



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
7

Meeting Date: **MAY 5, 2011**

Subject:

Amend Previous Board Actions Regarding Employees' Purchase of Service Credit from the San Diego City Employees' Retirement System

Recommendation:

Adopt Resolution No. 2011-0059, amending and modifying Resolution No. 2011-0024 to change direction to staff from employ a consultant to reimburse affected employees a maximum of \$375.00 each for the services of a qualified consultant; and amending and modifying Resolution No. 2011-0025 to change direction to staff to allow the two affected DROP employees to amend or rescind their DROP contracts.

Background/Justification:

On February 10, 2011, the Board adopted Resolution No. 2011-0024 which, among other things, directed staff to employ a consultant to assist the affected current and former Authority employees with evaluating the available options presented by SDCERS. As staff attempted to execute this direction, it became apparent that there is not necessarily one consultant that the Authority could employ which would adequately address each individual's circumstance. While some employees may want to consult a tax attorney, others may wish to meet with an investment planner and still others may wish to receive the services of a tax accountant. Allowing employees to receive a reimbursement for expenses up to \$375 would allow individuals to select a service provider, perhaps even one of their own, to evaluate the tax consequences of their available options. The dollar amount requested is based on three hours of service at the maximum rate provided by a telephone polling of local members of the National Association of Tax Professionals (NATP). NATP rates ranged from \$50 to \$175 per hour and, based on Board direction through Resolution No. 2011-0024, the time will be spent assisting affected current and former Authority employees with evaluating the available options presented by SDCERS.

Reimbursement will be allowed upon submission of invoices from a certified financial planner, qualified tax attorney, qualified tax accountant, investment advisor or other qualified pension expert.

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Further, at the February 10, 2011 meeting, the Board indicated that it had no objection to allowing the two employees in DROP, who are affected by PSC under-pricing, to rescind their DROP contracts, if they so choose. Subsequently, staff received a request from SDCERS to allow affected employees to also amend their DROP contract (e.g., change entry date) rather than just rescind the DROP contract completely.

Fiscal Impact:

The cost for 39 affected individuals receiving the maximum reimbursement is \$14,625 and is not in the current budget and will be covered with other savings in the budget. In addition, the cost of altering DROP versus rescinding DROP would need to be calculated by SDCERS on an individual basis, although any such costs are not incongruent with previous Board direction.

Environmental Review:

- A. This Board action, as an administrative action, is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act Pub. Res. Code §30106.

Equal Opportunity Program:

Not Applicable

Prepared by:

JEFF LINDEMAN
DIRECTOR, HUMAN RESOURCES

RESOLUTION NO. 2011-0059

A RESOLUTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AMENDING AND MODIFYING RESOLUTION NO. 2011-0024 TO CHANGE DIRECTION TO STAFF FROM EMPLOY A CONSULTANT TO REIMBURSE AFFECTED EMPLOYEES UP TO \$375 EACH FOR THE SERVICES OF A QUALIFIED CONSULTANT AND AMENDING AND MODIFYING RESOLUTION NO. 2011-0025 TO CHANGE DIRECTION TO STAFF TO ALLOW THE TWO AFFECTED DROP EMPLOYEES TO AMEND OR RESCIND THEIR DROP CONTRACTS

WHEREAS, the San Diego County Regional Airport Authority (the "Authority") is a local governmental entity of regional government, with jurisdiction extending throughout the County of San Diego (the "County"), organized and existing pursuant to the provisions of the Constitution of the State of California (the "State") and Section 170000 et seq. of the California Public Utilities Code (the "Act"); and

WHEREAS, pursuant to the Act, the Authority previously approved on February 10, 2011, Resolution No. 2011-0024 directing staff to, among other things, employ a qualified consultant to assist employees in evaluating the available options presented to them by the San Diego City Employees' Retirement System (SDCERS); and

WHEREAS, pursuant to the Act, the Authority previously approved on February 10, 2011, Resolution No. 2011-0025 directing staff to allow two employees in the Deferred Retirement Option Program (DROP), affected by purchased of service credit underpricing, to voluntarily rescind their DROP contracts if they so choose; and

WHEREAS, staff has unsuccessfully attempted to identify one consultant to provide the requested service to all affected employees; and

WHEREAS, staff has, subsequent to the February 10, 2011 Board meeting, received a request from SDCERS to allow employees to rescind or amend their DROP contracts, if they so choose; and

WHEREAS, the Board has received the information and considered it; and

WHEREAS, the Board finds it to be in the best interest of the Authority to amend the resolutions as outlined above; and

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the amendment to Resolution No. 2011-0024 to change direction to staff from employ a consultant to reimburse affected employees a maximum of \$375.00 each for the services of a qualified consultant; and

BE IT FURTHER RESOLVED, that reimbursement will be allowed after showing that the services were performed by a certified financial planner, qualified tax attorney, qualified tax accountant, investment advisor or other qualified pension expert; and

BE IT FURTHER RESOLVED, that the Board approves the amendment to Resolution No. 2011-0025 to change direction to staff to allow the two affected DROP employees to amend or rescind their DROP contracts; and

BE IT FURTHER RESOLVED, that Resolution Nos. 2011-0024 and 2011-0025 or parts of the resolutions inconsistent with this Resolution are hereby repealed to the extent of such inconsistency; and

BE IT FURTHER RESOLVED, that this Board action is not a "project" as defined by the California Environmental Quality Act (CEQA), Pub. Res. Code Section 21065; and is not a "development" as defined by the California Coastal Act Pub. Res. Code Section 30106.

PASSED, ADOPTED AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5th day of May, 2011 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

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