



FDSA

FRESNO DEPUTY SHERIFF'S ASSOCIATION

Fresno County Retirement Board Lowers Actuarial Number

(Fresno Bee Article, 8/22/13)

On Wednesday, August 21st, the board that oversees Fresno County's \$3.1 billion pension fund lowered the fund's projected annual investment return by half a percent. It's a decision that could cost the county an additional \$30 million per year.

The Fresno County Employees' Retirement Board made the change on a 5-4 vote. It lowers the anticipated investment return rate from 7.75% annually, over a 30-year period- to 7.25%.

When projected returns are lower, Fresno County and its employees must contribute more to the pension fund to make up the difference and keep it solvent.

Retirement board officials said for employees, the amount is around \$2.2 million annually in increased payroll deductions. For Fresno County, it is \$30 million -- a 16% increase in its current pension bill. This money must now be found in the budget.

Fresno County Auditor, Vicki Crow, also a retirement board member, voted against the proposal. She said, "It could create a shortfall in resources and potentially cause layoffs. I think it's a really harsh decision."

Crow favored lowering the anticipated return rate incrementally, starting with a quarter-percent reduction to 7.5%. That would have increased the county's costs by \$15 million annually. Then the rate could be lowered again, allowing the county time to adjust.

Another "no" vote came from Supervisor Judy Case.

She acknowledged the return rate needed to go lower, but wanted to wait for a month, in hopes that county officials could talk with employees about the ramifications of the move.

"County employees want raises," Case said. "They want the county to rescind pay cuts it imposed." But, Case said, those same employees have "benefits so rich it is hard to pay for them."

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Case continued, saying the county cannot afford to do both. And that, she added, doesn't even include potential cuts to county services, which would affect residents.

Case also pointed out that Fresno County isn't the only entity that is part of the pension fund. Others, such as the Fresno Madera Area Agency on Aging and Fresno County Superior Court, also participate -- and will be hit with higher contribution costs.

Fresno County Employees' Retirement Association Administrator, Phil Kapler said the county contributed \$186 million in the past fiscal year to stay on top of its pension obligations.

One aspect of Wednesday's decision to lower the investment return forecast seemed unsettled.

Kapler said the resolution approved by the board phases in the change, meaning the hit to the county would be \$11 million next year and \$22 million the year after that before reaching \$33 million in 2017.

Case, however, said while that was discussed, the board never formally approved such a move. She says as it is now, the county will have to find the \$30 million starting with next year's budget, which begins July 1.

Kapler said the pension fund's formula is simple -- employee and employer contributions and investment earnings must equal expenses and benefits paid to retirees. If investment earnings are reduced, then contributions must be increased.

The board can revisit the investment return rate in three years, adjusting it upward or downward, depending on anticipated market trends, Kapler said.

The current rate is what experts tell the retirement association it can realistically expect, on average, over the next 30 years.

Recently, Kapler said, the pension fund has had a bumpy ride.

In 2008, for example, the fund was down almost 26%. But it was up more than 22% the following year. Between July 2011 and June 2012, returns were flat. But in the fiscal year ending June 30, returns were up 13.5%.

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"It's the best we can do right now," Kapler said of the return forecast. "One never actually knows, but that's what the best experts tell us."

(End of article)

I included this article to let you know, I am looking out for the best interest of the membership of this Association.

Fresno County currently uses the rate of the return of 7.75% on its investment. This was lowered from 8% three years ago because the market was doing horribly.

Recently, the retirement board received the information from its actuarial that their investments were truly making 5.5% investment return. So, there is an obvious gap. By FCERA lowering the rate of the return, means that difference has to be made up somewhere. This case it is the user- Fresno County.

I want to make sure FDSA members see and understand what is going on.

The first issue is- FCERA did not consult with the Board of Supervisors or the CAO's office before implementing this rate. Although Supervisor Judy Case, voted no to this rate decrease, she was highly critical of the retirement fund and how solvent it *really* is. So the County of Fresno is now on the hook for the 30 million dollar gap left by this move.

More importantly, I want to share what I always refer to as the "big picture," when it comes to bargaining.

