



Legislation Text

File #: 11-0384, Version: 4

Human Resources recommending the Board consider adoption (Second Reading) of County Ordinance **4979**, an Amendment to the Contract Between the Board of Supervisors of the County of El Dorado and the Board of Administration of the California Public Employees' Retirement System, as follows: "To provide Section 20475 (Different Level of Benefits), Section 21362 (2% at 50 Full formula), and Section 20037 (Three-Year Final Compensation) are applicable to local safety members entering membership for the first time in the safety classification after the effective date of this amendment to contract;" and "Section 20475 (Different Level of Benefits), Section 21353 (2% at 60 Full formula) and Section 20037 (Three-Year Final Compensation) are applicable to local miscellaneous members entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract." (Cont'd 8/14/12, Item 8)

After meeting and conferring with Labor Representatives from all units, staff recommends the Board of Supervisors adopt the Ordinance to Ordain the Amendment to the Contract between the Board of Supervisors of the County of El Dorado and the Board of Administration of the California Public Employer's Retirement System. Staff recommends the second reading of the attached Ordinance announcing the County's intent to amend its contract with the California Public Employers' Retirement System as follows:

To provide Section 20475 (Different Level of Benefits) Section 21362 (2% @ 50 Full Formula) and Section 20037 (Three-Year Final Compensation) are applicable to local safety members entering membership for the first time in the safety classification after the effective date of this amendment to contract and Section 20475 (Different Level of Benefits). Section 21353 (2% @ 60 Full formula) and Section 20037 (Three-Year Final Compensation) are applicable to local miscellaneous members entering membership for the first time in the miscellaneous classification after the effective date fo this amendment to contract.

Background

Staff have met and conferred in good faith with all bargaining units representing members of the Safety and Miscellaneous classifications. As a result of those negotiations, the Safety and Miscellaneous units and the County are in agreement to establishing a "Second Tier" retirement for those members entering the classification after the effective date of the amendment.

The Second Tier will provide a retirement benefit formula of 2% @ 50 with a Three-Year Final Compensation for new members of the **Safety Plan**. The retirement benefit for current members will remain at 3% @ 50, single highest year final compensation. Implementation of a Second Tier in the Safety Plan will have the eventual impact of lowering the County's employer retirement contribution by approximately **4.8%** as estimated by CalPERS. Note: Previous information submitted to the Board for review indicated and estimate of \$4.9%.

The Second Tier will provide a retirement benefit formula of 2% @ 60 with a Three-Year Compensation for new members of the **Miscellaneous Plan**. The retirement benefit for current members will remain at 2 % @ 55, single highest year final compensation. Implementation of a

Second Tier in the Miscellaneous Plan will have the eventual impact of lowering the County's employer retirement contribution by approximately **1.7%** as estimated by CalPERS.

According to CalPERS "The employer reduction will occur gradually, beginning on July 1, 2014, if there are second tier employees hired on or before June 30, 2012. For fiscal years 2014/2015 and beyond, the projected annual amount of rate reduction you can expect from introducing a second tier is approximately equal to the ratio of your second tier annual payroll to your total plan annual payroll two and a half years earlier."

The County's Contribution as set by CalPERS, for FY2011-12 is 26.407%. The CalPERS estimate of future contributions are 27.0% for FY2012-13 and 29.7% for FY2013-14.

Action to be taken following the Board approval:

1. Return two originals to Human Resources to get the final signatures from California Public Employees' Retirement System.
2. Human Resources will return a fully executed original to the Clerk of the Board.