Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 19

MEETING DATE: August 16, 2023

SUBJECT: Strategic Management Plan Quarterly Performance Report

SUBMITTED FOR: __ Consent ___ **Deliberation and Action** __X__ **Receive and File**

RECOMMENDATION

Receive and file the Strategic Management Plan Quarterly Performance Report.

PURPOSE

This item informs the Board on progress with implementation of the Strategic Management Plan.

DISCUSSION

SCERS established the Strategic Management Program to measure and guide progress in achieving continuous improvement. The program is organized around six areas (goals):

- Customer Service and Experience
- Stakeholder Communication and Outreach
- Funding Integrity and Sustainability
- Investment Planning and Growth
- Organizational Development and Culture
- Enterprise Capability and Technology

On a quarterly basis, the Board is provided a performance update on activities and progress toward meeting objectives and targets within those goals. This quarterly report reflects a 3-month review of 2023 performance.

ATTACHMENTS
- Board Order
- Strategic Management Plan Quarterly Performance Report

Prepared by: Reviewed by:

/S/ _____   /S/ _____
Joan Kudin   Eric Stern
Senior Public Information Officer   Chief Executive Officer

Retirement Board Order
Sacramento County Employees' Retirement System

**Before the Board of Retirement
August 16, 2023**

AGENDA ITEM:

Strategic Management Plan Quarterly Performance Report

THE BOARD OF RETIREMENT hereby approves Staff's recommendation to receive and file the Strategic Management Plan Quarterly Performance Report.

I HEREBY CERTIFY that the above order was passed and adopted on August 16, 2023 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES
(Present but not voting):

_____
Board President

_____
Eric Stern
Chief Executive Officer and
Board Secretary

Strategic Management Plan

Second Quarter – 2023

August 2023

Strategic Framework

Customer Service and Experience

Customers satisfied with timely, friendly, convenient, and accurate pension administration services.

Completed

- Finished "busy season" with processing time improvement over last year
- Implemented new SETA employer feed

Looking Ahead

- Roll out self-scheduling tool on website
- Roll out secure file upload tool on website for members
- Roll out new Pension Portal for retirees

Key risks: *Alameda* corrections, technology issues continue to impact day-to-day workload

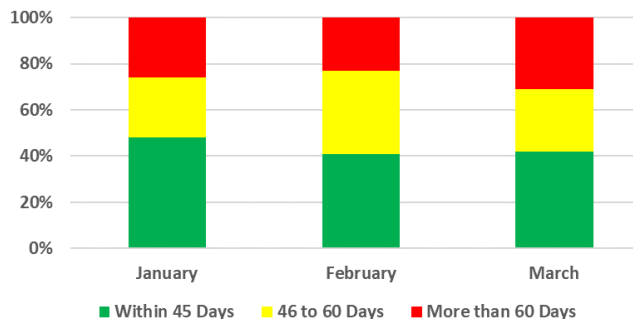**Mitigation:** Filled vacancies, implemented structured schedules to prioritize specific workloads
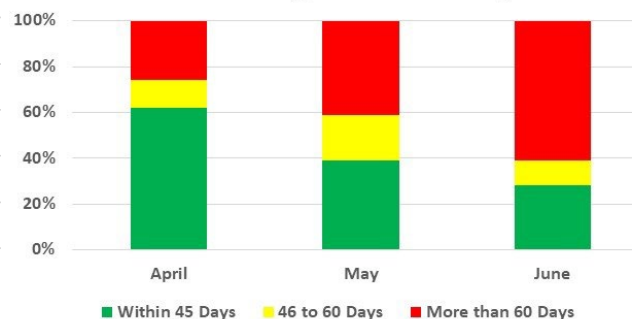
Customer Service Dashboard

Quarter 1

Processing Time Summary

■ Within 45 Days ■ 46 to 60 Days ■ More than 60 Days

Quarter 2

Processing Time Summary

■ Within 45 Days ■ 46 to 60 Days ■ More than 60 Days

Targets:

