

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 6/07/10		Item Number: <u>A-2</u>	
AGENDA ITEM: (1) Adoption of a Resolution (a) Providing Additional Service Credit Pursuant to Government Code Section 20903 for Local Miscellaneous Members of the California Public Employees Retirement System (CalPERS); (b) Designating the Window Period as June 8, 2010 to September 8, 2010; and (c) Specifying the Eligible Group of Members; and (2) Authorize the Mayor to Execute the Certification of Compliance with Government Code Section 20903.			
Contact Person/Dept.: Serena Wright		Phone Number: (310) 253-5640	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: (E-Mail) Meetings and Agendas – City Council (06/02/10), Culver City Employees Association (06/02/10)			
Department Approval: Serena Wright (06/01/10)		City Attorney Approval: Carol Schwab (by H. Baker) (06/02/10)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (06/02/10)		City Manager Approval: P. Lamont Ewell (06/02/10)	
<u>RECOMMENDATION:</u> Staff recommends the City Council (1) adopt a Resolution (a) providing additional service credit pursuant to Government Code Section 20903 for Local Miscellaneous Members of the California Public Employees Retirement System (CalPERS); (b) Designating the Window Period as June 8, 2010 to September 8, 2010; and (c) Specifying the Eligible Group of Members; and (2) authorize the Mayor to execute the Certification of Compliance with Government Code Section 20903. <u>BACKGROUND:</u> At the May 24, 2010 City Council meeting, the City Council considered information in accordance with Government Code Section 7507 regarding the potential costs and savings related to the elimination of positions through the CalPERS Early Retirement Incentive Program. The item was considered as an action item, with an opportunity for members of the public to provide comment. As mentioned at that time, the second step of the process is for the City Council to adopt a resolution which: (1) provides additional service credit pursuant to Government Code Section 20903 for Local Miscellaneous Members of CalPERS; (2) designates the Window Period; and (3) specifies the Eligible Group of Members.			

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DISCUSSION:

In accordance with the Public Employees Retirement Law, two years of additional service credit may be offered to employees who have at least five years of CalPERS service and meet the minimum age requirement for a service retirement. Additionally, an agency must be facing impending mandatory transfers, demotions or layoffs that constitute at least 1 percent (1%) of the job classification, department or organizational unit, as designated by the City. Further, the City must certify that it intends to keep all vacancies created by retirements under this program or at least one vacancy in any position in any department or organizational unit permanently unfilled resulting in an overall reduction in the work force. The City can choose to eliminate the position associated with the early retirement incentive or another position within the department or organizational unit.

To provide this early retirement incentive, the City must designate a window period of between 90 and 180 days during which eligible employees must retire to receive the early retirement incentive. Staff has proposed that the designated window period be June 8, 2010 – September 8, 2010. **(Important Note: This window period applies to this Third Round of Early Retirement Incentives. The window period for the Second Round of Early Retirement Incentives remains unchanged with a closing date of June 15, 2010 with the last day to retire being June 14, 2010).**

FISCAL ANALYSIS:

Staff has identified the following classifications that are eligible to receive the additional service credit benefit. Please note that the above list has been updated to reflect additional positions within the Mechanic classification that are eligible to receive the early retirement incentive.

<u>Classification</u>	<u>Department</u>	<u>Projected Annual Salary Savings (excluding benefits)</u>
Administrative Clerk	Community Development	\$47,829
Associate Analyst	Community Development	\$70,112
Equipment Service Worker	Transportation	\$48,310
Heavy Truck Driver (2)	Public Works	\$113,180
Laborer	Public Works	\$40,570

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Legal Secretary	City Attorney	\$68,049
<u>Classification</u>	<u>Department</u>	<u>Projected Annual Salary Savings</u> <u>(excluding benefits)</u>
Maintenance Worker I	Parks, Recreation & Community Services	\$46,883
Mechanic (6)	Transportation	\$380,772
Total Projected Annual Salary Savings:		Up to \$815,705
Less Projected Annual City Cost to implement the Early Retirement Program:		Up to (\$36,864)
Net Projected Annual Salary Savings:		Up to \$778,841

In order to reduce the impact to the City, CalPERS allows the City to pay the annual cost through an increase in the employer contribution rate, starting two fiscal years after the end of the designated period, which may continue for as long as twenty (20) years. The impact of this change on the City's employer contribution rate is expected to be minor. Also, such impacts are far less than the annual salary and benefit savings resulting from the positions being vacated. It should be noted that benefits represent an additional 35% – 40% of salary in costs to the City.

In addition, the City will experience a one-time cost when the employees cash-out their accrual leave banks upon retirement in accordance with the terms of their respective Memorandum of Understanding.

ATTACHMENTS:

1. Proposed Resolution
2. Certification of Compliance with Government Code Section 20903

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MOTION:

That the City Council:

1. Adopt a Resolution (a) providing additional service credit pursuant to Government Code Section 20903 for Local Miscellaneous Members of the California Public Employees Retirement System (CalPERS); (b) designating the Window Period as June 8, 2010 to September 8, 2010; and (c) specifying the Eligible Group of Members; and
2. Authorize the Mayor to execute the Certification of Compliance with Government Code Section 20903.