

APPROVED

AUG 11 2009



BY *Mary Christy* deputy
CLERK OF THE BOARD

AGENDA SUBMITTAL TO SOLANO COUNTY BOARD OF SUPERVISORS

<u>ITEM TITLE</u>		<u>BOARD MEETING DATE</u>	<u>AGENDA NUMBER</u>
Receive cost information and approve offering a designated period for granting two years additional California Public Employees' Retirement System service credit as an early retirement incentive for specified job classifications and departments pursuant to Government Code Section 20903 for local miscellaneous and safety members; and direct staff to present a resolution and required certifications for adoption at the August 25, 2009 Board meeting to implement this program		August 11, 2009	10
Dept:	Human Resources	Supervisory District Number	
Contact:	Donald W. Turko	All	
Extension:	784-6170		
Published Notice Required?		Yes _____	No <u>X</u>
Public Hearing Required?		Yes _____	No <u>X</u>

DEPARTMENTAL RECOMMENDATION:

Staff recommends the Board of Supervisors:

- a. Receive cost information and approve offering a designated period for granting two years additional California Public Employees' Retirement System (CalPERS) service credit as an early retirement incentive for specified job classifications and departments pursuant to Government Code Section 20903 for local miscellaneous and safety members.
- b. Direct staff to present a resolution and required certifications for adoption at the August 25, 2009 Board meeting to implement this program.
- c. Direct staff to report back to the Board during the FY2009/10 mid year budget review regarding the number of employees who elected to take the early retirement incentive, the actual net savings to the County, and the administrative process for tracking vacant positions which result from these retirements.

SUMMARY/DISCUSSION:

Government Code Section 20903 allows agencies to provide two years additional service credit to CalPERS plan members who retire during a designated period specified by the County due to impending mandatory transfers, layoffs, or demotions, and who are at least 50 years old and have at least 5 years of service credit. Vacancies created by retirements under this section or at least one vacancy in any position in any department or organizational unit must remain

permanently unfilled resulting in an overall reduction in the work force in the department or organizational unit.

To investigate the effect this option might have on department service delivery in the event it was offered in the future, and to assess the financial implications to the County, Human Resources staff provided each department head in July 2009 with a listing of job classifications filled by employees who met the minimum requirements to retire. In doing so each department assessed the feasibility of offering the early retirement incentive in a classification against that department's operational ability to perform services if classes were held vacant for two years. In total, 14 department heads submitted recommendations for 46 job classifications, a copy of those classifications is attached, covering 156 eligible employees for which departments proposed to offer the two years additional service credit.

Government Code Section 7507 requires the added cost to the retirement fund for all eligible employees who retire during the designated period be disclosed at a public meeting at least two weeks prior to the adoption of the Resolution. Staff recommends the Board of Supervisors approve offering a designated period of 120 calendar days from August 26, 2009 through December 23, 2009, and direct staff to present a resolution and required certifications for adoption at the August 25, 2009 Board meeting to implement this program.

FINANCING:

The total cost, if all eligible employees retired during the designated window period, is approximately \$8,776,269. This cost would be added to the CalPERS employer rate beginning in FY2011/12 and amortized over a 20 year period. It is estimated this incentive will result in an increase to the Miscellaneous Plan of 0.324 of 1% and 0.342 of 1% for the Safety Plan. The approximate costs were calculated based on a formula provided by CalPERS.

The corresponding savings in salaries and benefits are approximately \$37,690,337, if the positions are kept vacant over a two year period as required. If approved, the Early Retirement Incentive Program will generate a net savings of \$28,914,068 to the County if all eligible employees retired during the designated window period.

The table below summarizes the current salary and benefits data, cost of offering the two years additional service credit, and potential savings for all eligible employees in the recommended classes.

Retirement Plan	2-Year Salary Savings (Payroll)	2-Year Benefits Savings	Total 2-Year Salary & Benefits Savings	Cost of Offering GC 20903 (Amortized Over 20 Yrs)	Net Savings
Miscellaneous	21,270,506	8,658,399	29,928,905	6,795,055	23,133,850
Safety	5,585,024	2,176,408	7,761,432	1,981,214	5,780,218
Totals	26,855,530	10,834,807	37,690,337	8,776,269	28,914,068

ALTERNATIVES:

The Board could choose not to authorize offering the two years additional service credit pursuant to Government Code 20903. However, this is not recommended because this retirement incentive is being recommended as a cost saving measure which will reduce the size of the County workforce through means other than layoff.

OTHER AGENCY INVOLVEMENT:

The County Administrator's Office has reviewed this item and concurs with the Department's recommendation.

CAO RECOMMENDATION:

APPROVE DEPARTMENT
RECOMMENDATION

DEPARTMENT HEAD SIGNATURE:



Donald W. Turko
Director of Human Resources

Attachment A: Early Retirement Incentive Classifications (pages 4 – 5)