



## Legislation Details (With Text)

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Staff Report for Resolution of Intent to Provide Two Years Additional Service Credit as an Incentive to Identified Classifications to Retire

### SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council adopt the resolution utilizing the two years additional service credit benefit provision of the City of San Leandro's contract with CalPERS, pursuant to Government Code Section 20903.

### BACKGROUND

At the March 19<sup>th</sup> City Council meeting, staff presented the PERS Two Year Service Credit as another option to the Voluntary Incentive Separation Program which was presented two weeks prior. These options are a means of mitigating some impact of the potential layoffs made necessary by the elimination of Redevelopment Agency funding effective February 1, 2012, when affected staff and program costs were transferred to the City's General Fund.

Staff provided a report at the meeting identifying and making public the associated costs so that a Resolution could be brought before the City Council at the April 2<sup>nd</sup> meeting, which was the earliest meeting which provides the two weeks' notice as required by PERS law. City Council accepted the report and directed staff to bring back the Resolution adopting the two year service credit provision of the City of San Leandro's contract with CalPERS pursuant to Government Code Section 20903. In order for the employees to be eligible, they must be at least 50 years of age, have a minimum of five years of service credit in the PERS system and retire during the designated period from the specified classifications in the Community Development Department. The designated period is April 3, 2012 through July 2, 2012.

As outlined at the March 19<sup>th</sup> meeting, the CalPERS two additional years service credit benefit is an optional benefit offered through CalPERS which allows contracted agencies an option to provide

service credit to members who retire during a designated time period because of impending mandatory transfers, layoffs, or demotions.

In order to implement this program, the following conditions must be met:

- An amendment to the City's contract with CalPERS must be made to allow for this provision. The City has already made this amendment in 1993 when it offered the benefit previously.
- The City must certify the following:

Due to an impending curtailment of, or change in the manner of performing services, the best interest of the agency will be served by granting such additional service credit.

The added cost to the retirement fund for eligible employees who retire during the designated window period will be included in the contracting agency's employer contribution rate for the fiscal year that begins two years after the end of the designated period.

It has elected to become subject to Section 20903 because of impending mandatory transfers, demotions, and layoffs that constitute at least one percent of the job classification, department or organizational unit, as designated by the governing body, resulting from curtailment of, or change in the manner of performing its services.

Its intention at the time Section 20903 becomes operative is to keep all vacancies created by retirements under this section or at least one vacancy in any position in any department or other organizational unit permanently unfilled thereby resulting in an overall reduction in the work force of such department or organizational unit.

In accordance with the Resolution, CalPERS early retirement option will be offered to employees in the following job classifications:

<b><u>Department/Organizational Unit</u></b>	<b><u>#</u></b>	<b><u>Classification</u></b>
Community Development	2	Senior Project Specialist
Community Development	1	Project Specialist II
CD/Housing Services Division	1	Administrative Assistant II

### **Previous Actions**

- On March 5, 2012, by Minute Order No. 2012-010, the City Council continued the subject matter, and directed staff to meet with the bargaining unit as soon as possible and to return to Council with a recommendation at the next regular meeting.
- On March 19, 2012, by Minute Order No. 2012-014, the City Council approved the cost estimate to provide the two years additional service credit benefit provision of the City of San Leandro's contract with CalPERS, pursuant to Government Code Section 20903.

### **Fiscal Impacts**

As detailed in the March 19, 2012 public notice statement, it is estimated that the additional annual PERS cost, if all eligible employees accept the early retirement option, would be approximately

\$18,200 annually for a maximum of \$443,000 over 20 years beginning in 2014-15. Staff anticipates that there will be three retirements and that cost would be approximately \$314,000. Two years after the resolution's adoption, the miscellaneous employee CalPERS rate will be increased an estimated .09% under CalPERS formulas, if all eligible employees accept the option. As previously covered, the major reason for offering the option is to reduce the likelihood of layoffs by giving eligible employees an incentive to retire earlier than they may have planned.

**ATTACHMENTS**

None

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