

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

Meeting Date: 8/24/09		Item Number: <u>A-2</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 September 1, 2009 to November 30, 2009; 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: ☒	
Commission Action Required: Yes ☐ No ☒ Date: _____			
Public Notification (E-Mail) Meetings and Agendas – City Council (08/19/09), (E-Mail) Culver City Management Group (08/19/09) and (E-Mail) Culver City Employees' Association (08/19/09)			
Department Approval: Serena Wright (08/17/09)		City Attorney Approval: Carol Schwab (by H. Baker) (08/19/09)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (08/19/09)		City Manager Approval: Mark Scott (08/19/09)	
<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 September 1, 2009 to November 30, 2009; 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 August 10, 2009 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 two 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			

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Public Employees Retirement System (CalPERS); (2) Designates the Window Period; and (3) Specifies the Eligible Group of Members. A copy of the staff report from the August 10, 2009 meeting is attached for the City Council's reference.

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.

Additional Service Credit

As an incentive to encourage eligible employees to accept an early retirement, Government Code Section 20903 provides the authority for the City (as a member of the CalPERS retirement system) to offer two additional years of service credit.

Designation of the Window Period

The Public Employee Retirement Law requires the City to designate a window period of between 90 and 180 days during which eligible employees may retire and receive the additional two years' service credit. At the August 10, 2009 City Council meeting, staff was initially inclined to recommend a window period of September 1, 2009 to December 31, 2009. However, upon further review, staff is now recommending a window period of September 1, 2009 to November 30, 2009.

Eligible Group of Members

As mentioned at the August 10, 2009 meeting, the current eligible group of members include the following classifications:

- Assistant City Manager/Risk Manager
- Senior and Social Services Specialist

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As reported to the City Council in July and at the August 10, 2009 City Council meeting, 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 two years additional service credit:

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

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

Upon separation from employment, in compliance with the requirements of State law and applicable provisions of the Memoranda of Understanding (MOUs) with the City's bargaining groups, retiring employees are eligible for a one-time payout of certain leave balances (vacation, sick leave, etc.). This requirement is a general provision of law or the MOUs and is not a requirement of the Early Retirement Program.

ATTACHMENTS:

1. Staff Report from August 10, 2009
2. Resolution
3. 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 September 1, 2009 to November 30, 2009; and (c) specifying the Eligible Group of Members; and
2. Authorize the Mayor to execute the Certification of Compliance with Government Code Section 20903.