FDSA does a complete forensic analysis of the CAFR (the money available to the county) to determine if there is money available for pay/benefit stabilization, as well as services- if increases are given. The retirement payout is always included and we are always asked by the accountant analyzing this account why the bill is so high. Several factors are included, which reflect why it is so high. A few of these factors are from Pension Obligation Bonds, to the rate of return balance.

By FDSA, FSSA, and the Lieutenants getting our contract ratified two weeks before that decision, ensures our security with money returned, to each of you, that was "sunsetting" in the previous contract. Please remember, there are groups still at the bargaining table who don't have a deal and are scrambling since this decision came down. I am grateful we were able to reach a fair deal with the County of Fresno prior to this happening,

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I will be attending upcoming FCERA meetings and arguing against this half percent drop in the assumed rate of return. Being on the PORAC board, I also have to opportunity to listen to the PERS issues that arise. These issues include lowering the return. PERS is the biggest retirement system in the State of California.

Although, this is a much bigger fund they really resist dropping the assumed rate of return a quarter of a percent. Whenever the assumed rate of return is lowered, the difference needs to be made up by the funding entity - - in our case, the County of Fresno.

I will keep you updated on the potential impacts this decision will have in Fresno County.

REMEMBERING AND REFLECTING, Erik Telen

The month of August is always a somber and reflective at FDSA. It's also a busy time for many members as summer winds down and school starts again. The month of August, we always honor and memorialize one of our deputy sheriff's; Erik Telen. Many of you remember, Erik was gunned down while at work in 2001.

He was a 26 year old, with a promising career, who had been with FSO for about three years. Erik died in the mountains of Fresno County (Dunlap, CA) while pursuing a burglary suspect. During this time, there was also a massive fire called, the Highway Fire, that was blazing in the Sequoia National Forest. **Staffing at the Sheriff's Office was below minimum.**

Erik was dispatched to a call of a suspicious person. The call stated a subject was trespassing and hanging out in a tree house in Dunlap. Erik and his partner, Brent Stalker, were riding together in the same vehicle. Both had worked the Highway Fire detail, and were ending their day and headed down to log off. Rather than hold the call for the swing shift to handle, Erik and Brent decided to respond.

Both Erik and Brent diligently tracked the suspect to a house not far from the original call for service. They checked an enclosed patio portion of the residence, but the door leading into the residence was locked. They left the patio portion, and Erik repeatedly told Brent, 'something wasn't right' and they needed to check the inside of this house.

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About that time, Deputy Jimmy Robnett and Forest Service Law Enforcement Officer, Chris Launer arrived at the scene. A K-9 was called for- and then canceled- because it would have taken a while to get there.

Erik and Brent called the daughter of the homeowners to bring them a key to get inside the home. They started their search by entering near the kitchen/eating area. They made numerous announcements of their presence inside the residence. However, they got no response. The kitchen leads into the living room area. Erik went first, starting his search, entering the living room area. The suspect, Ramaddan Abdullah was inside the house and had armed himself. As Erik entered the living room, shots rang out. He was fatally hit and died at the scene.

This tragic and heartbreaking event prompted change within the Fresno County Sheriff's Office, primarily in the area of staffing and equipment. Erik's tactics were sound, and he and Brent's approach, was exactly what they had been trained on. Erik and Brent were conducting a building search that many of us do regularly- or have done, at various times in our careers.

Those of us who were here when this event occurred- are aware of how Erik's death has helped us improve as an agency. The Sheriff at the time, Richard Pierce, introduced high powered rifles, mandatory skills training, and preferred staffing so we would have a partner somewhat nearby, or closer than before.

Although these changes were 'reactive' types of measures- 12 years later they remain in place. In remembering Erik's life, we can also realize that lessons we learned as a department. These have made each deputy on the streets safer, and more prepared, should a similar situation arise again.

Remember this, nothing is routine in natural. Although we work in a career that can be mundane and uneventful at times, we can never take nothing for granted. I realize many of us have been going non-stop now for a while in 2013 staffing beats we just don't have bodies for - - we do it to keep each other safe, while give the public the service they pay for. Keep the most positive and upbeat attitude you can when times get tough.

Finally, I want to congratulate Steve Wilkins who was recently selected by Sheriff Mims as her new Undersheriff. Steve replaces Scott Jones who retired at the end of August. We look forward to a new forecast/outlook US Wilkins will bring to the Sheriff's Office.



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