



City of Culver City

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Staff Report

File #: 20-85, **Version:** 1

Item #: C-8.

CC - (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, 2019 to December 1, 2019; and (c) Specifying the Eligible Group of Members; and (2) Authorize the Mayor to Execute the Certification of Compliance with Government Code Section 20903.

Meeting Date: August 12, 2019

Contact Person/Dept: Serena Wright-Black/Administrative Services

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 (08/08/19)

Department Approval: Serena Wright-Black, Assistant City Manager (07/25/19)

RECOMMENDATION

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, 2019 to December 1, 2019; and (c) Specifying the Eligible Group of Members; and (2) Authorize the Mayor to Execute the Certification of Compliance with Government Code Section 20903.

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 1, 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.

At its July 8, 2019 meeting, the City Council considered information in accordance with Government Code Section 7507 regarding the potential costs and savings related to the elimination of 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 Public Employees Retirement System (CalPERS); (2) Designates the Window Period; and (3) Specifies the Eligible Group of Members.

FISCAL ANALYSIS

The projected cost if both employees within the designated classifications were to take advantage of the early retirement incentive would be \$105,023 or \$7,923 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.

<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, approximately 0.0001%, compared to the overall contributions.

The City will also 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.

ATTACHMENTS

1. Proposed Resolution
2. Certification of Compliance with Government Code Section 20903

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, 2019 to December 1, 2019; and (c) Specifying the Eligible Group of Members; and,
2. Authorize the Mayor to execute the Certification of Compliance with Government Code Section 20903.