



County of El Dorado

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Legislation Text

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Chief Administrative Officer recommending adoption of Resolution **100-2008** to provide an additional designated period for two years additional service credit for certain classifications in the Public Health Department; Chairman be authorized to sign the required Certificate of Compliance for same; and adoption of Resolution **101-2008** to provide two years of additional County service for the sole purpose of retiree health insurance.

BUDGET SUMMARY:		
Total Estimated Cost		\$60,035
Funding		
Budgeted	\$	
New Funding	\$	
Savings	\$342,254	
Other	\$	
Total Funding Available	\$342,254	
Change To Public Health Fund		\$(282,219)

Fiscal Impact/Change to Net County Cost: The estimated amount of net savings to the Public Health Fund for FY 2008-09 is \$282,219. There is no direct impact on Net County Cost.

Background:

In accordance with Government Code Sections 20903 and 7507, PERS requires a series of actions in order to provide additional two years of service credit towards retirement. The first action requires public notice of prospective costs. 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. This public notice was provided to the Board on April 1, 2008 through Agenda Item #40, Legistar Item 08-0429.

The second action requires adoption of 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 four employees in specific classifications in the Public Health Department as listed in Attachment A who retire between April 23, 2008 and July 24, 2008.

Reason for Recommendation:

Position Elimination. At its April 1 meeting, the Board of Supervisors adopted a resolution that eliminates 13.75 FTEs in the Public Health Department. This resolution eliminates four positions that

are filled by incumbents eligible for the early retirement program:

- Health Program Manager
- Medical Billing Assistant I/II
- Medical Office Assistant I/II
- Public Health Nurse/Physician's Assistant

CalPERS representatives advise that one position must be eliminated as a result of the early retirement program.

Retiree Health Insurance. The proposed early retirement program would add two years of service credit to affected County employees. However, it would not automatically add two additional years of *County* service for purposes of determining the level of retiree health insurance benefits. Without specifically including this option into the early retirement program, some potential retirees may opt to wait until they serve enough time to reach the higher benefit level. (For instance, an employee with 18 years of service may wait to retire for two years, when his retiree health insurance benefit rises from 50% of single-party premium to 67% of single-party premium.) This consideration may affect the decision for one of the four identified employees.

Fiscal Impact. The total cost associated with the two years additional service credit for the affected eligible employees is estimated at \$127,771. 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 \$13,296.

The inclusion of two years of County service for the purpose of enhancing the level of retiree health insurance benefits for one affected employees is estimated to cost \$4,541 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 \$40.

Attachment C shows the savings of implementing this program for FY 2008-09 by salaries only and salaries and associated benefits.

Action to be taken following Board approval:

- The Board Chair signs the Certificate of Compliance and Agreement to the Requirements of Section 20903.
- The Board Clerk certifies the Governing Body's Action.

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Concurrences:

