



November 18, 2024

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

SUBJECT: ALAMEDA IMPLEMENTATION STATUS REPORT DATED NOVEMBER 18, 2024

Dear Board Members:

Background

Staff are working to implement the July 30, 2020, California Supreme Court 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.

The project consists of two phases:

- Phase 1 – Calculate pensionable earnings & member contributions
- Phase 2 – Calculate retirement benefits & process refunds w/interest

Below we have included a list of the tasks for Phase 2 below, and have highlighted the dependencies from Phase 1 that will determine when we can commence the Phase 2 tasks.

Summary & Highlights

The VCERA Project for Alameda Corrections (VPAC) team includes several VCERA staff, plus coordination with the following partners:

<u>Partner</u>	<u>Tasks</u>
County of Ventura AC Payroll Dept.	Calculations for excluded & situational pay codes, as well as partial assistance to recalculate flex credits.
MBS	Tools development and flex credit & interest calculations.
Simpler Systems	Developing reporting tool(s) for V3 data.
McChoi Consulting	Project management.
Vitech	V3 pension administration system enhancements.
AP Consultants	Pension administration system testing support services.

Phase 1 Status:

Vitech has successfully delivered, and staff are finished testing, many vital Phase 1 enhancements required in order to process contribution refunds using batch processing. Work continues for Vitech enhancements related to recalculating retiree benefits in batches and calculating interest, as well as testing of additional support tasks. This work will continue with

Vitech and AP Consultants as we move forward into Phase 2. AP Consultants is providing assistance with the test plans, the coordination with Vitech resources, and the actual testing itself with VCERA staff.

MBS now expects to deliver tools and flex credit correction calculations by February of 2025 which is delayed due to impediments from Vitech and the County. MBS is assisting VCERA staff with additional tools and functionality requirements/desirables discovered throughout the first phase of the project. These additional tasks are currently still within their scope of work.

The County continues with data cleanup efforts and file testing, but issues with the VCHRP Flex Credit Recalculation functionality are still not resolved. The County is working to fix the functionality and VCERA continues to work with the County to perform limited testing as available, until full testing can take place once the calculation issues are fixed. These calculation issues were discovered during initial testing, and are more complex than anticipated, which is why this piece is causing the timeline to extend.

VCERA staff are simultaneously working to accomplish a large volume of Alameda VCHRP testing, V3 testing, MBS testing, and data cleanup. This is proving to be an exceptional amount of work for VCERA Operations and SysAdmin, even considering the addition of fixed-term staff. The amount of time required by VCERA staff to complete all these tasks also poses a risk to the project timeline, along with other competing priorities, such as Courts transition to ADP.

Phase 2 Overview:

Staff are working together internally and with project partners to plan for Phase 2 to start, as we see the completion of multiple fundamental steps from Phase 1. Major steps for Phase 2 are listed in the table within this staff report, "Phase 2: Calculate Retirement Benefits & Process Refunds with Interest." Major steps include:

1. Update Pension Administration System (V3) Data to Reflect Compensation, Contribution, and Interest Calculations
2. Pay Contribution Refunds and Rollovers (Active & Deferred)
3. Perform Adjustment Calculations to Community Property, Service Credit Purchases, and Death Benefits
4. Recalculate & Adjust Retiree Monthly Benefits and Process Net Contribution Refunds

There are initial planning and setup tasks (including continued testing and troubleshooting from Phase 1 enhancements development) that will continue into the beginning stages of Phase 2, some prior to VCERA being able to perform the first adjustment calculations. Phase 2 Setup and Initial Tasks include Vitech's completion of additional support tasks, additional tasks assigned to MBS as discovered throughout Phase 1, updating the member notices in accordance with process improvements established in light of VRSD processing, additional reporting configuration, and streamlining the process for calculating interest on retiree over/underpayments to eliminate the need for individual handling.

While we are optimistic that we will begin Phase 2 tasks in early 2025, we are not projecting a specific timeline until we have more information about the completion of the testing from Phase 1. As previously reported to the Board, we have reordered some of the Phase 2 tasks to

accommodate the continued carryover from Phase 1. Although we have not yet assigned dates to the tasks, we do not anticipate starting refunds or benefit recalculations until July 2025 at the earliest.

At its October 28 meeting, the Board requested for staff to identify the greatest dependencies from Phase 1 that pose a delay to starting Phase 2. These items are highlighted in blue on the Phase 1 table below: “Correction Files Format/Workflow & Flex Credit Calcs (County)” and “Test & Verify System Enhancements (Vitech)”. Staff will keep the Board apprised of our progress in coming months, specifically in these areas. For this reason, we have not provided specific expectations of what months Phase 2 tasks expect to be completed.

Phase 1: Calculate Pensionable Earnings & Member Contributions				
<u>Year</u>	<u>Months</u>	<u>Task</u>	<u>Assigned</u>	<u>Status</u>
2023	May – June	Planning	VCERA	Completed
2023	May – June	Stop Contributions	County	Completed
2023-24	July – Dec	Data Cleanup & Prep Tasks	VCERA/County	In Progress
2023-24	July – Dec +	Correction Files Format/Workflow & Flex Credit Calcs	County	In Progress
2023-24	July – June +	System Enhancements	Vitech	Completed
2023	Sep – Dec +	Recruit New Staff (Fixed Term)	VCERA	Completed
2024	Jan – Mar	Onboard/Train New Staff	VCERA	Completed
2023-24	Sep – Dec +	Queries/Reporting	Simpler Systems	In Progress
2023-24	Nov – Dec	Tools Dev/Flex Credit Calcs	MBS/Consultants	In Progress
2024	Jan – Aug	VRSD Corrections (manual)	VCERA	Completed
2024	Jan – Dec +	Test & Verify System Enhancements	VCERA /Vitech & AP Consultants	In Progress

+ indicates a task that may continue further to completion.

Items in bold have been updated since the prior status report. Items in gray have been completed.

DISCLAIMER: This timeline is an estimate based on an 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.

Phase 2: Calculate Retirement Benefits & Process Refunds with Interest			
<u>Year</u>	<u>Task</u>	<u>Assigned</u>	<u>Status</u>
2025	Phase 2 Setup and Initial Tasks	VCERA	In Progress
2025	Update V3 to Reflect Compensation, Contribution, and Interest Calculations	VCERA/MBS/County	Not Started
2025 +	Pay Contribution Refunds and Rollovers (Active & Deferred)	VCERA	Not Started

2025 +	Recalculate & Adjust Retiree Monthly Benefits and Process Net Contribution Refunds	VCERA	Not Started
2025 +	Recalculate Service Credit Purchases	VCERA	Not Started
2025 +	Recalculate Community Property	VCERA	Not Started
2025 +	Recalculate Death Benefits	VCERA	Not Started

Attachment A: VPAC Project Phase 1 and Phase 2 Gantt charts are attached for reference.

RECOMMENDATION: RECEIVE & FILE ALAMEDA IMPLEMENTATION STATUS REPORT DATED NOVEMBER 18, 2024

VCERA staff will be pleased to respond to any questions you may have on this matter at the November 18, 2024, meeting.

Sincerely,



Betsy Byrne, CPP
Chief Operations Officer