

May 19, 2025

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

SUBJECT: Alameda Implementation Status Report Dated May 19, 2025

Dear Board Members:

Staff are currently working with various partners to calculate corrected member contributions and to implement the system changes necessary to upload and process this corrected data.

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 (BOR) on April 17, 2023.

Alameda concluded that all amendments to the definition of compensation earnable, enacted as a result of PEPR, were constitutional, and that CERL retirement boards were not contractually bound by previous settlement agreements, nor did they have any discretion to include pay items that were excluded under CERL or PEPR.

The implementation project consists of two phases:

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

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.

Staff are currently wrapping up the items from Phase 1 and performing preparatory tasks for Phase 2.

Summary & Highlights – 2 Year Recap

Since April 2023, VCERA staff have collaborated with several partners (Including County, Vitech, MBS) to design and develop tools to accomplish historical corrections to pensionable earnings and member contribution data in V3. Below is a summary of the major milestones accomplished in that timeframe.

VCERA kicked off the project and initiated project planning and documentation, engaged external project management and consultants (including McChoi Consulting and AP Consultants), and expanded staffing (recruited, onboarded, and trained new staff). Operations staff completed corrections to contributions and benefits for impacted VRSD members and provided communication updates to members. Staff worked with partners to develop methodologies and tools to design and develop adjustments to earnings, contributions, and service credit. The County implemented the capping of pensionable pay codes and flex credit earnings, and began working on system enhancements to accomplish historical adjustments to flex credits and updated the data transmission processes between VCHRP and VCERA's pension administration system, V3. MBS has developed and tested tools for flex credit corrections prior to 2004, flex credit input data for the County for 2004 going forward, and employee assistance donation adjustments. MBS continues to refine the tools developed as well as additional ad-hoc tasks as determined necessary throughout Phase 1 of the project. Vitech designed and developed system enhancements to create excess contribution accounts and streamline benefit recalculations. Vitech also completed programming to fix some system defects.

The following is a list of the major milestones (with completion dates) accomplished since the Board's direction on April 17, 2023:

- **April 2023** – VPAC project kickoff with VCERA team.
- **May 2023** – Collaborated with County of Ventura (County) Auditor-Controller's Office to implement capping of "situational" pay codes to standard working hours in the Ventura County Human Resources & Payroll (VCHRP) system.
 - Contributions on situational pay codes in excess of normal working hours were stopped as of 5/28/2023.
- **May 2023** – Worked with County to implement capping on pensionability of flex credit earnings in VCHRP per the Board of Retirement's April 17, 2023 Resolution, under both old and new flexible benefit program structures.
 - Contributions on flex credits in excess of the maximum cashable amount were stopped as of 6/25/2023.
- **June 2023** – Developed Implementation Plan details.
- **September-November 2023** – Vitech completed analysis and initial design of system enhancement for mass benefit recalculations and creation of excess contribution accounts, and programming needed to implement changes to redemption of annual leave (buydown) hours.

- **February 2024** – Completed recruitment and hired 4 fixed-term employees to increase staffing resources for the VPAC project.
- **March 2024** – Kicked off external project management.
- **March 2024** – Sent first notice to Ventura Regional Sanitation District (VRSD) impacted members to inform them that their accounts would be reviewed and corrected.
- **March 2024** – Corrected earnings, contributions and service credit for impacted VRSD member participant accounts.
- **May 20, 2024** – BOR adopted 7.9% interest rate on underpaid benefits stemming from *Alameda*-related corrections, consistent with prior board decision in March 2023 to apply the same interest rate to other *Alameda* corrections.
- **June 2024** – Completed sending refund notification letters to and processed refund payments and rollovers for VRSD active and deferred members.
- **July 2024** – Completed recalculation of retirement benefits and processed net refunds for VRSD retired members.
- **October 2024** – Completed data cleanup and preparation tasks for calculating pensionable earnings and member contributions.
- **March 2024** – County completed the development of transmittal file format from County VCHRP data communication to VCERA for input into V3, known as “VCERA Only File” that processes corrections to retirement data in both systems, without adjusting employee payroll data in VCHRP.
- **February 2024** – MBS completed development of tools and calculations for flex credit adjustments, employee assistance donation adjustments, and associated earnings and contribution adjustments.
- **April 2024** – MBS completed flex credit adjustment file to send to the County for flex credit adjustment amounts for 2004-10 forward so that they can be removed from the County’s VCHRP system.
- **June 2024** – Completed modified spreadsheet to calculate Service Credit Purchase (SCP).
- **October 2024** – Completed testing and implemented the system enhancement to create excess contribution accounts, to capture overpaid member contributions for each impacted member plus the 7.9% Board-approved interest rate.
- **September 2024** – Reviewed current V3 system defects and prioritized required fixes.
- **December 2024** – County completed initial development of Flex Credit Historical Adjustments programming in VCHRP to calculate the removal from pensionable compensation of flex credit earnings above the maximum allowable cashable amount under the *Alameda* Flex Credit resolution, and adjustments to associated contributions.
- **January 2025** – Started testing of contribution files with all three correction types (Situational Pay Codes, Special Accumulator/Excluded Codes and Flex Credit) provided by the County.
- **March 2025** – Completed testing MBS tools and calculations and in the process of fine-tuning the tools based on feedback from testing with the County.
- **April 2025** – Completed data cleanup task related to the movement of the CNA union into a COLA plan in 2023.
- **Ongoing** – Provided updates to members through VCERA website, Frequently Asked Questions, VCERA newsletter, and *Alameda* FAQ included in Annual Benefit Statements.

