MEETING DATE: 8/24/09

AGENDA ITEM: Adopt Resolution to provide additional service credit pursuant to Government Code Section 20903 for Local Miscellaneous Members of the California Public Employees Retirement System (CalPERS) and certify compliance with Government Code Sections 20903 and 7507.

ATTACHMENTS **PAGE**

RESOLUTION NO. 2009-R_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CULVER CITY, CALIFORNIA, TO GRANT ANOTHER DESIGNATED PERIOD FOR TWO YEARS ADDITIONAL SERVICE CREDIT.

WHEREAS, the City Council of the City of Culver City is a contracting Public Agency of the Public Employees' Retirement System; and

WHEREAS, said Public Agency desires to provide another designated period of Two Years Additional Service Credit, Section 20903, based on the contract amendment included in said contract, which provided for Section 20903, Two Years Additional Service Credit, for eligible members.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Culver City, California, does seek to add another designated period, and does hereby authorize this Resolution, indicating a desire to add a designated period from September 1, 2009 through November 30, 2009 for eligible Miscellaneous members in the following positions: Assistant City Manager/Risk Manager in the City Manager's Office and Senior and Social Services Specialist in the Parks, Recreation and Community Services Department.

APPROVED and ADOPTED this _____ day of ___________, 2009.

____
ANDREW WEISSMAN, Mayor
City of Culver City, California

ATTEST:

____
MARTIN R. COLE
City Clerk
A09-00336

APPROVED AS TO FORM:

____
for CAROL A. SCHWAB
City Attorney

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Employer Services Division
Contract Maintenance Unit
P.O. Box 942709
Sacramento, CA 94229-2709

CERTIFICATION OF COMPLIANCE WITH GOVERNMENT CODE SECTION 20903

In accordance with Government Code Section 20903 and the contract between the Public Employees' Retirement System, the City Council of the City of Culver City hereby certifies that:

1. Because of an impending curtailment of, or change in the manner of performing service, the best interests of the agency will be served by granting such additional service credit.

2. The added cost to the retirement fund for all eligible employees who retire during the designated window period will be included in the contracting agency's employer contribution rate for the fiscal year that begins two years after the end of the designated period.

3. It has elected to become subject to Section 20903 because of impending mandatory transfers, demotions, and layoffs that constitute at least 1 percent of the job classification, department or organizational unit, as designated by the governing body, resulting from the curtailment of, or change in the manner of performing, its services.

4. Its intention at the time Section 20903 becomes operative is to keep all vacancies created by retirements under this section or at least one vacancy in any position in any department or other organizational unit permanently unfilled thereby resulting in an overall reduction in the work force of such department or organizational unit.

THEREFORE, the City Council of the City of Culver City hereby elects to provide the benefits of Government Code Section 20903 to all eligible members who retire within the designated period, ____________________ through ____________________.

CITY COUNCIL
OF THE
CITY OF CULVER CITY

BY ______________________________
Presiding Officer

Attest:

____
Clerk/Secretary

____
Date

2yr certification-PA (Rev. 4/04)

City of Culver City, California

Agenda Item Report

Meeting Date: 8/10/09	Item Number: A-1
CITY COUNCIL AGENDA ITEM: Receipt and Filing of the Information Related to the City's Intention to Provide Additional Service Credit for Local Miscellaneous Members of the California Public Employees Retirement System (CalPERS) and Certify Compliance with Government Code Sections 20903 and 7507	
Contact Person/Dept.: Serena Wright	Phone Number: 310-253-5640
Fiscal Impact: Yes [x] No []	General Fund: Yes [x] No []
Public Hearing: [] Action Item: [x]	Attachments: []
Commission Action Required: Yes [] No [x]	Date: ________
Public Notification: (E-Mail) Meetings and Agendas – City Council (08/05/09)	
Department Approval: Serena Wright (07/27/09)	City Attorney Approval: Carol Schwab (by H. Baker) (08/03/09)
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (08/05/09)	City Manager Approval: Mark Scott (08/05/09)

RECOMMENDATION:

Staff recommends the City Council (1) receive and file the information related to the City's intention to provide additional service credit for Local Miscellaneous Members of the California Public Employees Retirement System (CalPERS) and (2) certify compliance with Government Code Sections 20903 and 7507.

BACKGROUND:

The City will be facing significant budget challenges over the next several years. During the recent budget presentations it was projected that the shortfall for FY 2009/2010 will be approximately $5 - $6 million in the General Fund. As one part of a comprehensive proposal to be presented to the City Council and the community, staff is recommending that payroll costs be reduced. One option to encourage the reduction in payroll costs is the CalPERS Early Retirement Incentive Program (Early Retirement Program). Through the Early Retirement Program, the City may encourage certain employees to retire by offering two additional years of service credit to specified classifications that retire during a designated time frame.

DISCUSSION:

In accordance with the Public Employees Retirement Law, the Early Retirement Program may be offered to employees who have (1) at least five years of service with a CalPERS member agency and (2) meet the minimum age requirement for a service retirement (generally 50 years of age for a Miscellaneous Member). 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 or change in the manner of performing service. 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. As part of implementing the Early Retirement Program, the City must designate a window period between ninety and one hundred eighty (90 – 180) days during which eligible employees must retire to receive the early retirement incentive. Staff will be recommending that the designated window period be September 1 through December 31 2009. Each of these actions will be presented to the City Council for consideration and potential action on August 24, 2009.

To implement the Early Retirement Program, CalPERS requires the City follow certain procedures. Publicly acknowledging cost considerations is the first step in the process. This staff report has been prepared in compliance with Government Code Sections 7507 and 20903, which require the City to publicly disclose "...the additional employer contributions, and the funding therefor..." at least two weeks prior to the City Council adopting a resolution designating the window period. The required information is as follows:

> Additional Employer Contributions (annual): $11,523
> Funding for Such Additional Employer Contributions – The funding for such additional employer contributions shall be provided by the projected annual salary savings resulting from the affected positions being vacated as a result of the Early Retirement Program.

As reported to the City Council in July, the City Manager is working with staff to re-evaluate the entire City budget and associated workplans. As part of this effort, the City Manager will be reviewing the Early Retirement Program for additional opportunities to offer a "second round" of early retirements to further reduce payroll costs.

FISCAL ANALYSIS:

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

Classification	Projected Annual Salary Savings (*excluding benefits*)
Senior & Social Services Specialist	$ 62,523
Assistant City Manager/Risk Manager	$177,172

Projected Annual Salary Savings:	**$239,695**
Less Projected Annual City Cost to implement the Early Retirement Incentive:	**($11,523)**
Net Projected Annual Salary Savings:	**$228,172**

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 savings resulting from the positions being vacated.

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

ATTACHMENTS:

None

MOTION:

That the City Council:

1. Certify this report has been prepared in compliance with Government Code Sections 20903 and 7507; and,

2. Receive and file this report.