New retirees paid –

➢ **>75% within 45 days**

➢ **>90% within 60 days**

Calendar Year to Date
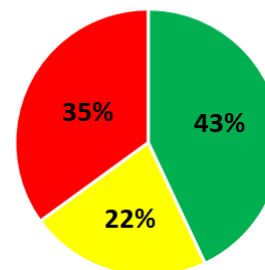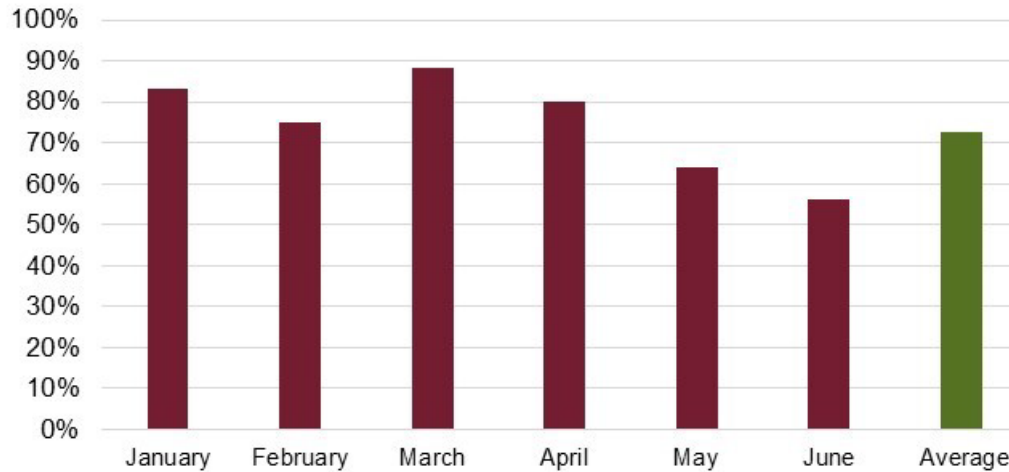

■ Within 45 Days ■ 46 to 60 Days
■ More than 60 Days

Customer Service Dashboard (2)

Overall Experience
% Extemely Satisfied or Satisfied
Target: >80%

Retiree Survey Response Rates

Jan	Feb	Mar	Apr	May	Jun
39%	45%	35%	47%	40%	42%

Stakeholder Communication and Outreach

Transparent communication among stakeholders to support clear understanding of roles and responsibilities, and the value of defined-benefit pensions.

Completed	Looking Ahead
• Produced timely Annual Statements • Participated in on-site department events • Produced evergreen pension planning webinar	• Redesign member forms • Gather email addresses for retirees • Participate in more on-site department events

Key risks: Ambitious goals to ramp up member/employer engagement programs remain challenging with competing priorities

Mitigation: Added additional benefit staff in 2023-24 budget

Funding Integrity and Sustainability

Prudent and effective funding policies and practices that assist in producing low contribution rate volatility and plan sustainability.

Completed

- Retained Segal as system actuary
- Adopted responsible-growth operating budget for 2023-24
- Secured additional payment from Sac Metro Fire

Looking Ahead

- Adopt new actuarial assumptions
- Complete court-mandated *Alameda* benefit corrections
- Monitor Sanitation District separation from County

Key risks: *Alameda* correction process presents significant workload and technical challenges

Mitigation: Hired team of temps, consultant for focused project effort with dedicated staff

Investment Planning and Growth

An investment program that meets SCERS' assumed rate of return over time and carefully manages investment risks.

