



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 15

MEETING DATE: October 16, 2019

SUBJECT: Strategic Management Plan Quarterly Performance Report

SUBMITTED FOR: Consent Deliberation and Action Receive and File

RECOMMENDATION

Staff recommends the Board receive and file the Strategic Management Plan Quarterly Performance Report.

PURPOSE

This item informs the Board on progress with implementation of the 2019-20 Strategic Management Plan.

DISCUSSION

SCERS established the Strategic Management Program to measure and guide progress in achieving continuous enterprise performance improvement. The program is organized around six areas (goals). There are three operational objectives to be managed within each goal:

1. Identify and complete specific initiatives (tasks) that will incrementally improve performance.
2. Develop and track a set of quantitative measures indicative of performance.
3. Identify and manage risks that potentially negatively impact SCERS' ability to maintain and improve its performance.

At the beginning of the 2019-20 fiscal year, the SCERS management team prepared a Strategic Management Plan identifying specific initiatives to be accomplished during the year. The attached presentation reports the progress against the plan during the first quarter of the fiscal year and presents initiatives to be undertaken in the second quarter. (Note: The list of initiatives evolves over time as conditions change or new opportunities surface.)

The management team plans to expand the set of metrics presented in each quarterly report based on needs, experience, and system capabilities.

ATTACHMENT

- Strategic Management Plan Presentation

Prepared by:

/S/

Stephen Hawley
Chief Strategy Officer

Reviewed by:

/S/

Eric Stern
Chief Executive Officer

Strategic Management Program

Report for Fiscal Year 2019-20 Q1



SCERS

SACRAMENTO COUNTY
EMPLOYEES' RETIREMENT SYSTEM



Goal 1: Customer Service and Experience

Enhance the services provided to all SCERS' customers to improve efficiency, effectiveness, and accountability.

Completed 1st Quarter

- Adopted electronic signature policy

Planned 2nd Quarter

- Implement electronic signatures for benefit option selection
- Develop and initiate new retiree satisfaction survey
- Review/improve disability retirement application processes
- Review/improve procedures for handling returned mail

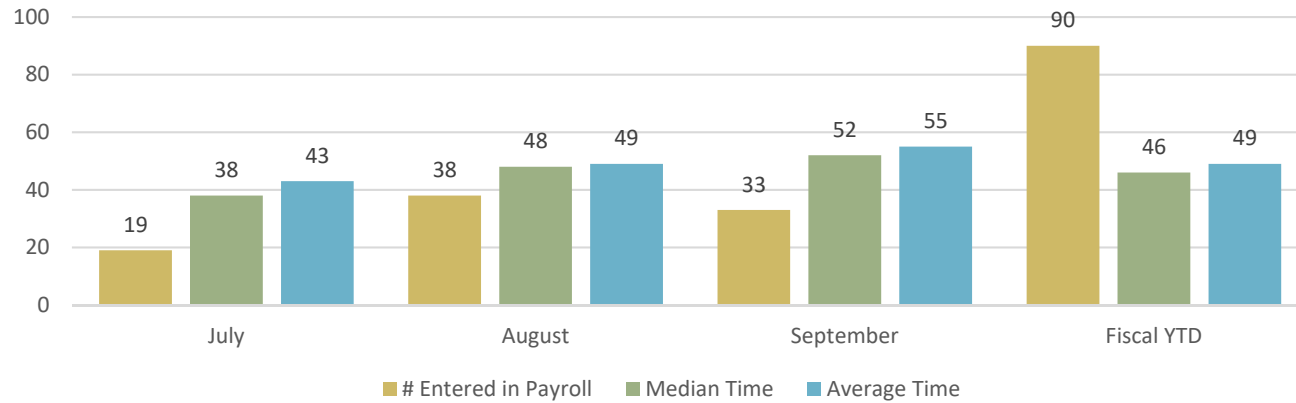
Key Risks:

- Staff adoption of new system changes creates challenge to maintaining consistent service levels

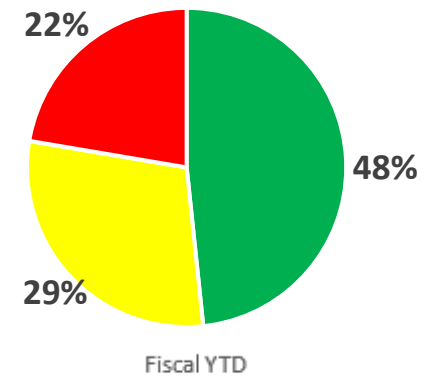
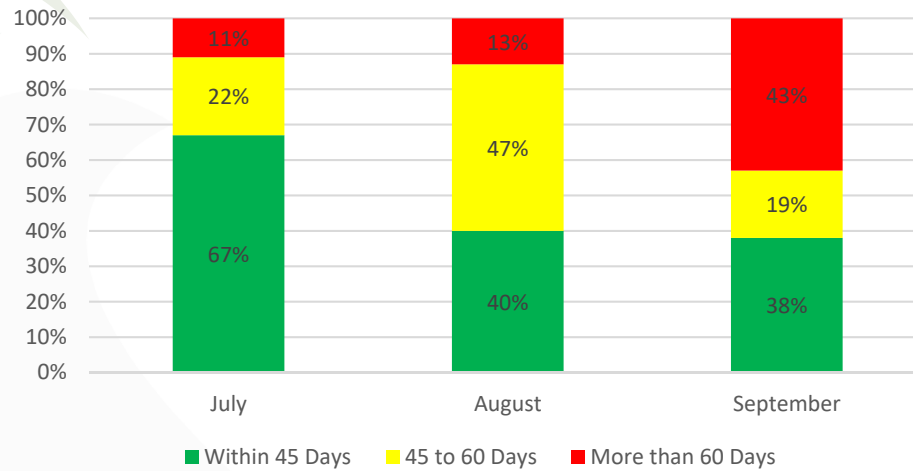


Customer Service Dashboard

Retirements



Processing Time Summary



Goal 2: Stakeholder Communication and Outreach

Maintain transparent communication among stakeholders and promote understanding of roles and responsibilities.

Completed 1st Quarter

- Developed member engagement program charter and strategy
- Initiated development of employer services unit within Benefits

Planned 2nd Quarter

- Update SCERS Bylaws with electronic signature policy and IRS/tax provisions
- Revise actuarial reporting to include contribution rate information with Board adoption schedule
- Develop improved disability retirement information and education materials

Key Risks:

- Vacancy in CMO II position threatens momentum in newsletter and website content development and ramp up of member/employer engagement programs



Goal 3: Funding Integrity and Sustainability

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

Completed 1st Quarter

Planned 2nd Quarter

- Assess materiality of UC Davis Medical Center employer liabilities and evaluate need for follow-up

Key Risks:

- Upcoming review of actuarial assumptions could lead to discount rate debate.



Goal 4: Investment Planning and Growth

Maintain an investment program that targets performance that meets SCERS' assumed rate of return over time and which mitigates and carefully manages investment risks, including market volatility.

Completed 1st Quarter

- Adopted a cash management policy
- Began evaluation of currency hedging strategies
- Adjusted overlay structure to align with strategic asset allocation and narrowed rebalancing bands

