

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

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| Meeting Date: 08/09/10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  | Item Number: <u>A-1</u>                                                                |  |
| <b>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</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                                                        |  |
| Contact Person/Dept.: Serena Wright                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | Phone Number: (310) 253-5640                                                           |  |
| Fiscal Impact: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  | General Fund: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>      |  |
| Public Hearing: <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  | Action Item: <input checked="" type="checkbox"/> Attachments: <input type="checkbox"/> |  |
| Public Notification: (E-Mail) Meetings and Agendas – City Council (08/05/10), Culver City Management Group (08/05/10)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |  |                                                                                        |  |
| Department Approval:<br>Serena Wright (07/30/10)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |  | City Attorney Approval:<br>Carol Schwab (by H. Baker) (08/02/10)                       |  |
| Chief Financial Officer Approval:<br>Jeff Muir (by M. Noller) (08/04/10)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  | City Manager Approval:<br>Martin R. Cole (08/05/10)                                    |  |
| <p><b><u>RECOMMENDATION:</u></b></p> <p>Staff recommends the City Council 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.</p> <p><b><u>BACKGROUND:</u></b></p> <p>In an effort to further reduce staffing levels and costs within the City Attorney's Office, staff is recommending that the City Council offer eligible employees within the specified job classification two years of additional service credit through the California Public Employees Retirement System (CalPERS).</p> <p><b><u>DISCUSSION:</u></b></p> <p>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.</p> |  |                                                                                        |  |

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In order 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 August 26, 2010 – November 30, 2010.

To offer this early retirement incentive, 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(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.

The funding for the additional employer contributions shall be provided by the projected annual salary and benefit savings resulting from the affected positions being vacated as a result of early retirement.

Staff will be bringing back a report for the City Council's consideration and potential action to adopt the two years additional service credit on August 23, 2010.

**FISCAL ANALYSIS:**

Staff has identified the following classification that is eligible to receive the additional service credit benefit:

| <b><u>Classification</u></b>                                                                  | <b><u>Department</u></b> | <b>Projected Annual<br/>Salary Savings<br/><u>(excluding<br/>benefits)</u></b> |
|-----------------------------------------------------------------------------------------------|--------------------------|--------------------------------------------------------------------------------|
| Deputy City Attorney II                                                                       | City Attorney            | \$134,690                                                                      |
| <b>Total Projected Annual<br/>Salary Savings:</b>                                             |                          | <b>\$134,690</b>                                                               |
| <b>Less Projected Annual<br/>City Cost to implement<br/>the Early Retirement<br/>Program:</b> |                          | <b>(\$6,088)</b>                                                               |
| <b>Net Projected Annual<br/>Salary Savings:</b>                                               |                          | <b>\$128,602</b>                                                               |

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In order to reduce the impact to the City, CalPERS allows the annual cost to be paid through an increase in the employer contribution rate, starting two fiscal years after the end of the designated window 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 resulting from the positions being vacated. It should be noted that benefits represent an additional 35% – 40% of salary in costs to the City.

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

**MOTION:**

That the City Council:

Receive and file this report.