Completed

- Completed manager searches for International Small Cap and Global Equity
- Conducted fiduciary health check
- Created ad hoc committee to improve investment reports

Looking Ahead

- Complete implementation of Portfolio Analytics and Risk Management software
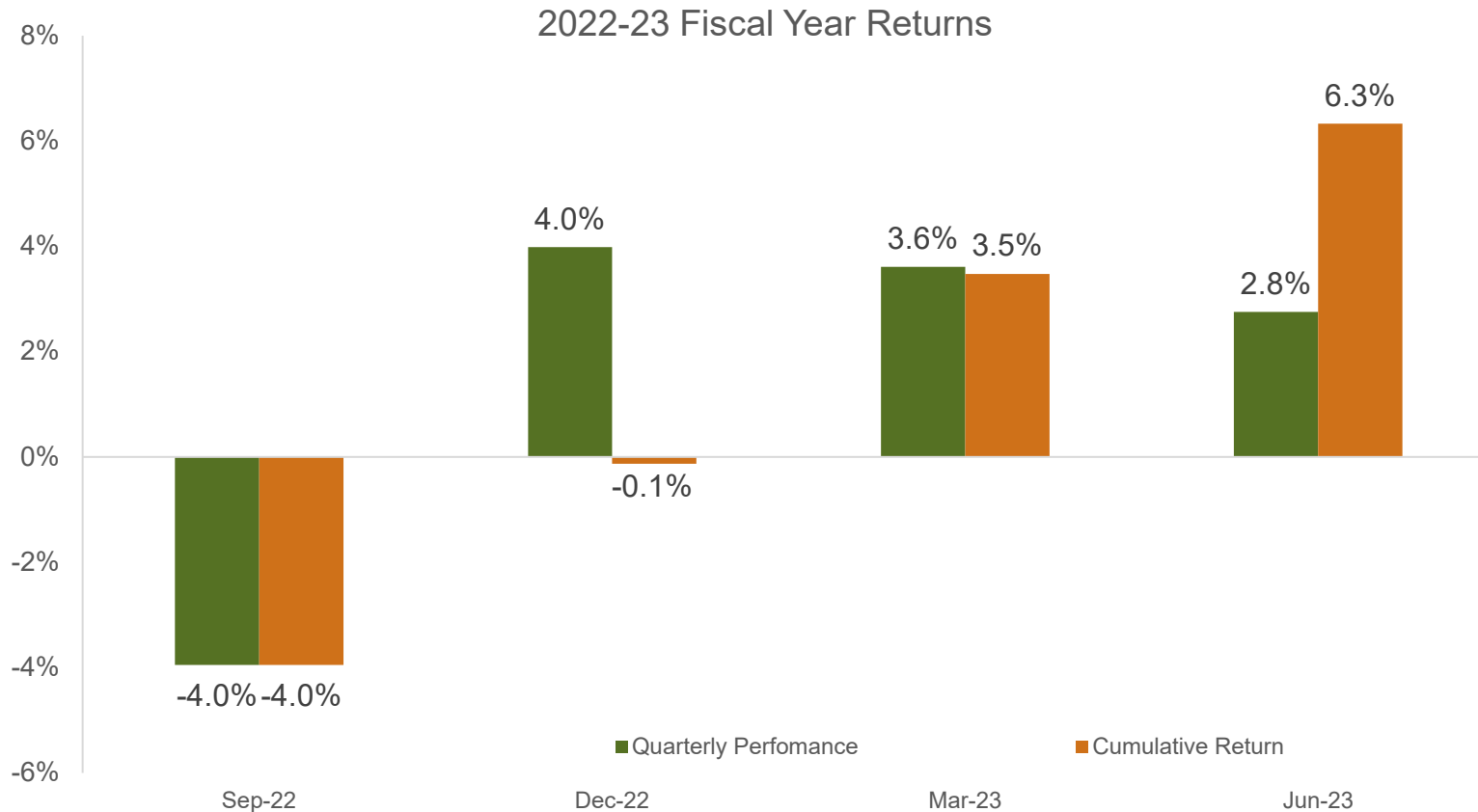- Adopt 2024 Annual Investment Plan

Key risks: Geopolitical environment, inflation, rising interest rates, and slowing growth

Mitigation: Increased cash allocation to improve liquidity and take advantage of higher interest rates

Goal 4

Investment Planning and Growth

2022-23 Fiscal Year Returns

Quarterly performance numbers may differ slightly from prior versions of this report as a result of the reporting time frame of the underlying fund managers. The quarterly performance will not total the cumulative performance due to compounding.