Planned 2nd Quarter

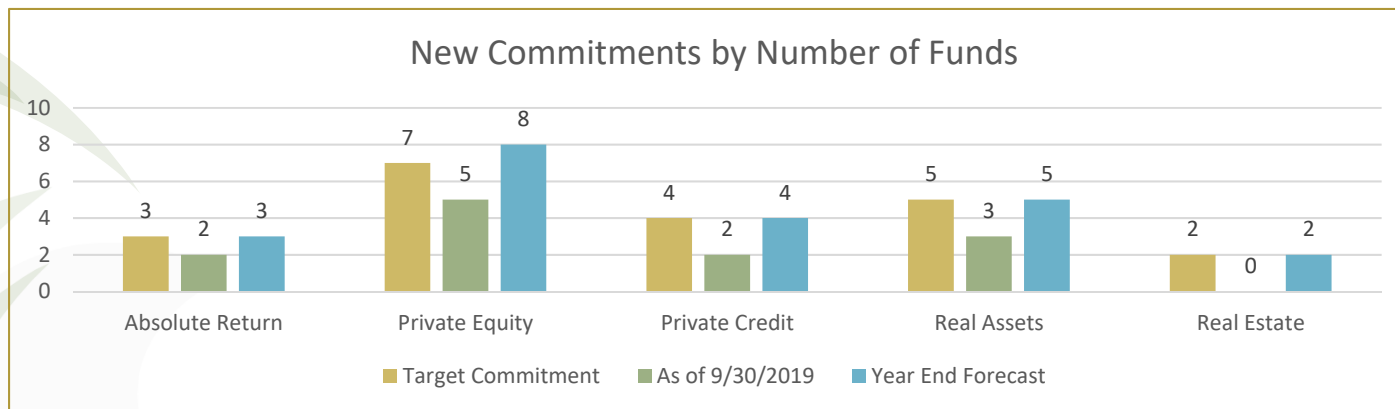
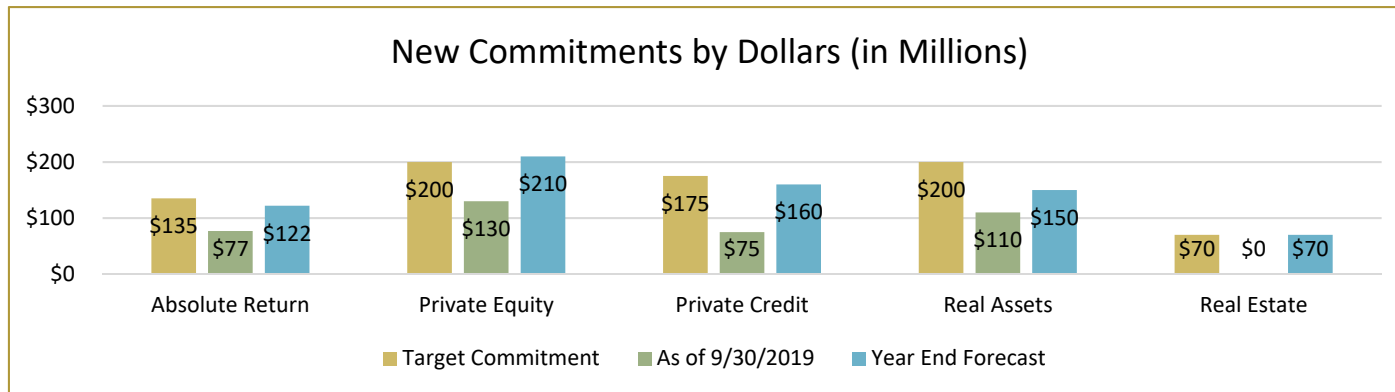
- Create path to new opportunities for private equity investments; implement co-investment protocols
- Evaluate role in proxy voting for Board discussion

Key Risks:

- Increasing market volatility and possible economic downturn will make it critical to stick to the investment strategy



Goal 4: Investment Dashboard



Absolute Return:

- Target: Reduce Growth Oriented allocation to 3% As of 9/30: 3.1%
- Target: Increase Diversifying allocation to 7% As of 9/30: 6.2%

Note: Targets are for 12/31/2019 based on the calendar year annual investment plan.



Goal 5: Organizational Development and Culture

Maintain a high-performance organizational structure and workforce.

