

EL DORADO COUNTY CALIFORNIA
Chief Administrative Office

June 26, 2007

Memo To: Board of Supervisors

From: Laura S. Gill, 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

The Proposed FY 2007-08 Budget, as submitted by the Chief Administrative Officer, includes the proposed elimination of 26 positions in several departments. The resulting reduction-in-force may 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 for FY 2007-08. 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 July 17, 2007 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 23 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 23 County employees with at least five years of service that are age 50 or older in selected classifications in the Development Services, Assessor, and Human Resources Departments.

CalPERS representatives advise that one position must be eliminated as a result of the early retirement program. As of today, the proposed FY 2007-08 Budget includes the elimination of two positions that are filled by incumbents eligible for the early retirement program:

- Principal Administrative Analyst (Human Resources)
- Administrative Services Officer (Development Services)

Additionally, the County must demonstrate savings equal to 1% of salaries in the affected classifications, or at least \$13,718. The savings generated by the proposed eliminations is approximately \$758,000. This savings is made possible by holding all but two 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 \$702,259. 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 \$73,080.

The inclusion of two years of County service for the purpose of enhancing the level of retiree health insurance benefits for up to five affected employees is estimated to cost \$21,380 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 \$230.

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

**FY 2007-08 Early Retirement Incentive
Summary of Fiscal Impacts**

Number of positions offered	23
Total cost of early retirement program	\$ 702,259
Annual increase in contribution over 20 years	\$ 73,080
Increase in retiree health contribution over 2 years	\$ 21,360
 PERS SAVINGS DEMONSTRATION:	
Total salaries of affected employees	\$ 1,371,805
1% salaries savings to be realized	\$ 13,718
Estimated Savings - FY 2007-08	\$ 758,116
Amount Over/(Under) 1% savings	\$ (744,398)
 SAVINGS - FY 2007-08:	
Estimated annual amount of PERS payments	\$ 73,080
Estimated amount of retiree health costs	21,360
PERS actuarial fee	230
Total Cost	\$ 94,669
 Estimated Salary Savings (9 months)	 \$ 758,116
Estimated Salary and Benefits Savings (9 months)	\$ 995,576
 Savings/(Cost) - Salaries	 \$ 663,447
Savings/(Cost) - Salaries and Benefits	\$ 900,907

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, 2007 with the implementing resolution pursuant to PERS requirements. This designated period will run from July 18, 2007 to October 15, 2007.

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

**Departments/Classifications for Additional Service Credits
(Window Period beginning July 11, 2007)**

Department	Job Title
Development Services	Administrative Assistant
	Administrative Service Officer
	Development Aide II
	Development Svcs Branch Manager
	Development Technician II
	Operations Supervisor
	Sr. Development Aide
	Sr. Development Technician
Human Resources	Principal Administrative Analyst
Assessor	Sr. Appraiser
	Sr. Assessment Technician

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 July 3, 2007 , which is at least two weeks prior to the adoption of the Resolution/Ordinance.

Clerk/Secretary

Title

Date _____