

EL DORADO COUNTY CALIFORNIA
Chief Administrative Office

BOARD OF SUPERVISORS
EL DORADO COUNTY

2008 MAY 30 AM 9:51

May 29, 2008

Memo To: Board of Supervisors
From: Laura S. Gill, Chief Administrative Officer *Laura S. Gill*
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

The Proposed FY 2008-09 Budget contains position eliminations in several departments. The resulting reduction-in-force will most likely result in a number of lay-offs. I recommend the use of an early retirement incentive to eliminate positions so that the County can achieve long-term savings while avoiding the "bumping" that occurs in a reduction-in-force.

Through the early retirement program, the County would offer two years of additional PERS service credit to certain classifications of County employees who retire during a defined eligibility period between June 18, 2008 and September 26, 2008. 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 June 17, 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 for up to 15 employees in specific classifications and departments 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 15 County employees with at least five years of service that are age 50 or older in selected classifications in the following departments:

Department	Classifications
Assessor	Appraiser II (3) Sr. Assessment Technician (2)
Board of Supervisors	Clerk to the Board of Supervisors (1)
District Attorney	Legal Office Services Manager (1)
General Services	Deputy Director General Services (1)
Human Resources	Administrative Technician (1)
Probation	Deputy Probation Officer II (6)

CalPERS representatives advise that one position must be eliminated as a result of the early retirement program. Upon acceptance of the incentive, the affected positions in the Assessor's Office and the District Attorney's Office will be eliminated. The Proposed FY 2008-09 Budget calls for the elimination of the Deputy Director of General Services position. In March 2008, positions were eliminated in the Board of Supervisors (one FTE), Human Resources (one FTE), and Probation (two FTEs).

Additionally, the County must demonstrate savings equal to 1% of salaries in the affected classifications, or at least \$9,133. The savings generated by the proposed eliminations is approximately \$539,614. This savings is calculated with the following assumptions:

Department	Classification	Assumption
Assessor	Appraiser II (3)	One elimination, two filled at Step 3 (One likely taker)
	Sr. Assessment Technician (2)	One elimination, one filled at Step 3 (One likely taker)
Board of Supervisors	Clerk to the Board of Supervisors (1)	Filled at Step 3; offset by elimination of Administrative Secretary
District Attorney	Legal Office Services Manager (1)	Eliminated
General Services	Deputy Director General Services (1)	Eliminated
Human Resources	Administrative Technician (1)	Filled with Fiscal Technician at Step 3; offset by elimination of Personnel Technician
Probation	Deputy Probation Officer II (6)	All filled at Step 3 (Two likely takers); offset by elimination of two Deputy Probation Officer IIs – TREC)

Fiscal Impact

The total cost associated with the two years additional service credit for the affected eligible employees is estimated at \$541,997. 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 \$56,402.

The inclusion of two years of County service for the purpose of enhancing the level of retiree health insurance benefits for up to two affected employees is estimated to cost \$9,082 for the next two fiscal years.

In addition, there is an actuarial fee of \$10.00 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 \$150.

The table below shows the savings of implementing this program for FY 2007-08 by salaries only and salaries and associated benefits:

**EARLY RETIREMENT PROGRAM
FY 2007-08
Summary of Fiscal Impacts**

	<u>Total</u>
Number of positions offered	15
Total cost of early retirement program	\$ 541,997
Annual increase in contribution over 20 years	\$ 56,402
Annual increase in retiree health insurance over 2 years	\$ 9,082
PERS SAVINGS DEMONSTRATION:	
Total salaries of affected employees	\$ 913,349
Minimum savings: 1% of salaries	\$ 9,133
Estimated savings - FY 2008-09	\$ 539,614
Amount of savings over required amount	\$ 530,481
SAVINGS - FY 2008-09:	
Total Salaries/Benefits Saved Through Program	\$ 502,963
Add. Cost Avoidance Due to March 2008 Cuts	\$ 272,505
Total Salaries/Benefits Saved	\$ 775,468
Minus:	
Vacation/Sick Leave Payout	\$ (170,219)
Est annual amount of PERS payments	\$ (56,402)
Est amount of retiree health costs (2 yrs)	(9,082)
PERS actuarial fee	(150)
Total Cost	\$ (235,853)
FY 2008-09 Savings/(Cost)	\$ 539,614

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 July 17, 2008 with the implementing resolution pursuant to PERS requirements. This designated period will run from June 18, 2008 to September 26, 2008¹.

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

RECORDED
BOARD OF SUPERVISORS
EL DORADO COUNTY
2008 JUN -2 AM 10:42

¹ This dates cover the correct window period. The original memo contained dates from 2007.

**Departments/Classifications for Additional Service Credits
(Window Period beginning June 18, 2008)**

Department	Classifications
Assessor	Appraiser II Sr. Assessment Technician
Board of Supervisors	Clerk to the Board of Supervisors
District Attorney	Legal Office Services Manager
General Services	Deputy Director General Services
Human Resources	Administrative Technician
Probation	Deputy Probation Officer II

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 June 3, 2008 , which is at least two weeks prior to the adoption of the Resolution/Ordinance.

Clerk/Secretary

Title

Date _____