

**TO:** Board of Administration of the  
Federated City Employees' Retirement  
System

**FROM:** John Flynn

**SUBJECT:** Formation of the Joint Ad Hoc Budget  
Committee

**DATE:** June 18, 2026

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## **RECOMMENDATION**

Discussion and action on the formation of the Joint Ad Hoc Budget Committee to review administrative budget cost allocation, benchmarks, and development of formal budgeting policy recommendations.

## **BACKGROUND**

The Office of Retirement Services (ORS) administers a single operational budget that supports services to members of both the Police and Fire Department Retirement Plan (PF) and the Federated City Employees' Retirement System (FCERS). Administrative costs are allocated between the two funds. The current allocation methodology has not been formally reviewed or adjusted in approximately ten years. As ORS matures its governance practices and undertakes a multi-year strategic planning initiative, this is an appropriate time to examine the methodology and benchmarks that support that allocation and to develop a more formal, documented budgeting policy.

The Board Operations Policy authorizes the Board to form ad hoc committees for a limited, specified purpose and duration. A joint ad hoc committee with representation from both boards provides the right vehicle for this work, ensuring that both funds have direct input into the review and that any recommendations carry shared board ownership before formal action is requested.

## **ANALYSIS**

The Joint Ad Hoc Committee Budget would be established to undertake the following work:

- Review of current administrative budget cost allocation practices between FCERS and PF funds,
- Evaluate the benchmarks used to support current proration methodology and identify alternatives where appropriate, and
- Develop recommendations for a formal budgeting policy for consideration and action by both boards before the budget cycle for FY2027 starts in January 2027.

The committee would consist of four members: two appointed by the Federated City Employees' Retirement System Board and two appointed by the Police and Fire Department Retirement Plan Board. This composition is below the quorum threshold of either board, consistent with the requirements of the Ralph M. Brown Act and the Board Operations Policy.

The committee will operate as a single joint body. The committee will provide periodic progress reports to each board at duly noticed and agenda public meetings. The committee is not authorized to take binding action on behalf of either board. All recommendations developed by the committee will be brought back to each board separately through properly noticed and agenda public meetings for discussion and action.

The committee will exist until the City Council approves the FY2027 administrative budget.

## **CONCLUSION**

ORS staff recommend the Board approve the formation of the Joint Ad Hoc Budget Committee as described in this memorandum and appoint two Board members to serve on the committee in coordination with the Police and Fire Department Retirement Plan appointed members.

  
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John Flynn  
CEO, ORS