



City of Culver City

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Staff Report

File #: 20-24, **Version:** 1

Item #: A-4.

CC - 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

Meeting Date: July 8, 2019

Contact Person/Dept: Heidi Salas/Administrative Services

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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 (07/02/19);

Department Approval: Serena Wright-Black, Assistant City Manager (07/01/19)

RECOMMENDATION

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.

BACKGROUND/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.

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 September 1, 2019 - December 31, 2019.

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 benefit.

Staff will be bringing back the resolution for the City Council's consideration to adopt the two years additional service credit on August 12, 2019.

FISCAL ANALYSIS

The projected cost if all three eligible employees within the designated classifications were to take advantage of the early retirement incentive would be \$105,023 or \$7,932 if annualized over twenty years. This cost calculation was performed utilizing a procedure provided by CalPERS incorporating the classification's retirement formula, pay rate, employee age, and other cost factors.

The funding for this cost shall be provided by the projected annual salary and benefit savings resulting from the affected positions being eliminated as a result of early retirement, as illustrated below.

<u>Classification</u>	<u>Department</u>	<u>Projected Annual Salary Savings</u> <i>(excluding benefits)</i>
Secretary	Police	\$60,000
Recreation Supv	PRCS	\$95,000
Total Projected Annual Salary Savings		\$155,000
Less Projected Annual Cost to Implement		(\$7,932)
Net Projected Annual Salary Savings		\$147,068

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 anticipated to be minimal compared to the overall contributions.

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

ATTACHMENTS

None.

MOTION

That the City Council:

1. Receive and file this report.