January 1, 2013; and

WHEREAS, the California Public Employees' Pension Reform Act (AB 340) imposed certain limitations on public employee pension formulas for public employees considered new members, as that term is defined by Government Code Section 7522.04(f) ("New Members"); and

WHEREAS, the enactment of the California Public Employees' Pension Reform Act (AB 340) required OCERS to establish two versions of the 1.62% at 65 retirement plan, one for new OC LAFCO employees that are not New Members ("non-PEPRA 1.62 Plan") and one for new OC LAFCO employees that are New Members ("PEPRA 1.62 Plan"); and

WHEREAS, on November 9, 2022, OC LAFCO adopted a resolution approving the employer/employee contribution rates for 2023-24 adopted by the OCERS Board of Retirement on June 20, 2022; and

WHEREAS, on February 21, 2023, the OCERS Board of Retirement adopted revised employer/employee contribution rates for the "PEPRA 1.62 Plan for 2023-24;" and

WHEREAS, the employer retirement rate for the 1.62% at 65 retirement plan, as established by OCERS, for 2023-24 is 32.36 percent for new OC LAFCO employees that are not New Members ("non-PEPRA" 1.62 Plan); and

WHEREAS, the revised employer retirement rate for the "PEPRA 1.62 Plan," as established by OCERS, for 2023-24 is 33.23 percent; and

WHEREAS, the employer retirement rate for the 2.7% at 55 retirement plan, as established by OCERS, for 2023-24 is 40.81 percent.

NOW, THEREFORE, the Local Agency Formation Commission of Orange County
DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

OC LAFCO adopts and approves implementation of 2023-24 retirement rates as revised and established by OCERS, effective June 30, 2023.

AYES:

NOES:

[illegible]

I, Douglass Davert, Chair of the Local Agency Formation Commission of Orange County, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 12th day of April 2023.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of April 2023.

Douglass Davert
Chair of the Local Agency Formation Commission
of Orange County

By: Douglass Davert