

**City of Culver City, California
Agenda Item Report**

Meeting Date: 2/13/12		Item Number: <u>A-3</u>	
CITY COUNCIL 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 14, 2012 to May 14, 2012; 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 (02/09/12), Culver City Management Group (02/09/12), Culver City Employees Association (02/09/12)			
Department Approval: Serena Wright (02/7/12)		City Attorney Approval: Carol Schwab (by H. Baker) (02/08/12)	
Chief Financial Officer Approval: Jeff Muir (02/08/12)		City Manager Approval: John M. Nachbar (02/09/12)	
<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 14, 2012 to May 14, 2012; 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 23, 2012 City Council meeting, the City Council considered information in accordance with Government Code Section 7507 regarding the potential costs and savings related to offering eligible employees within certain job classifications two years of additional service credit through the California Public Employees Retirement System (CalPERS). 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 positions.			

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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 14, 2012 – May 14, 2012.

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>
Deputy City Attorney I	City Attorney's Office	\$124,993
Legal Operations Manager	City Attorney's Office	\$98,889
Deputy City Clerk	City Clerk's Office	\$79,023
Records Management Coordinator	City Clerk's Office	\$66,046
Executive Assistant to City Manager	City Manager's Office	\$77,463
Administrative Clerk	Community Development	\$47,829
Administrative Secretary (2)	Community Development	\$116,612

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<u>Classification</u>	<u>Department</u>	<u>Projected Annual Salary Savings (excluding benefits)</u>
Associate Analyst	Community Development	\$70,112
Associate Planner	Community Development	\$83,060
Events Coordinator	Community Development	\$89,506
Housing Assistant (2)	Community Development	\$130,128
Occupancy Specialist	Community Development	\$38,983
Management Analyst Redevelopment Project	Community Development	\$83,060
Manager (2)	Community Development	\$222,904
Structural Rehabilitation Specialist	Community Development	\$76,695
Accountant II	Finance	\$78,239
Accounting Division Manager	Finance	\$107,099
Accounting Technician (2)	Finance	\$117,198
Payroll Technician (2)	Finance	\$129,480
Senior Account Clerk	Finance	\$52,775
Treasury Division Manager	Finance	\$107,099
Human Resources Analyst	Human Resources	\$83,060
Safety Officer	Human Resources	\$77,076
Information Systems Analyst	Information Technology	\$87,305
Senior Computer Programmer Analyst	Information Technology	\$101,385
Telecommunication Analyst	Information Technology	\$81,827
Administrative Secretary (2)	Parks, Recreation & Community Services	\$116,612
Senior and Social Services Specialist	Parks, Recreation & Community Services	\$65,064
Senior Management Analyst	Parks, Recreation & Community Services	\$98,889
Administrative Secretary	Police	\$58,306
Property Technician	Police	\$56,028
Secretary	Police	\$52,251

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<u>Classification</u>	<u>Department</u>	<u>Projected Annual Salary Savings (excluding benefits)</u>
Administrative Clerk/RPT	Public Works	\$43,286
Administrative Secretary (2)	Public Works	\$116,612
Clerk Typist/RPT	Public Works	\$37,271
Permit Technician	Public Works	\$52,251
Sanitation Crew Supervisor (2)	Public Works	\$125,044
Senior Civil Engineer	Public Works	\$119,510
Senior Management Analyst	Public Works	\$98,889
Management Analyst	Transportation	\$83,060
Secretary	Transportation	\$52,251
Senior Management Analyst	Transportation	\$98,889
Total Projected Annual Salary Savings:		Up to \$3,699,252
Less Projected Annual City Cost to implement the Early Retirement Program:		Up to (\$168,285)
Net Projected Annual Salary Savings:		Up to \$3,530,967

It is unlikely that all eligible employees within the above listed classifications will retire within the designated window period. However, if 10% were to take advantage of the early retirement incentive, the City could expect to save approximately \$369,925 annually in salary, dependent upon the classification and associated salary. This, in turn, would cost approximately \$16,828 annually.

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. Also, such impacts are far less than the annual salary and benefit savings realized from the positions being vacated. It should be noted that benefits represent an additional 35% – 40% of salary in costs

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to the City. 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.

ATTACHMENTS:

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

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 14, 2012 to May 14, 2012; and (c) Specifying the Eligible Group of Members; and,
2. Authorize the Mayor to execute the Certification of Compliance with Government Code Section 20903.