

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 1/25/10		Item Number: <u>A-1</u>	
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 ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☐	
Public Notification: (E-Mail) Meetings and Agendas – City Council (01/20/10), Culver City Management Group (01/xx/10), Culver City Employees Association (01xx/10)			
Department Approval: Serena Wright (01/21/10)		City Attorney Approval: Carol Schwab (by H. Baker) (01/21/10)	
Chief Financial Officer Approval: Mark Scott (01/21/10)		City Manager Approval: Mark Scott (01/21/10)	
<u>RECOMMENDATION:</u> Staff recommends that the City Council (1) receive and file information related to the City's intention to provide additional service credit for Local Miscellaneous Members of the California Public Employees Retirement System and (2) certify compliance with Government Code Sections 20903 and 7507. <u>BACKGROUND:</u> As discussed over the past several months, the City is facing significant budgetary challenges due to the current economic downturn. Consistent with the direction of the City Council and City Manager, staff is undertaking a number of measures to address the projected budget shortfall. As part of the strategy, staff is recommending that the City Council offer eligible employees within certain job classifications two years of additional service credit through the California Public Employees Retirement System (CalPERS) as an incentive to early retirement. This action will reduce staffing levels and, subsequently, costs. <u>DISCUSSION:</u> 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			

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intends to keep all vacancies permanently unfilled, resulting in an overall reduction in the workforce. The City can choose to eliminate the position held by the retiree or another position in 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 is recommending that the designated window period be February 15, 2010 – June 15, 2010.

To offer this early retirement incentive, CalPERS requires the City to 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(c)(1)(A) and 20903(i), which requires 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 implementing the early retirement program.

Projected Savings Through Implementing the Early Retirement Incentive (ERI)

Staff has identified 41 positions within the City which meet the qualifications for the ERI. For illustrative purposes, in the highly unlikely event all identified employees were to accept the ERI, the resulting annual salary savings to the City would be approximately \$4,020,000. Assuming a 20-year amortization period, the ERI would cost the City approximately \$185,000 annually in increased employer contributions. The net savings to the City would be \$3,415,000 annually. However, staff wants to be very clear that this scenario where all eligible employees accept the ERI will not be realized.

The following table illustrates two more probable scenarios (continuing to assume a 20-year amortization period):

PARTICIPATION	20% (8 positions)	10% (4 positions)
Salary Savings	\$804,000	\$402,000
Contribution Increase (Cost)	\$(37,000)	\$(18,500)
Net Savings	\$767,000	\$383,500

Staff will return to the City Council with a report for consideration and potential action to adopt the two years of additional service credit on February 8, 2010.

FISCAL ANALYSIS:

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Staff has identified the following 40 classifications that are eligible to receive the additional service credit benefit:

<u>Classification</u>	<u>Department</u>	Projected Annual Salary Savings (<u>excluding</u> <u>benefits</u>)
Accounting Division Manager	Finance	\$107,099
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	\$90,865
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
Maintenance Operations Manager	Public Works	\$121,912
Management Analyst	Community Development	\$79,023
Management Analyst	Transportation	\$83,060
Parks, Recreation & Community Services Director	Parks, Recreation & Community Services	\$148,807
Payroll Technician	Finance	\$64,740
Police Records Technician	Police Department	\$47,829
Public Works Director	Public Works	\$165,224

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<u>Classification</u>	<u>Department</u>	Projected Annual Salary Savings (<u>excluding</u> <u>benefits</u>)
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 Building & 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
Solid Waste & Recycling Operations Supervisor	Public Works	\$82,236
Street Maintenance Supervisor	Public Works	\$86,438
Traffic Painting Crewleader	Public Works	\$67,710
Treasury Division Manager	Finance	\$107,099
Total Projected Annual Salary Savings:		Up to \$4,019,700
Less Projected Annual City Cost to implement the Early Retirement Program:		Up to (\$184,470)
Net Projected Annual Salary Savings:		Up to \$3,835,230

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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.

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.