

City of Brisbane
Staff Report

To: City Council via City Manager

From: Maria Saguisag-Sid
Senior Human Resources Analyst

Subject: Information Related to the CalPERS Early Retirement Program and Savings the City Will Realize if the Assistant to the City Manager Participates

Date: Meeting of May 17, 2010

Purpose: Provide City Council and the public information related to the CalPERS Two Years Additional Service Credit Benefit

Recommendation:

Accept report regarding projected future annual costs and savings related to implementing CalPERS Two Years Additional Service Credit Benefit and direct staff to implement

Background: On July 27, 2009, Council adopted Ordinance 539 which added a provision for two years additional service credit benefit, commonly referred to as the “Golden Handshake,” to the City’s contract with the California Public Employees’ Retirement System (CalPERS). The Golden Handshake option allows the City to designate a period of 90-180 days where employees subject to mandatory layoffs and demotions can instead choose to retire and receive two years additional service credit. The City identifies to CalPERS specific work units or classifications that will go permanently unfilled. Anyone employed in the designated work unit or classification is eligible for the two years service credit if all other retirement requirements are met. This will help the City in permanently reducing personnel costs. This provision was enacted at the last quarter of 2009 which successfully resulted in the reduction of three full-time staff positions.

Discussion: As part of our on-going plan to address the fiscal issues the City is facing, staff is recommending opening a new election period for one classification, the Assistant to the City Manager. Staff is in the process of restructuring the organization which would result in eliminating this position in F/Y 2010-2011. Per Government Code Section 7507, the future annual costs of the increase in retirement benefit(s) must be disclosed and there must be a 20-day period between the date the increase in retirement benefits costs are made public and the adoption of the resolution opening the designated period. A draft resolution is attached for your information. Staff will bring this resolution back on the June 7, 2010 agenda for Council to consider for final approval.

The designated period that the eligible employee can opt to retire to receive the Golden Handshake is projected to be July 1, 2010 to October 31, 2010, based on adoption of the resolution on June 7, 2010.

Fiscal Impact:

Staff is recommending the following position for the Golden Handshake provision:

- 1 Assistant to the City Manager – City Manager’s Office

One employee is eligible to retire in the above mentioned positions. The total cost of providing this CalPERS benefits for this employee is \$88,788. The City will pay approximately \$2,959 a year in additional CalPERS payments for this position should the employee elect to retire under this provision. The amount of budget savings would be a maximum of \$144,190.

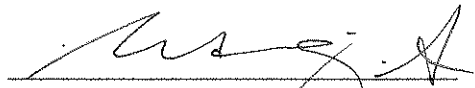
Measure of Success:

Number of people who use the program and the amount of annual savings derived from the program.

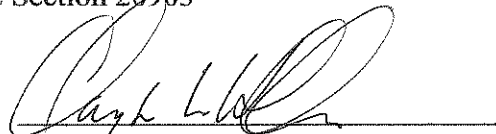
Attachments:

Draft - Resolution to Grant Another Designated Period for Two Years Additional Service Credit

Draft - Certification of Compliance with Government code Section 20903



Senior Human Resources Analyst



City Manager

**CITY COUNCIL
OF THE
CITY OF BRISBANE
RESOLUTION
TO
GRANT ANOTHER DESIGNATED PERIOD
FOR
TWO YEARS ADDITIONAL SERVICE CREDIT**

WHEREAS, the City Council of the City of Brisbane is a contracting Public Agency of the Public Employees' Retirement System; and

WHEREAS, said Public Agency desires to provide another designated period for Two Years Additional Service Credit, Section 20903, based on the contract amendment included in said contract which provided for Section 20903, Two Years Additional Service Credit, for eligible members;

NOW, THEREFORE, BE IT RESOLVED, that said City Council does seek to add another designated period, and does hereby authorize this Resolution, indicating a desire to add a designated period from _____ through _____ for eligible _____ members in the _____.

Adopted and approved this _____ day of _____, _____.

CITY COUNCIL
OF THE
CITY OF BRISBANE

BY _____
Presiding Officer

Attest:

Clerk/Secretary

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Employer Services Division
Contract Maintenance Unit
P.O. Box 942709
Sacramento, CA 94229-2709

**CERTIFICATION OF COMPLIANCE WITH
GOVERNMENT CODE SECTION 20903**

In accordance with Government Code Section 20903 and the contract between the Public Employees' Retirement System, the City Council of the City of Brisbane hereby certifies that:

1. Because of an impending curtailment of, or change in the manner of performing service, the best interests of the agency will be served by granting such additional service credit.
2. The added cost to the retirement fund for all 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.
3. It has elected to become subject to Section 20903 because of impending mandatory transfers, demotions, and layoffs that constitute at least 1 percent of the job classification, department or organizational unit, as designated by the governing body, resulting from the curtailment of, or change in the manner of performing, its services.
4. 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.

THEREFORE, the City Council of the City of Brisbane hereby elects to provide the benefits of Government Code Section 20903 to all eligible members who retire within the designated period, _____ through _____.

CITY COUNCIL
OF THE
CITY OF BRISBANE

BY _____
Presiding Officer

Attest:

Clerk/Secretary

Date