



AGENDA SUBMITTAL TO SOLANO COUNTY BOARD OF SUPERVISORS

ITEM TITLE: Adopt a resolution stating the Board's intention to adopt lower retirement tier formulas for future County employees upon the completion of the appropriate negotiation process with represented employee organizations; and Directing the County Administrator to report back to the Board on or about October 5, 2010 regarding the anticipated long term fiscal savings which may result from lower retirement tiers		BOARD MEETING DATE June 29, 2010	AGENDA NUMBER 2
Dept: Contact: Extension:	Donald W. Turko Director of Human Resources 2552	Supervisorial District Number ALL	
	Published Notice Required?	Yes _____	No <u> X </u>
	Public Hearing Required?	Yes _____	No <u> X </u>

DEPARTMENTAL RECOMMENDATION:

It is recommended that the Board of Supervisors adopt the attached resolution which establishes the Board's policy intent to reduce the current miscellaneous and safety retirement tiers for future hires upon the completion of the appropriate negotiation process with represented employee organizations and directing the County Administrator to report back to the Board on or about October 5, 2010 regarding the anticipated long term fiscal savings which may result from lower retirement tiers.

SUMMARY & DISCUSSION:

Solano County continues to face a fiscal crisis of significant proportions. Despite actions during the past two fiscal years to reduce 459 positions, including the layoff of 144 employees, the County faces a projected ongoing structural general fund budget deficit of approximately \$18.7 million due to declining property taxes and falling state sales tax receipts.

In order to address this continuing general fund structural deficit and to align County expenses with ongoing County revenues, additional employee compensation costs need to be reduced. Personnel related costs currently represent the largest portion of County expenses. Counties currently have few options to address the reduction of personnel costs; which include the reduction of positions through attrition, layoff, retirement, or the negotiation of compensation and/or benefit reductions with represented employee organizations and in adopting the same type of compensation and/or benefit reductions for unrepresented employees.

Retirement costs have risen significantly since 2001, largely due to negotiated changes to PERS retirement formulas. In order to live within a decreasing revenue stream and to address increasing costs of retirement plan, the County must address current retirement costs by negotiating a lower retirement tier for miscellaneous and safety retirement members.

The County Administrator is recommending that the Board authorize the Human Resources Director to enter into a contract for actuarial services to determine the prospective cost savings which may result from the adoption of lower retirement tiers, and negotiate with the recognized employee organizations to reduce the current miscellaneous retirement tier from 2.7% at age 55 to 2% at age 60 for future employees, the current safety retirement tier from 3% at age 50 to 3% at age 55 for future employees, and the current safety retirement tier for Correctional Officers and designated Probation Department employees from 2% at age 50 to 2% at age 55 for future employees. Doing so reduces the County's retirement rate for future hires, and contributes to reducing the County's structural general fund deficit. The resolution authorizing this policy goal is addressed in Attachment A.

FINANCING:

A supplemental appropriation to accomplish the necessary actuarial analysis of future cost savings has been recommended for adoption in the Human Resources Department budget and will be considered as a part of the FY2010/11 budget hearings. If adopted, staff will make every effort to report the results of the actuarial analysis no later than the Board's October 5, 2010 meeting.

ALTERNATIVES:

The Board could choose not to adopt the resolution recommending the pursuit of lower retirement tiers for future County hires, but that is not recommended by staff. Failure to pursue the reduction of future retirement costs will frustrate County efforts to contain future compensation costs and will minimize options available to the Board to effectively reduce the structural general fund budget deficit.

OTHER AGENCY INVOLVEMENT:

Human Resources has worked with the Personnel Subcommittee and the County Administrator's Office in preparing this report.

CAO RECOMMENDATION:

APPROVE DEPARTMENT
RECOMMENDATION

DEPARTMENT HEAD SIGNATURE:



Donald W. Turko, Director of Human Resources

RESOLUTION NO. _____

**BOARD OF SUPERVISORS
OF THE
COUNTY OF SOLANO
RESOLUTION
OF ITS INTENT TO
IMPLEMENT LOWER RETIREMENT TIERS**

WHEREAS, Solano County continues to experience revenue shortfalls and fiscal hardships due to declining property and sales tax revenues; and

WHEREAS, these revenue shortfalls are projected to be long term in nature which require that the Board of Supervisors adopt measures to achieve long term cost savings;

NOW, THEREFORE, BE IT RESOLVED, that said Board of Supervisors intends to amend its contract with the California Public Employee Retirement System (CalPERS) to reduce the existing miscellaneous and safety retirement formulas for future County employees upon completion of the appropriate negotiations process with all affected employee groups as follows:

Plan Type	Current Formula	Proposed Formula
Safety	3% at 50	3% at 55
Safety	2% at 50	2% at 55
Miscellaneous	2.7% at 55	2% at 60

Any retirement changes adopted for represented employees will automatically apply to future unrepresented employees as well, pursuant to the contract with CalPERS.

On motion of Supervisor _____, and second by Supervisor _____, the Solano County Board of Supervisors adopted this resolution on _____, 2010, by the following vote:

AYES: SUPERVISORS _____

NOES: SUPERVISORS _____

EXCUSED: SUPERVISORS _____

JOHN M. VASQUEZ, CHAIR
Solano County Board of Supervisors

ATTEST:

MICHAEL D. JOHNSON, Clerk
Solano County Board of Supervisors

By: _____
Patricia J. Crittenden, Chief Deputy Clerk