



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 16

MEETING DATE: October 17, 2018

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 2018-2019 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 2018-2019 fiscal year, the SCERS management team prepared a Strategic Management Plan identifying 91 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 the first quarterly report based on needs, experience, and system capabilities. Future quarterly reports will identify performance trends as well as current performance status.

ATTACHMENTS

- Strategic Management Plan Presentation

Prepared by:

/S/

Stephen Hawley
Chief Strategy Officer

Reviewed by:

/S/

Eric Stern
Chief Executive Officer

Strategic Management Program

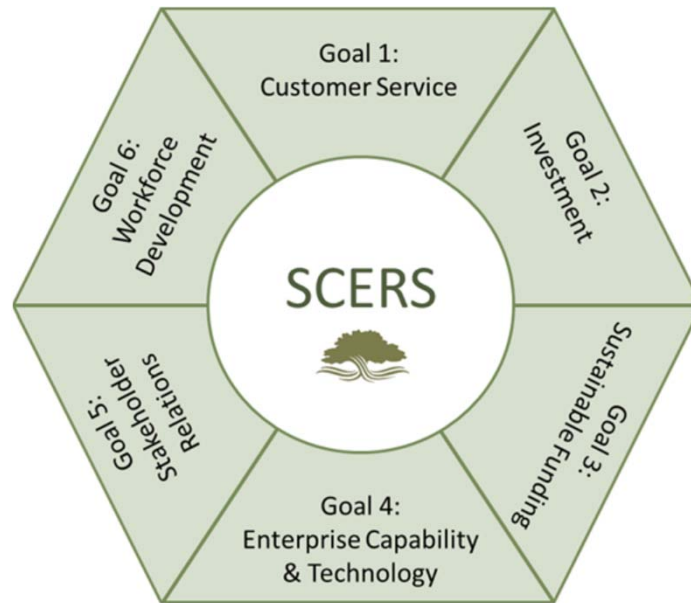
Report for Fiscal Year 2018-2019 Q1



SCERS

SACRAMENTO COUNTY
EMPLOYEES' RETIREMENT SYSTEM

Progress Summary



Initiatives	Goal 1	Goal 2	Goal 3	Goal 4	Goal 5	Goal 6	Total
Planned	22	21	8	20	13	6	91
Completed	6	2	2	7	3	3	23
% Completed	27%	10%	25%	35%	23%	50%	26%



