

Update on AB 197 Lawsuit & Retirement Contribution

The "Stay" issued by the Superior Court on postponement of implementation of AB 197 in Contra Costa County continues to remain in effect.

The Superior Court held another "status conference" on the lawsuit on March 26th, again the "Stay" Order continues to be in effect.

The State Attorney General has entered the case and will be defending AB 197. The Attorney General intends to move towards coordinating four (4) separate cases on this matter (Contra Costa, Merced, Alameda and Marin counties) into a single court and has indicated that the Attorney General's office will file a motion to transfer the cases to Contra Costa County Superior Court.

The Judge in the Alameda county case has issued an Order to Show Cause as to why participating employers in Alameda County should not be made parties to the case. The employers are parties to the case in Contra Costa County. The Attorney General will file the Motion to coordinate the cases in Contra Costa County after Alameda has decided if employers are parties to that case and this is what Contra Costa County Judge Flynn has asked the Attorney General to do.

Attorneys for the DSA and Firefighters, the petitioners in this case, indicated that they would oppose coordination.

The next court date is May 9th, 2013, this will be another status conference and we will find out what the Attorney General has done or intends to do and most likely the Judge will make a ruling on coordinating the cases.

Aside from the lawsuit and pertaining to retirement contribution at the February Retirement Board (CCCERA) meeting, the Board voted to lower the Investment assumption from 7.75% to 7.25%. This is a major change and will result in major increases in contribution rates for employees and employers effective July 1, 2014. One of the local media groups reported on this and used the headline that Retirees were affected. This is not true and misleading. The change in the investment assumption affects employers and active employees only, Retirees and their pensions are not affected. The rate change will be effective July 1, 2014 as noted above but the actual amount of the increase will not be known until several other assumptions are reviewed, which should occur sometime this summer. The increases will be substantial.