

MEMO**MEETING DATE**

MAR 09 2011

AGENDA ITEM

#9

Date: March 9, 2011

To: CCCERA Board of Retirement

From: Marilyn Leedom, Retirement Chief Executive Officer

Subject: Contra Costa County Retirement Association (CCCERA) Employees' Salaries and Benefits

Recommendation: Provide equity adjustment of 6% to two exempt positions as listed below.
Approve a compensation study for all represented positions.

Background

In late October 2008, Fox Lawson completed a Compensation and Benefits Analysis for all CCCERA unrepresented positions. Mr. Lawson presented the study to the Board at the November 5, 2008 Board meeting. Although the Board was appreciative of the detail and information provided in the Fox Lawson study, no action was taken. In fact, the Board deferred the matter and asked staff to return to the Board at a future date to discuss the findings of this report.

As a follow up to this study, a recent discussion with Bruce Lawson of Fox Lawson indicated that he believes salaries have remained flat over the last 2 years, but he does see pending increases in 2011 of 1 to 3%. Discussion at the December 2008 Board meeting revolved around the results of the Fox Lawson report for the unrepresented positions, and the need to complete salary surveys for represented positions through a similar, third party process.

During the initial review of the Compensation Study, Mr. Lawson pointed out that CCCERA's salaries are more competitive in the lower end of the salary ranges, but less competitive in the upper end of the range. While most of our unrepresented positions were under the median pay scale when compared to both public/non-profit and the private sector, there were some positions that were more out of line than others. The Board approved 4% adjustment for two of these positions in early 2009 (Accounting Manager and Benefits Manager).

There are two remaining crucial positions that have not been adjusted since the Fox Lawson study and had significant pay differences when compared to both the CALAPRS systems and the Non-profit sectors. Due to pending changes in current management staff and the increased complexities in investment and legal requirements, the retention and support of investment and legal executive staff is crucial. It is appropriate to work towards bringing the salary of these exempt positions in line with those paid by other comparable systems.

The two above mentioned CCCERA positions compare in the compensation study as follows*:

1. Retirement Chief Investment Officer – Comparing CCCERA midpoints to the CALAPRS and Non-profit midpoints result in a disparity of 11.5% and 15.64% respectively.

Comparing CCCERA top step salary to 75th percentile of CALAPRS and Non-profit results in a disparity of 9.12% and 68% respectively.

2. Retirement General Counsel – Comparing CCCERA midpoints to the CALAPRS and Non-profit midpoints results in a disparity of 4.39% and 11.07% respectively.

Comparing CCCERA top step to the 75th percentile of CALAPRS and Non-profit results in a disparity of 5.2% and 27.95% respectively.

*note: private sector figures have been removed from this comparison, but would increase these disparity numbers.

CCCERA has been fortunate to retain the current team through many investment and legal changes and challenges. It is of utmost importance to keep the current team intact as the system continues to meet these challenges and the increasing complexity ahead.

Therefore, I respectfully recommend salary increases of 6% for both of these positions.

In addition, in order to complete our salary survey for all positions, I recommend contracting with Fox Lawson & Associates to survey and report on all represented positions. Note that some of the currently represented positions were previously surveyed as unrepresented positions and will not need additional review. The cost to perform this survey will not exceed \$10,000.

Comparison of Salary Ranges for Chief
Investment Officer and General Counsel

Chief Investment Officer

	<u>Median*</u>	<u>CCCERA Midpoint</u>	<u>% Difference</u>
CALAPRS	\$ 178,559	\$ 160,058	-11.6
Non-Profit	\$ 185,086	\$ 160,058	-15.6
	<u>75th Percentile*</u>	<u>Top Step CCCERA</u>	
CALAPRS	\$ 192,556	\$ 176,464	-9.1
Non-Profit	\$ 296,631	\$ 176,464	-68.1

General Counsel

	<u>Median*</u>	<u>CCCERA Midpoint</u>	
CALAPRS	\$ 142,883	\$ 137,533	-3.90%
Non-Profit	\$ 152,034	\$ 137,533	-10.5%
	<u>75th Percentile*</u>	<u>Top Step CCCERA</u>	
CALAPRS	\$ 158,759	\$ 150,909	-5.2%
Non-Profit	\$ 193,090	\$ 150,909	-28.0%

*taken from Fox Lawson & Associates Compensation and Benefits Analysis Study 2008