Goal 1: Customer Service

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

Completed 1st Quarter

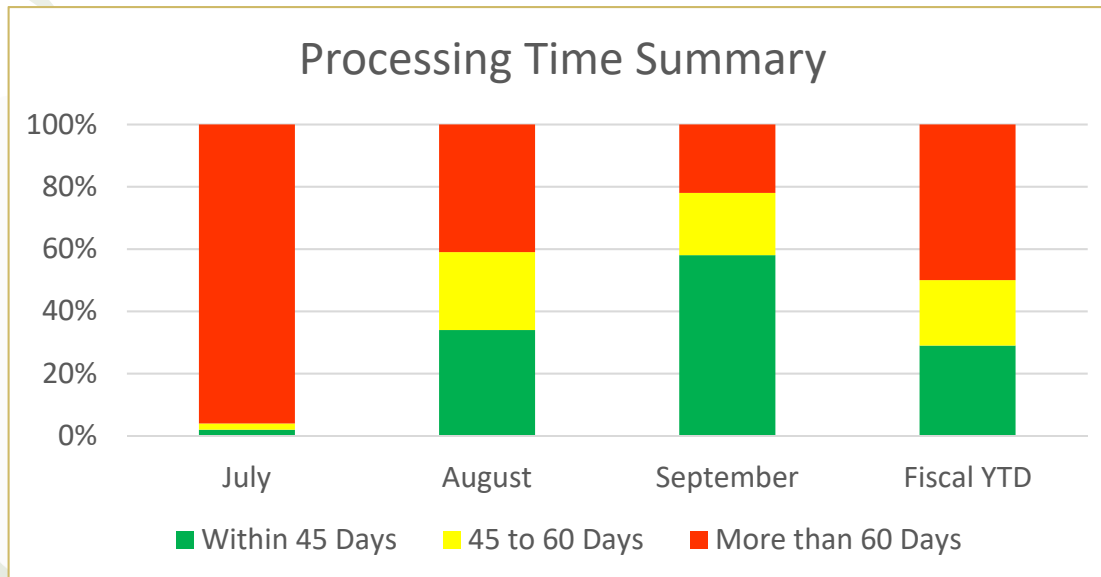
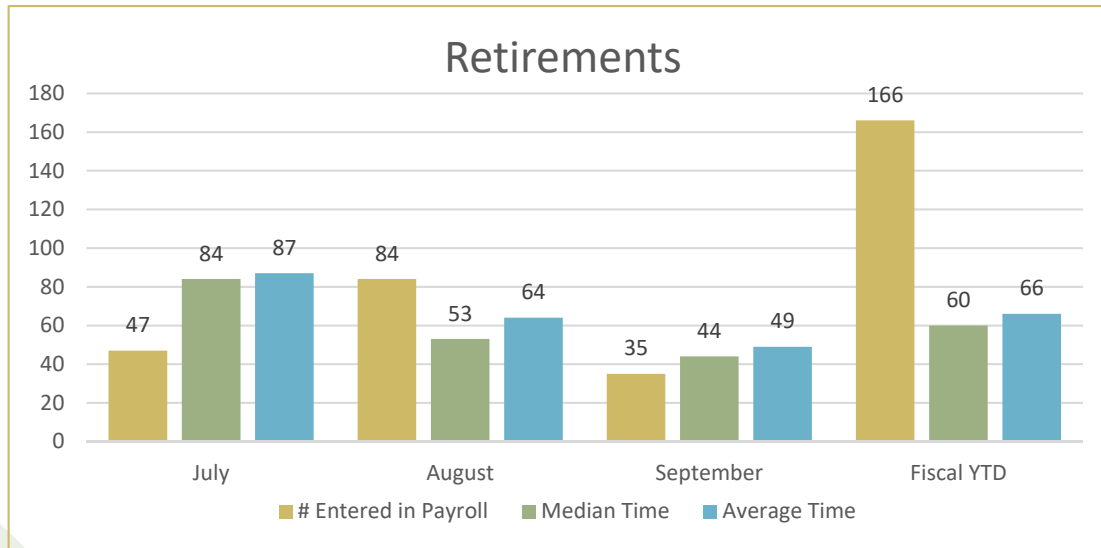
- Improve weekly workflow meetings
- Expand & refine group training
- Review & revise policy re: contribution underpayments
- Establish policy for payment of estimated benefits for reciprocal members
- Advertise retirement orientation sessions in/on county website/newsletter (ongoing)
- Provide COLA tracker on SCERS website

Planned 2nd Quarter

- Work with CEM to build '37 Act peer group
- Develop improved CEM response data
- Expand customer surveys
- Revise retirement application
- Finalize disability handbook & forms
- Hire additional benefits staff
- Review/revise service practices for walk-ins and calls
- Develop process changes for scanning of incoming member correspondence
- Catch up backlog of completed retirement documents to be scanned
- Streamline retirement processing prior to annual busy season
- Improve retirement application processing performance relative to Q1



Customer Service Dashboard



Goal 2: Investment

Maintain an investment program that targets performance that exceeds SCERS' portfolio benchmark over time and which mitigates and carefully manages investment risks, including market volatility.

