



September 11, 2023

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

**SUBJECT: ALAMEDA IMPLEMENTATION STATUS REPORT DATED SEPTEMBER 11, 2023**

Dear Board Members:

Background

Staff are working to implement the July 30, 2020, California Supreme Decision, Alameda County Deputy Sheriffs' Association v. Alameda County Employees' Retirement Association (2020) 9 Cal.5th 1032, 1070 ("*Alameda*"), based on the latest direction received from the Board of Retirement on April 17, 2023.

Summary & Highlights

The VPAC team includes several VCERA staff, plus coordination with the following partners:

- County of Ventura – providing calculations for excluded & situational pay codes
- MBS – providing tool development & flex credit calculations
- Simpler Systems – providing reporting tool

VCERA has been in discussions with the County regarding some of the historical corrections. At this point in time, the County is able to produce corrections for the excluded and situational pay codes, but they do not believe they are able to perform any of the flex credit corrections. While there are some logistical issues with this that MBS may be able to assist with, there is a benefit to keeping the County's VCHRP and VCERA's V3 systems in sync for more recent years so as not to complicate future prior period corrections and this will need to be evaluated. More discussions are planned to figure out the best way to achieve this.

Simpler Systems will be implementing a reporting tool that will assist VCERA with both periodic and ad-hoc reporting against the V3 system. This will enable staff to generate reports and queries much quicker to monitor progress and enable research and analysis of summarized data and anomalies.

Staff have been meeting regularly with the County, and have also begun meeting with MBS and Simpler Systems. The projects with MBS and Simpler Systems are expected to commence later this month after some technical setup is completed to allow the consultants to access VCERA's data and systems.

Staff are continuing to work out some of the details and mechanics of the implementation plan with the team and with counsel. For example, some of the situations to be taken into consideration include service credit purchases (SCP's), service credit adjustments, domestic relations orders (DRO's), lump sum payments, deceased members, and converted data.

### Estimated Impacted Population

Staff continue to work on evaluating the population of impacted members. At this point in time, it is clear that at least several hundred retired members and several thousand active & deferred members will be impacted in some way by the *Alameda* corrections. For some of the correction types, staff are still evaluating which members will be impacted (for example, retired members will only be impacted by leave straddling if it falls within their highest measurement period which would therefore affect their monthly benefit calculation). The estimated counts provided below are by pay category, and members may be included in more than one category.

#### PEPRA Exclusions:

- Excluded Pay Codes                      500+ retired, 1500+ active/deferred
- Situational Pay Codes                    500+ retired, 2400+ active/deferred
- Leave Straddling                        1200+ retired members to review and/or correct

#### Alameda Exclusions:

- Flex Credits                                850+ retired, 6500+ active/deferred
- Leave Donations                         400+ retired, 1400+ active/deferred

*For comparison, as part of normal operations, VCERA processes about 100 benefit estimates and 30 new retirements each month.*

### Estimated Project Timeline

Regarding the timeline for this project, VCERA staff is still in the early stages of Phase 1 (see below) and working with our vendors and consultants to develop the needed infrastructure and processing tools within V3 and outside that will allow us to automate the process. Additionally, staff are actively cleaning data and still gathering information about other aspects of the project. Staff understands and realizes there are many moving pieces that can't necessarily be determined at this point.

Consequently, while the following analysis is our best estimate today, it must be understood that as the project progresses, staff's ability to nail down issues that may slow down or speed up the project will come more into focus. As such, staff intends to update the Board and our constituents on a monthly basis as we continue to receive new information. Today, we can break the project down into two major phases:

1. Correction to pensionable earnings and member contribution & other pre-processing calculations
2. Recalculation of monthly benefits and compilation/processing of contribution refunds

Phase 1 is expected to take about nine months. This is partly based on the expected length of the MBS project, but staff anticipates working on several other related tasks with the County and internally in parallel during this time. Once Phase 1 is completed, staff will have the necessary components to begin Phase 2 in order to update individual member accounts. Staff are working on a plan to define the order in which member accounts will be processed, but in general, retired members will be addressed first so that the overpaying of monthly benefits can be stopped for the overall health of the retirement system. The overall timeline including both phases is expected to be at least two years. The end date for the project is estimated to be September 2025, but staff will continue to reassess this as the project moves forward.

Year	Months	Task	Assigned	Status
<b>Phase 1:</b>				
2023	May – June	Planning	VCERA	Completed
2023	May – June	Stop Contributions	County	Completed
2023	July – Sep	Correction Files Format	County	In Progress
2023	July – Dec +	System Enhancements	Vitech	In Progress
2023	July – Dec	Data Cleanup & Prep Tasks	VCERA/County	In Progress
2023	Sep – Dec +	Recruit & Train Staff	VCERA	
2023-24	Sep – June +	Queries/Reporting	Simpler Systems	
2023-24	Sep – June +	Tools Dev/Flex Credit Calcs	MBS/Consultants	
2023-24	Oct – Mar	VRSD Corrections (manual)	VCERA	
2024	Jan – Mar +	Send Correction Files	County	
2024	Jan – Mar	Test & Verify System Enhancements	VCERA IT & Ops	
2024	Apr – Sep	Review/Test Tools & Corrections	VCERA IT & Ops	
<b>Phase 2:</b>				
2024	Sep – Dec	Perform Calcs/Pay Refunds & Rollovers	VCERA	
2025	Jan – Sep +			

*+ indicates a task that may continue further to completion*

DISCLAIMER: This timeline is an estimate based on initial review of the project scope. Actual timeline may fluctuate due to factors including resources, vendor timelines, processing complexity, and unanticipated priorities. Updates to this estimated timeline will be published as more information becomes available.

**RECOMMENDATION: RECEIVE & FILE ALAMEDA IMPLEMENTATION STATUS REPORT DATED SEPTEMBER 11, 2023**

VCERA staff will be pleased to respond to any questions you may have on this matter at the September 11, 2023, Disability Meeting.

Sincerely,



Amy Herron  
Chief Operations Officer