Goal 5

Organizational Development and Culture

A high-performance organizational structure and workforce that is not dependent on any one person.

Completed

- Made key hires, reduced vacancy rate
- Held annual staff picnic, social events
- Finalized phase 2 of new on-the-job training program

Looking Ahead

- Launch Telework 2.0
- Hiring for newly budgeted positions
- On-the-job training phase 3
- Build out procedure manuals, training guides

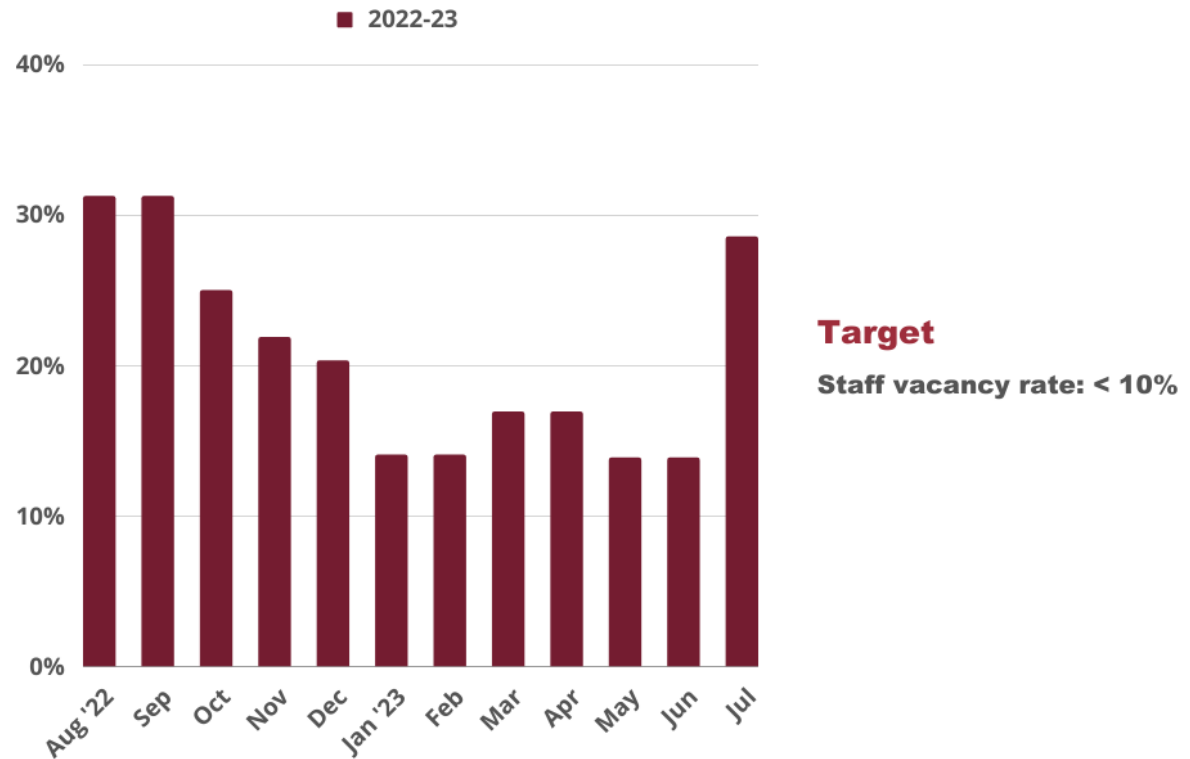**Key risks:** Maintaining morale during a period of major change

Mitigation: Focus on supporting staff with training and onboarding

Enterprise Capability and Technology

Enterprise cross-functional capabilities and technology platforms, continuously enhanced to improve performance, productivity, and efficiency.

Completed	Looking Ahead
• Restored, stabilized legacy systems and operations • Enhanced workflow tracking • Implemented disaster planning tool	• New web tools • Internal IT service ticket process • Evaluate new workflow management tools

Key risks: Change fatigue, capacity for new projects

Mitigation: New CTO to focus on future needs, resources