Completed 1st Quarter

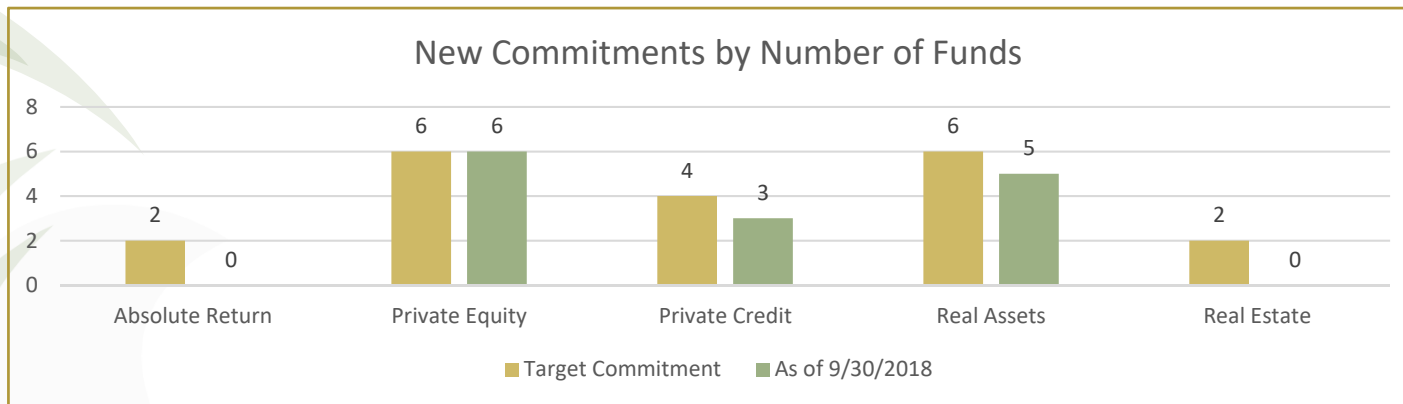
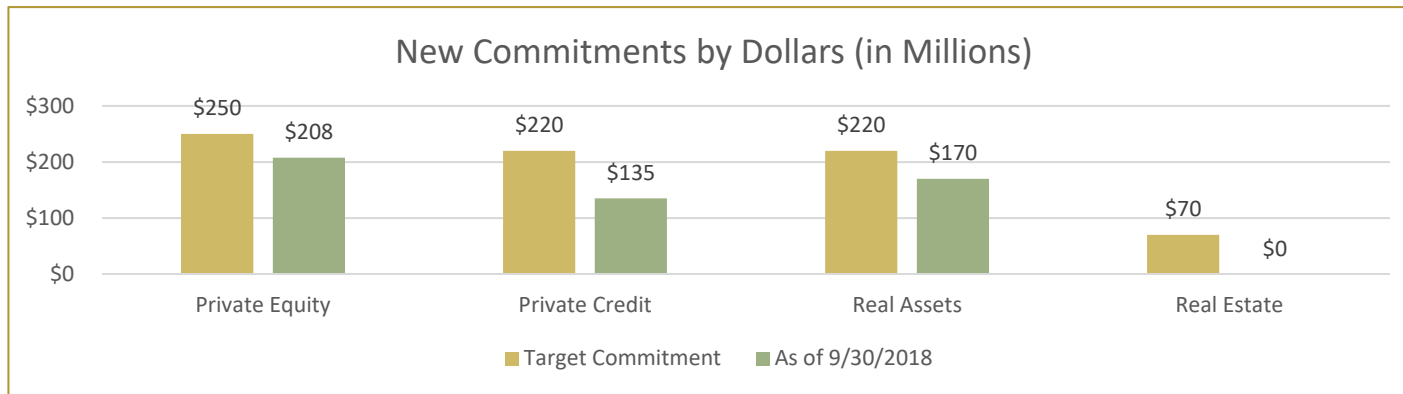
- Implement the new Domestic Equity asset class structure
- Finalize a Domestic Equity manager search for a systematic factor-based strategy and other manager searches, as needed

Planned 2nd Quarter

- Complete implementation of new asset class structure
- Complete annual investment plan fund commitment objectives in all portfolios
- Finalize IPSs by asset class
- Finalize manager search for 130/30 strategy
- Begin development of 2019 investment plans
- Develop and present analysis of investment portfolio liquidity



Goal 2: Investment Dashboard



Absolute Return:

- Target: Reduce Growth Oriented allocation to 3% As of 6/30: 3.8%
- Target: Increase Diversifying allocation to 7% As of 6/30: 5.9%

Note: Targets are for 12/31/2018 based on the calendar year annual investment plan.



