



County of El Dorado

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Legislation Text

File #: 08-0429, Version: 1

Chief Administrative Office recommending the Board 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 Public Employees Retirement System (PERS) requirements.

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:

At its March 4 meeting, the Board of Supervisors approved in concept the deletion of 13.75 positions in the Public Health Department at the conclusion of the Beilenson Hearing on April 1. 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 April 22, 2008 and July 24, 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 April 22, 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 four 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 four County employees with at least five years of service that are age 50 or older in selected classifications in the Public Health Department. CalPERS representatives advise that one position must be eliminated as a result of the early retirement program. The four positions identified for this program will be eliminated, wither through this program or through reduction-in-force.

Additionally, the County must demonstrate savings equal to 1% of salaries in the affected classifications, or at least \$2,480. The savings generated by the proposed eliminations is approximately \$282,200. This savings is made possible by eliminating the positions.

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 2007-08 by salaries only and salaries and associated benefits.

Action to be taken following Board approval:

- 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 April 22, 2008 with the implementing resolution pursuant to PERS requirements. This designated period will run from April 23, 2008 to July 22, 2008.

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Concurrences: