


EL DORADO COUNTY CALIFORNIA
Chief Administrative Office

08-1617

October 28, 2009

Memo To: Board of Supervisors
From: Gayle Erbe-Hamlin,  Chief Administrative Officer
Subject: Notice of Intent to Provide Additional Service Credit for Specified Classifications and Public Notice of Cost

Recommendations:

Receive and file the notice of intent to provide two years of additional service credit benefits to specified classifications and provide public notice in accordance with PERS requirements.

Background

On August 25, 2008, the Chief Administrative Office presented a plan to create financial sustainability in the County General Fund. As part of that plan the Sheriff's Department requested to offer retirement incentives to two sworn staff positions with the commitment to leave those positions vacant for two years in order to generate savings. This agenda item brings that request forward for formal action by the Board.

Through the early retirement program, the County would offer two years of additional PERS service credit to specified classifications of County employees who retire during a defined eligibility period during FY 2008-09. Eligible employees who choose to retire during this period will also receive two years of additional County service Credits for the purpose of determining their eligibility for county-provided retiree medical benefits.

In accordance with Government Code Sections 20903.5 and 7507, PERS requires a series of actions in order to provide additional years of service credit towards retirement. The first action requires public notice of prospective costs. The second action requires adoption of a resolution implementing the additional service credit provision.

The Chief Administrative Office will bring to the Board of Supervisors on November 18, 2008 a recommendation to adopt a resolution that would provide additional service credit for eligible employees in a specified classification who retire during a designated window period. This resolution would provide two years additional service credit to employees in specific classifications in the Sheriff's Department as listed in Attachment A.

Government Code Section 7507 requires that the cost to provide this benefit be made public at a public meeting at least two weeks prior to the adoption of the Resolution.

Issues

Currently, there are 9 County employees with at least five years of service that are age 50 or older in the selected classifications in the Sheriff's Department.

CalPERS representatives advise that one position must be eliminated as a result of the early retirement program. The proposed FY 2008-09 Budget includes the elimination of two positions that are filled by incumbents eligible for the early retirement program:

- Deputy Director of General Services
- Legal Office Services Manager (District Attorney)

Additionally, the County must demonstrate savings equal to 1% of salaries in the affected classifications, or at least \$12,478. The savings generated by the proposed eliminations is approximately \$306,212. This savings is made possible by holding the positions of the two likely takers of the affected positions vacant for the remainder of the fiscal year.

Fiscal Impact

The total cost associated with the two years additional service credit for the affected eligible employees is estimated at \$990,819. The added cost to the retirement fund will be included in the County's next annual employer contribution rate. Assuming that PERS will earn at least 8.5% on the County's contributions over the next 20 years, the annual cost of the additional two years service credit is estimated at \$103,108.

The inclusion of two years of County service for the purpose of enhancing the level of retiree health insurance benefits for one affected employee is estimated to cost \$4,451 for the next two fiscal years.

In addition, there is an actuarial fee of \$10 for each eligible member who retired during the designated period. Assuming all affected employees took the early retirement incentive, the cost of this actuarial fee is \$90.

The table below shows the savings of implementing this program for FY 2008-09 by salaries only and salaries and associated benefits:

**EARLY RETIREMENT PROGRAM
SHERIFF'S DEPARTMENT
Summary of Fiscal Impacts**

	Offers
Number of positions offered	9
Total cost of early retirement program	990,819
Annual increase in contribution over 20 years	103,108
Increase in retiree health contribution over 2 years	4,541
 PERS SAVINGS DEMONSTRATION:	
Total salaries of affected employees	1,247,793
1% salaries savings to be realized	12,478
Estimated Savings - FY 2008-09	306,212
Amount Over/(Under) 1% savings	293,734
 SAVINGS - FY 2008-09:	
Estimated annual amount of PERS payments	103,108
Estimated amount of retiree health costs	4,541
PERS actuarial fee	90
Total Cost	107,739
 Estimated Salary Savings (6months)	 306,212
Estimated Salary and Benefits Savings (6 months)	422,572
 Savings/(Cost) - Salaries	 198,473
Savings/(Cost) - Salaries and Benefits	314,833

Actions to be Taken

- The Board of Supervisors receives and files the Notice of Intent to provide additional service credit to specified classifications (shown as Attachment A).
- The Board Clerk certifies compliance with Government Code section 7507 (shown as Attachment B).
- Staff will return to the Board of Supervisors at the meeting of November 18, 2008 with the implementing resolution pursuant to PERS requirements. This designated period will run from November 19, 2008 to February 17, 2009.

I remain available to answer any questions you may have concerning this report.

**Sheriff's Department Classifications for Additional Service Credits
(Window Period beginning November 19, 2008)**

SP

Department	Classification
Sheriff	Capatin (4)
Sheriff	Lieutenant (5)



CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Actuarial and Employer Services Division
Public Agency Contract Services
P. O. Box 942709
Sacramento, CA 94229-2709
(888) CalPERS (255-7377)

**CERTIFICATION OF COMPLIANCE WITH
GOVERNMENT CODE SECTION 7507**

I hereby certify that in accordance with Section 7507 of the Government Code the future annual costs as determined by the System Actuary and/or the increase in retirement benefit(s) have been made public at a public meeting of the

Board of Supervisors (governing body) of the
County of El Dorado (public agency)

On October 28, 2008 , which is at least two weeks prior to the adoption of the Resolution/Ordinance.

Clerk/Secretary

Title

Date _____

PERS-CON-12A (rev. 1/96)