

Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

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MEETING DATE: January 15, 2020

SUBJECT: Strategic Management Plan – Quarterly Performance

Report

Deliberation Receive
SUBMITTED FOR: ___ Consent ___ and Action ___ X 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 second quarter of the fiscal year and presents initiatives to be undertaken in the third 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.

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• Strategic Management Plan Presentation

Prepared by: Reviewed by: /S/ /S/ Stephen Hawley Chief Strategy Officer Eric Stern

Chief Executive Officer

Strategic Management Program

Report for Fiscal Year 2019-20 Q2





Goal 1: Customer Service and Experience

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

Completed 2nd Quarter

- Evaluated disability retirement backlog and improved process management
- Evaluated and refined procedures for handling returned mail and updating member addresses
- Streamlined retirement processing in preparation for "busy season"
- Developed new retiree satisfaction survey

Planned 3rd Quarter

- Deploy new retiree satisfaction survey
- Focus on final "busy season" under legacy processes

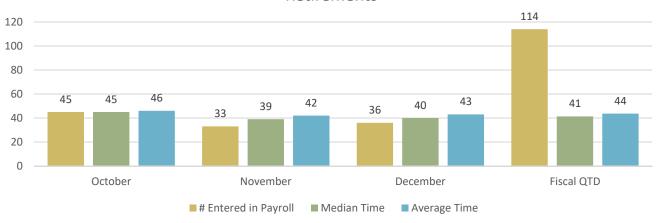
Key Risks:

 Staff participation in IT project creates challenge to maintaining consistent service levels

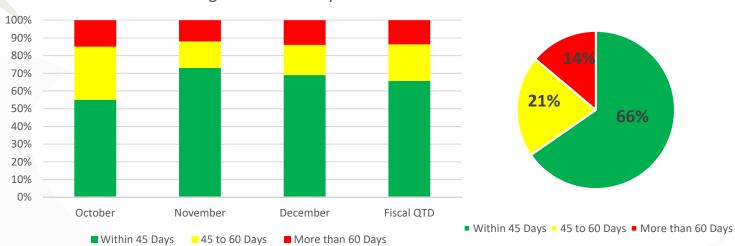


Customer Service Dashboard

Retirements



Processing Time Summary



Goal 2: Stakeholder Communication and Outreach

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

Completed 2nd Quarter

- Established framework for new Employer Services Unit
- Updated SCERS Bylaws with electronic signature policy and IRS/tax provisions
- Improved timeline for posting contribution rate information
- Hired new Public Information Officer

Planned 3rd Quarter

- Improve disability retirement information and education materials
- Conduct 2nd annual Employer Forum
- Formalize Board Election Policy
- Improve integration with county benefit web content and presentations

Key Risks:

Ambitious goals to 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 2nd Quarter

 Worked with Segal to identify UC Davis Medical Center pension liabilities

Planned 3rd Quarter

- Initiate negotiation with UC Davis to resolve liabilities
- Perform contribution-rate/funding risk analysis
- Continue to refine budget materials for enhanced transparency

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 2nd Quarter

- Educated Board on path for new private equity opportunities through co-investments
- Evaluated SCERS role in proxy voting
- Provided update on capital market assumptions

Planned 3rd Quarter

- Issue RFP for alternative assets consultant
- Review/update Fiduciary Standard of Care Policy

Key Risks:

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



Goal 4: Investment Dashboard

New Commitments by Dollars (in Millions)



New Commitments by Number of Funds



Absolute Return:

• Target: Reduce Growth Oriented allocation to 3%

Target: Increase Diversifying allocation to 7%

As of 12/31: 3.0%

As of 12/31: 6.4%

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 2nd Quarter

- Secured Civil Service Commission approval of Sr. Investment Officer classification
- Finalized office lease renewal
- Conducted staff training in following areas:
 - Supervisory/Management
 - Customer Service
 - Public Speaking

Planned 3rd Quarter

Review staffing needs as part of budget development

Key Risks:

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

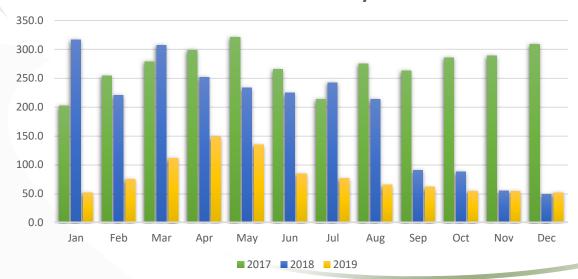


Goal 5: Workforce Development Dashboard

As Of	Employees	Vacancy Rate
12/31/18	49	18%
3/31/19	45	25%
6/30/19	48	20%
9/30/19	49	18%
12/31/19	50	17%

Staff Evaluations: Q2	Number	Percent
Due	15	100%
On Time	10	66%
Within 1 month	3	20%
1-2 months late	1	7%
2+ months late	1	7%

SCERS Total Overtime by Month



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 2nd Quarter

- Updated record management and retention policy
- Onboarded new private-market investment accounting service-provider
- Developed new SCERS performance "dashboard"

Planned 3rd Quarter

- Transition more IT project ownership to SCERS staff
- Expand workload tracking and reporting for benefits
- Finalize Conduct Continuity of Operations
 Plan (COOP) training and testing

Key Risks:

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