Goal 3: Sustainable Funding

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

Completed 1st Quarter

- Obtain fully executed agreement with Sacramento Metropolitan Fire District
- Review practice re: overtime in pay items

Planned 2nd Quarter

- Develop policy to clarify exclusion of overtime pay
- Review and update policy re: 7/12 work schedule



Goal 4: Enterprise Capability & Technology

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

Completed 1st Quarter


- Complete data extraction programs for DTech/Courts
- Test and deploy replacement website
- Finalize key process inventory and assign owners
- Evaluate feasibility of communicating Emergency Response Plan on new staff website
- Create “take home” disaster info kit for exec team
- Train staff to maintain new website
- Publish approved policy statements to new website (ongoing)

Planned 2nd Quarter

- Complete Ariel Fit-Gap Phase
- Define FileNet conversion strategy
- Develop and issue investment accounting RFP
- Plan, design, implement website enhancements
- Continue transition to process ownership model
- Prepare and distribute updated Emergency Response Plan
- Develop/enhance performance dashboards



12 Month Timeline Overview

SCERS IT Modernization Program Management Phase / Activity	2018						2019					
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Ariel Implementation Project												
Phase 1: Project Initiation & Planning												
Phase 2: Fit-Gap Analysis & Gap Design												
Phase 3: Purchase and Installation of SW/HW												
Phase 4: Solution Delivery												
Phase 5: Project Implementation, Warranty												
Phased Implementation Decision												
ICON Data Conversion Project												
Assessment of Data Levels												
Data Conversion to Ariel												
Investment Accounting Implementation												
Procurement / Planning Phase												
Implementation Phase												
Linea Program Management												
Program Management												
LEGEND	On Time	At Risk	Behind	Future								



Goal 5: Stakeholder Relations

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

Completed 1st Quarter

- Complete contract management review
- Expand existing expenditure reports to Board
- Assist employers with implementation of membership eligibility policy

Planned 2nd Quarter

- Host employer seminar in November
- Continue assisting employers with implementation of membership eligibility policy
- Begin newsletter publication



Goal 6: Workforce Development

Maintain a high-performance organization structure and workforce.

Completed 1st Quarter

- Establish a senior HR position
- Add an additional Senior Accountant position
- Hire a new Sr. Accounting Manager

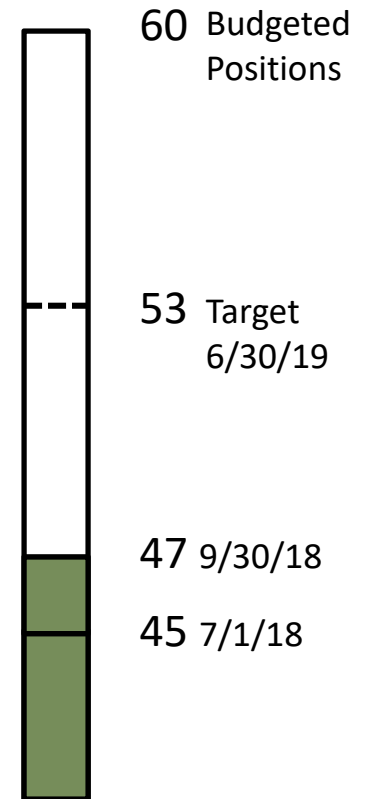
Planned 2nd Quarter

- Onboard Sr. Personnel Analyst
- Create/add 2 Sr. Investment Officer positions
- Hire a Deputy Chief Investment Officer



Goal 6: Workforce Development Dashboard

As Of	Employees	Vacancy Rate	Remarks
6/30/18	45	25%	
Gained	+4		2-Benefits, 2-Operations
Lost	-2		1-Benefits, 1-Investments
9/30/18	47	22%	



Key Risks

- Improving customer service performance for retirement application processing may be adversely impacted by unusually high volumes or complex cases. (Goal 1)
- Filling vacant positions depends upon availability of qualified candidates and avoiding turnover in an increasingly tight labor market. (Goal 6)
- Fulfilling the 2018 investment plan is dependent on availability of quality opportunities and the capacity of staff to complete timely due diligence. (Goal 2)
- Sustainability of newly launched website and newsletter communications depends on timely refresh of relevant content and response to feedback. (Goal 5)