Completed 1st Quarter

- Developed standardized training approach and conducted training in key areas of
 - Customer service
 - Executive presentations
 - Management supervision
- Updated criminal background check policy and conducted training
- Implemented employee job satisfaction survey

Planned 2nd Quarter

- Secure Civil Service Commission approval of Sr. Investment Officer classification
- Finalize office lease plans
- Evaluate staffing needs for new employer services unit within Benefits

Key Risks:

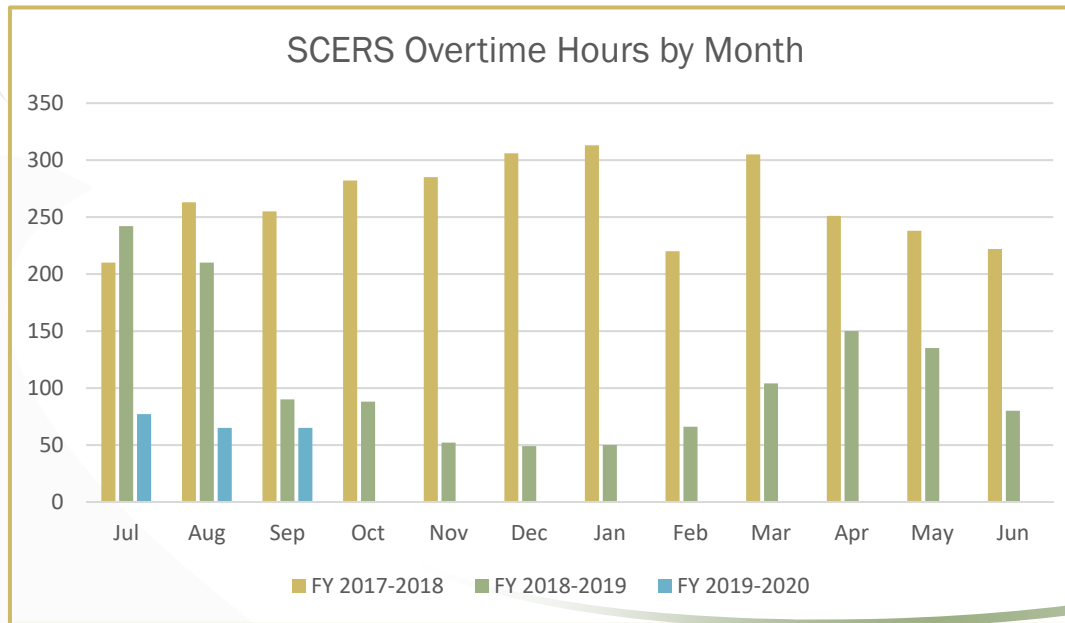
- In our tight labor market, keeping turnover low is important as our new staff gain experience



Goal 5: Workforce Development Dashboard

As Of	Employees	Vacancy Rate
9/30/18	47	22%
12/31/18	49	18%
3/31/19	45	25%
6/30/19	48	20%
9/30/19	49	18%

Staff Evaluations: Q1	Number	Percent
Due	13	100%
On Time	5	38%
< 30 days late	6	46%
< 60 days late	1	8%
> 60 days late	1	8%



Goal 6: Enterprise Capability and Technology

Maintain and enhance enterprise cross-functional capabilities. Continuously refresh SCERS technology platforms to improve performance, productivity, and efficiency.

Completed 1st Quarter

- Deployed SCERS intranet to enhance internal communications and knowledge management
- Implemented Ariel Phase 1 enabling improved workflow tracking and management and transition to paperless processing
- Contracted and began onboarding of Colmore, Inc. to provide private market accounting and reporting services

Planned 2nd Quarter

- Update record management and retention policy
- Restructure knowledge repositories to facilitate implementation and compliance with the record management policy
- Leverage Ariel Phase 1 workflow metrics to expand Strategic Management Plan performance reporting

Key Risks:

- Staff activity levels for roll-out of modernized systems are peaking and will remain very high for 18-24 months