Current Update:

MBS and VCERA staff continue to fine-tune correction files to remove contributions on flex credits prior to 2004, which are expected to be completed by June 30, 2025. MBS is also working on additional ad-hoc tasks including but not limited to the calculation of interest and offsetting retiree benefit overpayments, and the pre-processing tool that will be used for the parsing of County files.

Vitech and AP Consultants are working to complete testing and develop final fixes on defects in the V3 Pension Administration System. Vitech also completed additional development of the mass benefit recalculation process enhancement, however test results have shown that the delivered product does not yet meet the stated requirements. AP Consultants are performing additional testing on this enhancement and reviewing test results promptly with Vitech when issues are encountered. VCERA has experienced more V3 system performance issues both in production and during Alameda testing. VCERA leadership has exerted additional pressure on Vitech to resolve continuous performance issues in V3 and to meet expected timelines. Vitech is working on a revised estimated timeline; VCERA has communicated the goal is still June 30, 2025.

The County's new contracted project manager started on March 31st and is helping the County document and organize the project deliverables so that County staff can focus on resolving issues encountered during testing and produce updated test files. The County has implemented a major software update to its VCHRP payroll system (PeopleSoft) which requires the testing database to also undergo an upgrade. This initiates the second round of testing before all test issues from Round 1 are resolved or re-programmed. The VCHRP Upgrade will also allow the County to test and implement multiple retirement-related system enhancements, which will reduce testing required later along with Alameda corrections processing. The County has accomplished resolutions on multiple issues identified in the first round of testing, and staff expect the second round to incorporate these fixes. The County is also continuing to address data cleanup issues that assist in keeping systems in sync and verifying accurate correction data transmitted to VCERA's V3. VCERA staff continue to work closely with County on data cleanup, test issue resolution, and test more correction files. VCERA anticipates that the County will resolve outstanding system and data cleanup issues once the system upgrade is complete. The County will provide an updated timeline after updating its test database and reconfiguring the test plan to accommodate the VCHRP upgrade.

Updated timelines are expected to be provided by the County and by Vitech, and therefore staff are not able to accurately project when all system enhancements and calculations will be resolved in reference to the greater timeline. Staff will provide an updated timeline in the next Board status report, with steps to mitigate any possible timeline shifts where possible. The attached Gantt chart reflects tasks expected to extend the timeline or subject to change as highlighted in yellow.

What's Next:

Next steps and remaining tasks for MBS include completing the testing and fine tuning of flex credit correction files for prior to 2004, developing the pre-processing tool to parse County files

for V3 ingestion, and creation and testing of a tool to calculate interest and offset against retiree benefit overpayments. VCERA and the County will complete the testing of VCERA Only correction files after the VCHRP system upgrade. Vitech is working to complete the successful development of the mass retirement calculation tool, finish testing changes to annual leave redemption, implement finalized fixes to existing system issues, and improve system performance overall. MBS is on track to complete initial tasks by June 30, 2025, whereas Vitech and the County have advised staff that they expect to provide revised timelines. VCERA staff acknowledge the impact of these delays on the overall project timeline and are actively engaging with partners, including Vitech management, to mitigate further scheduling delays and possibly recover some costs.

**RECOMMENDATION: Receive & File Alameda Implementation Status Report
Dated May 19, 2025**

VCERA staff will respond to any questions you may have on this matter at the May 19, 2025, meeting.

Sincerely,

A handwritten signature in black ink that reads "Betsy Byrne". The signature is fluid and cursive, with the first and last names clearly distinguishable.

Betsy Byrne, CPP
Chief Operations Officer

Attachment A: VPAC Project Phase 1 and Phase 2 Gantt Chart