

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 02/08/10		Item Number: <u>A-1</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 February 15, 2010 to June 15, 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 (02/03/10), Culver City Management Group (02/03/10), Culver City Employees Association (02/03/10)			
Department Approval: Serena Wright (02/08/10)		City Attorney Approval: Carol Schwab (by H. Baker) (02/03/10)	
Chief Financial Officer Approval: Mark Scott (by M. Noller) (02/03/10)		City Manager Approval: Mark Scott (02/03/10)	
<u>RECOMMENDATION:</u> Staff recommends 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 February 15, 2010 to June 15, 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 January 25, 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 up to 41 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 the California Public Employees Retirement System (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 February 15, 2010 – June 15, 2010.

Update to List of Eligible Group of Members Presented on January 25, 2010

As part of the dissemination of the information considered by the City Council at its meeting of January 25, 2010, there have been a few adjustments to the List of Eligible Group Members presented. Three positions have been added (as the employees in those classifications have expressed initial interest in the Early Retirement Incentive). The additions to the list are noted in ***bold italics***.

As mentioned at the January 25, 2010 meeting, staff wants to be clear that a scenario where all eligible employees accept the ERI will not be realized. However, it seems most probable an acceptance rate of between 20% and 40% (8 and 16 positions) may be realized. The actual workforce reduction realized is dependent upon the number of employees who take formal action to accept the early retirement incentive during the window period.

To provide the City Council with more probable scenarios, a table was included in the January 25, 2010 staff report with two scenarios reflecting a 10% (4 positions) and 20% (8 positions) participation rate. Based upon information gathered subsequent to the City Council meeting of January 25, 2010, a participation rate of between 20% (8 positions) and 40% (16 positions) is now most likely. An updated table is included in the Fiscal Impact section of this report.

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FISCAL ANALYSIS:

Staff has identified the following classifications that are eligible to receive the additional service credit benefit:

<u>Classification</u>	<u>Department</u>	<u>Projected Annual Salary Savings (excluding benefits)</u>
Accounting Division Manager	Finance	\$107,099
<i>Accounting Technician</i>	<i>Finance</i>	<i>\$58,599</i>
Associate Analyst	Finance	\$70,112
Building Official	Community Development	\$142,993
Chief Information Officer	Information Technology	\$165,224
Community Development Director	Community Development	\$150,300
Deputy City Attorney II	City Attorney	\$134,690
Deputy City Clerk	City Clerk	\$79,023
Deputy City Treasurer	Finance	\$142,993
Equipment Maintenance Manager	Transportation	\$120,704
Executive Asst to City Manager	City Manager's Office	\$77,463
Facilities Maintenance Crew leader	Public Works	\$66,705
Facilities Maintenance Manager	Public Works	\$90,856
Graphic Services Supervisor	Information Technology	\$68,388
Housing Program Supervisor	Community Development	\$89,506
Human Resources Analyst	Human Resources	\$83,060
Legal Operations Manager	City Attorney's Office	\$98,889
<i>Maintenance Carpenter</i>	<i>Public Works</i>	<i>\$62,522</i>
Maintenance Operations Manager	Public Works	\$121,912

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<u>Classification</u>	<u>Department</u>	Projected Annual Salary Savings (<u>excluding</u> <u>benefits</u>)
Management Analyst	Community Development	\$79,023
Management Analyst	Transportation	\$83,060
Parks, Recreation & Community Services Director	Parks, Recreation & Community Services	\$148,807
Payroll Technician (2)	Finance	\$129,480
Police Records Technician	Police	\$47,829
Public Works Director	Public Works	\$165,224
Purchasing Officer	Finance	\$98,889
Recreation Manager	Parks, Recreation & Community Services	\$120,107
Recreation Supervisor	Parks, Recreation & Community Services	\$81,421
Redevelopment Project Manager	Community Development	\$111,452
Safety Services Communications Operator	Police	\$60,677
Senior Bldg & Safety Inspector	Community Development	\$83,476
Senior Civil Engineer	Public Works	\$119,510
Senior Management Analyst	Finance	\$114,834
Senior Management Analyst	City Attorney	\$98,889
Senior Management Analyst	Parks, Recreation & Community Services	\$98,889
Senior Management Analyst	Public Works	\$98,889
Senior Planner	Community Development	\$107,099
Senior Structural Rehab Specialist	Community Development	\$83,476
Senior Tree Maintenance Worker	Public Works	\$52,251
Solid Waste & Recycling Operations Supervisor	Public Works	\$82,236
Street Maintenance Supervisor	Public Works	\$86,438
Traffic Painting Crewleader	Public Works	\$67,710

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<u>Classification</u>	<u>Department</u>	Projected Annual Salary Savings (<u>excluding</u> <u>benefits</u>)
Treasury Division Manager	Finance	\$107,099
Total Projected Annual Salary Savings:		Up to \$4,149,297
Less Projected Annual City Cost to implement the Early Retirement Program:		Up to (\$195,305)
Net Projected Annual Salary Savings:		Up to \$3,953,992

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 compared to the overall contributions.

The net projected annual salary savings noted above does not include the additional ongoing savings realized from a reduction in benefit costs.

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.

The following table estimates the salary savings, cost, and net savings using two likely participation rates:

PARTICIPATION	20% (8 positions)	40% (16 positions)
Salary Savings	\$852,000	\$1,704,000
Contribution Increase (Cost)	\$(39,000)	\$(78,000)
Net Savings	\$813,000	\$1,626,000

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 February 15, 2010 to June 15, 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.