



County of El Dorado

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Legislation Text

File #: 07-1257, Version: 1

Chief Administrative Officer recommending Chairman be authorized to sign the following pertaining to additional California Public Employees' Retirement System Credits:

- (1) Resolution **196-2007** providing an additional designated period for two years additional service credit benefit to certain classifications and departments and Certificate of Compliance for same; and
- (2) Resolution **197-2007** providing two years additional County service for the sole purpose of retiree health insurance.

BUDGET SUMMARY:		
Total Estimated Cost		\$94,669
Funding		
Budgeted	\$	
New Funding	\$	
Savings	\$(995,576)	
Other	\$	
Total Funding Available	\$	
Change To Net County Cost		\$(900,907)

Fiscal Impact/Change to Net County Cost: The above table shows the annual savings if all 23 eligible employees take the early retirement program based on the following assumptions:

Costs: 1) The total cost associated with the two years additional service credit for the affected eligible employees is estimated at \$702,259. 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. 2) 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 years. 3) 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.

Savings: If all 23 affected employees took the early retirement incentive and each position was held vacant through June 30, 2008, the County would save approximately \$758,000 in salary costs and \$237,460 in benefit costs annually.

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 July 3, 2007.

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 23 employees in specific classifications and departments (Development Services, Assessor, and Human Resources) as listed in Attachment A who retire between July 18, 2007 and October 15, 2007.

Reason for Recommendation:

Position Elimination. During deliberations on the proposed FY 2007-08 budget, I recommended 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. 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)

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 five of the 23 identified employees.

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: