

**SUBMITTAL TO THE BOARD OF DIRECTORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Riverside County Waste Resources Management District

SUBMITTAL DATE:
November 26, 2008

SUBJECT: Resolution 2008-03, a Resolution of Intention to Approve an Amendment to the CalPERS Retirement Contract to Provide Two (2) Years Additional Service Credit for Waste Resources Management District Eligible Employees

RECOMMENDED MOTION: That the Board:

1. Adopt Resolution Number 2008-03 giving notice of the District's intention to approve an amendment to the California Public Employees' Retirement System (CalPERS) contract as set forth in Attachment A including Certification of Governing Body's Action;
2. Certify compliance with Government Code Section 20903 and 7507 as set forth in Attachments B and C.
3. Authorize the District to offer two (2) years of additional service credit to all eligible District employees in job classifications covered under the Miscellaneous contract;
4. Provide non-Medicare eligible employees who elect this early retirement option by close of the ninety day period (currently forecasted to be January 15, 2009 through to and including April 15, 2009) the same retiree medical plan rates and coverage as those employees who retire on or before December 31, 2008. Eligible employees who elect this early retirement option will thus receive retiree medical plan coverage at the same rate as active employees until January 1, 2011.
5. On January 6, 2009 adopt Resolution 2008-04 to establish the window period in accordance with CalPERS requirements (Attachments D and E) forecasted to be the ninety days from January 15, 2009 through to and including April 15, 2009.




Haris W. Kernkamp, General Manager-Chief Engineer

FINANCIAL DATA	Current F.Y. Total Cost:	\$	In Current Year Budget:
	Current F.Y. Net County Cost:	\$	Budget Adjustment:
	Annual Net County Cost:	\$	For Fiscal Year:

SOURCE OF FUNDS:	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: 

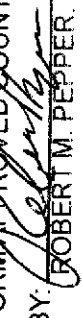
Alex Gann

County Executive Office Signature

Dep't Recomm.: <input type="checkbox"/> Consent <input checked="" type="checkbox"/> Policy	Per Exec. Ofc.: <input type="checkbox"/> Consent <input checked="" type="checkbox"/> Policy
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Prev. Agn. Ref.: | **District:** | **Agenda Number:**

12.4

FORM APPROVED COUNTY COUNSEL
 BY: 
 ROBERT M. PEPPER, JR.
 DATE: 11/26/08
 Departmental Concurrence

BACKGROUND:

Effective January 1, 2000, a new Government Code Section 20903 renewed the option to grant additional service credit under certain circumstances to agencies contracting with the CalPERS. This option was utilized by the Department of Purchasing and Fleet Services on October 31, 2000, Resolution 2000-292; Transportation and Land Management Agency's Building and Safety Department on July 17, 2007, Resolution 2007-331; and The Department of Environmental Health on June 17, 2008, Resolution 2008-252.

The Waste Resources Management District (WRMD) would like to be able to utilize Government Code Section 20903 at this time and is requesting the Board to adopt Resolution 2008-03 (Attachment A) to amend the District CalPERS Miscellaneous Members Contract 1655. A sample of the amended contract is provided by CalPERS and attached as Exhibit A.

Furthermore, it is requested that the Board authorize the early retirement option be offered to approximately 25 eligible age-appropriate WRMD employees, out of 53 Miscellaneous employees covered by the WRMD CalPERS Miscellaneous contract who:

1. Have attained 50 years of age;
2. Have five or more years of service credit with the District/County; and
3. Retire within the 90 – 180 day retirement window period specified by the District. (Attachment B).

This action is proposed as a mitigation of layoffs. Employees who elect the benefit will create vacancies in the WRMD positions that can be used to mitigate the effect of the impending significant budget cuts that may require the elimination of positions.

To implement this change, it is necessary to provide two certifications to CalPERS, as provided in Attachments B and C. The Certification of Compliance with Government Code Section 7507 (Attachment C) certifies the cost of this benefit is being made public (Exhibit B), and the Certification of Compliance with Government Code Section 20903 (Attachment B) confirms the County's need to take this action, and that:

1. Impending layoffs constitute at least 1 percent of the job classification, department or organizational unit, as designated by the County; and
2. By this action it is the intent of the County to create unfilled vacancies thereby resulting in a permanent overall reduction in the work force.

In addition, no earlier than two weeks after this public notice, this item must be returned to the Board's agenda for final adoption of the formal Resolution and will be certified to by the Clerk of the Board once adopted. A sample of the final Resolution and Certification are attached as Attachment D and E.

The cost of this action can be paid in one of two ways: the estimated cost can be paid in a lump sum to PERS, or it can be added to the District's actuarial accrued liability, which will result in an employer contribution rate increase over 20 years.

The District presently has six (6) eligible employees who are over age 59 and one (1) eligible employee over the age of 61. It is believed that these employees would be the most likely to accept the early retirement incentive. Attachment F contains a complete breakdown of eligible employees by attained age.

At present the District CalPERS Miscellaneous Plan has assets valued at approximately \$13 million. If all eligible employees elected the early retirement option the cost to the District would be approximately \$1.8 million. However, past experience suggests that a relatively low percentage of eligible employees elect an early retirement option. Below, we have provided three possible cost estimates for this action along with projected salary savings due to the resulting vacant positions and increased PERS employer contribution rates.

Estimated Costs:	30% Accept Incentive	20% Accept Incentive	10% Accept Incentive
Number of Employees	8	5	3
Service Credit Cost	\$386,000	\$267,000	\$122,000
Annual Compensation & Benefits Saving	\$775,000	\$535,000	\$244,000
Employer Contribution Rate Increase as a percent of payroll beginning in fiscal year 10/11	.842%	0.5567%	0.241%

The District recommends that the cost for this early retirement program be included in the District's employer contribution rate. CalPERS will increase the rate in the fiscal year that begins two years after the end of the designated retirement date window. This delay will be factored into budget planning.

In order to further incentivize eligible employees to retire within the ninety day retirement window established by this action, the District recommends that these employees be offered retiree medical coverage and rates on the same basis as those retirees who retire on or before December 31, 2008.

On September 12, 2006, the Board adopted a policy to establish separate medical rates starting January 1, 2009 for non-Medicare-eligible retirees rather than blending their rates with active employees. This action requests that the period of eligibility for subsidized medical plan rates be opened for the same ninety day period that is opened for WRMD employees to opt for the early retirement and additional service credit option. This is currently forecasted to be January 15, 2009 through to April 15, 2009. These employees will receive retiree medical plan coverage at the same rate as active employees until January 1, 2011.

C

Exhibit A

California
Public Employees' Retirement System

AMENDMENT TO CONTRACT

Between the
Board of Administration
California Public Employees' Retirement System
and the
Board of Directors
Riverside County Waste Resources
Management District

[[SAMPLE ONLY]]

The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective December 22, 1994, and witnessed December 13, 1994, and as amended effective March 5, 1997, March 31, 1999 and July 11, 2002 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 10 are hereby stricken from said contract as executed effective July 11, 2002, and hereby replaced by the following paragraphs numbered 1 through 11 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 60 for local miscellaneous members.
 2. Public Agency shall participate in the Public Employees' Retirement System from and after December 22, 1994 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.

3. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
 - a. Employees other than local safety members (herein referred to as local miscellaneous members).
4. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:
 - a. **MEMBERS OF THE GOVERNING BODY; AND**
 - b. **SAFETY EMPLOYEES.**
5. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment before and not on or after July 11, 2002 shall be determined in accordance with Section 21354 of said Retirement Law subject to the reduction provided therein for Federal Social Security (2% at age 55 Modified and Full).
6. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment on or after July 11, 2002 shall be determined in accordance with Section 21354.3 of said Retirement Law subject to the reduction provided therein for Federal Social Security (3% at age 60 Modified and Full).
7. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Section 20042 (One-Year Final Compensation).
 - b. Sections 21624 and 21626 (Post-Retirement Survivor Allowance).
 - c. Section 21635 (Post-Retirement Survivor Allowance to Continue After Remarriage).
 - d. Section 21024 (Military Service Credit as Public Service).
 - e. Section 20903 (Two Years Additional Service Credit).
8. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members of said Retirement System.

9. Public Agency shall also contribute to said Retirement System as follows:
- a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21573 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members.
 - b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
 - c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.
10. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.
11. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the _____ day of _____, _____.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF DIRECTORS
RIVERSIDE COUNTY WASTE
RESOURCES MANAGEMENT DISTRICT

BY _____
LORI MCGARTLAND, CHIEF
EMPLOYER SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

SAMPLE ONLY

Attest:

Clerk

**Riverside County Waste Resources Management District
Optional Early Retirement Credit**

Eligible Departments/Classifications: All Riverside County Waste Resources Management District Job Classifications covered by PERS Miscellaneous contract.

Eligible Retirement Dates: January 15, 2009 through April 15, 2009

Estimated Costs for Eligible Employees*:

A. Assume all employees elect early retirement option	PERS Service Credit Estimate	\$1,247,852
	Leave Balance Estimate	\$ 996,652
	Total	\$2,244,504

B. Assume 30% of employees elect early retirement option	PERS Service Credit Estimate	\$ 385,870
	Leave Balance Estimate	\$ 394,700
	Total	\$ 780,570

*Based on actual pay scales in place at November 26, 2008 and communications from employees.

Attachment A

**RESOLUTION 2008-03
RESOLUTION OF INTENTION
TO APPROVE AN AMENDMENT TO CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
BOARD OF DIRECTORS
RIVERSIDE COUNTY WASTE RESOURCES MANAGEMENT DISTRICT**

WHEREAS, the Public Employees' Retirement Law permits the participation of public agencies and their employees in the Public Employees' Retirement System by the execution of a contract, and sets forth the procedure by which said public agencies may elect to subject themselves and their employees to amendments to said Law; and

WHEREAS, one of the steps in the procedures to amend this contract is the adoption by the governing body of the public agency of a resolution giving notice of its intention to approve an amendment to said contract, which resolution shall contain a summary of the change proposed in said contract; and

WHEREAS, the following is a statement of the proposed change:

To provide Section 20903 (Two Years Additional Service Credit) for local miscellaneous members.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the above agency does hereby give notice of intention to approve an amendment to the contract between said public agency and the Board of Administration of the Public Employees' Retirement System, a copy of said amendment being attached hereto, as an "Exhibit" and by this reference made a part hereof.

By: _____
Presiding Officer

Chairman, Board of Directors

December 9, 2008
Date adopted and approved

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Actuarial and Employer Services Branch

Public Agency Contract Services

P.O. Box 942709

Sacramento, CA 94229-2709

(888) CalPERS (225-7377)

Attachment B

**CERTIFICATION OF COMPLIANCE WITH
GOVERNMENT CODE SECTION 20903**

In accordance with Government Code Section 20903 and the contract between the Public Employees' Retirement System, the Board of Directors of the Riverside County Waste Resources Management District hereby certifies that:

1. Because of an impending curtailment of, or change in the manner of performing service, the best interests of the agency will be served by granting such additional service credit.
2. The added cost to the retirement fund for all eligible employees who retire during the designated window period will be included in the contracting agency's employer contribution rate for the fiscal year that begins two years after the end of the designated period.
3. It has elected to become subject to Section 20903 because of impending mandatory transfers, demotions, and layoffs that constitute at least 1 percent of the job classification, department or organizational unit, as designated by the governing body, resulting from the curtailment of, or change in the manner of performing, its services.
4. Its intention at the time Section 20903 becomes operative is to keep all vacancies created by retirements under this section or at least one vacancy in any position in any department or other organizational unit permanently unfilled thereby resulting in an overall reduction in the work force of such department or organizational unit.

THEREFORE, the Board of Directors of the Riverside County Waste Resources Management District hereby elects to provide the benefits of Government Code Section 20903 to all eligible members who retire within the designated period,

January 15, 2009 through April 15, 2009.

**BOARD OF DIRECTORS
OF THE
RIVERSIDE COUNTY WASTE RESOURCES
MANAGEMENT DISTRICT**

By: _____
Presiding Officer

Attest:

Clerk/Secretary

Date

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Actuarial and Employer Services Branch

Public Agency Contract Services

P.O. Box 942709

Sacramento, CA 94229-2709

(888) CalPERS (225-7377)

**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 for the increase in retirement benefit(s) have been made public at a public meeting of the

Board of Directors of the

Riverside County Waste Resources Management District

on December 9th, 2008 which is at least two weeks prior to the adoption of the Resolution / Ordinance.

Clerk of the Board

Date _____

Sample Only

Attachment D

**RESOLUTION 2008-04
RESOLUTION TO GRANT
A DESIGNATED PERIOD
FOR TWO YEARS ADDITIONAL SERVICE CREDIT**

WHEREAS, the Board of Directors of the Riverside County Waste Resources Management District is a contracting Public Agency of the Public Employees' Retirement System; and

WHEREAS, said Public Agency desires to provide another designated period for Two Years Additional service Credit, Section 20903, based on the contract amendment included in said contract which provided for Section 20903, Two years Additional Service Credit, for eligible members;

NOW, THEREFORE, BE IT RESOLVED that said Board of Directors does seek to add another designated period, and does hereby authorize this Resolution, indicating a desire to add a designated period from January 15, 2009 through April 15, 2009 for eligible Waste Resources management District members in the Miscellaneous Group.

Adopted and approved this Sixth (6th) day of January, 2009

Board of Directors
Of the
Riverside County Waste Resources
Management District

Sample Only

By: _____
Roy Wilson

Chairman, Board of Directors

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Actuarial and Employer Services Branch

Public Agency Contract Services

P.O. Box 942709

Sacramento, CA 94229-2709

(888) CalPERS (225-7377)

SAMPLE ONLY

CERTIFICATION OF GOVERNING BODY'S ACTION

I hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the

Board of Director of the

Riverside County Waste Resources District

on January 6, 2009.

SAMPLE ONLY

Nancy Romero

Clerk of the Board

Title

**Waste Resources Management District
Report of Employees Eligible For Additional Service Credit Option**

Attachment F

Classification	Job Code	Hrly. Pay	SEIU	MGT	Leave Hr. Bal	\$ Value	Age at end of Option	Annual Payrate	Cost Factor	Estimated Cost
URBAN/REGIONAL PLANNER IV-WRMD	80081	42.5834	X		920.83	\$ 39,212.07	50	\$68,573.47	0.63	\$55,801.29
IT SUPV DATABASE ADMIN - WRMD	80099	51.3484		X	1586.88	\$ 81,483.75	50	\$106,804.67	0.63	\$67,286.94
IT WEB DEVELOPER III - WRMD	80105	40.5922	X		147.28	\$ 5,978.42	50	\$84,431.78	0.63	\$53,192.02
IT DATABASE ADMIN III - WRMD	80098	47.3543		X	555.54	\$ 26,307.21	51	\$98,496.94	0.63	\$62,053.07
IT NETWORK ADMIN III - WRMD	80102	41.8418	X		231.00	\$ 9,665.46	51	\$87,030.94	0.63	\$54,829.49
PROGRAM ADMINISTRATOR - WRMD	80051	39.9963		X	1642.80	\$ 65,705.92	51	\$83,192.30	0.63	\$52,411.15
SR ENG TECH - WRMD	80060	32.8021	X		1732.00	\$ 56,813.24	51	\$68,228.37	0.63	\$42,983.87
SR ACCOUNTING ASST - WRMD	80072	21.6502	X		428.19	\$ 9,270.40	51	\$45,032.42	0.63	\$28,370.42
SUPV HAZ WASTE INSPECTOR-WRMD	80040	38.1144		X	447.41	\$ 17,052.57	51	\$79,277.95	0.63	\$49,945.11
PROJECTS SUPERVISOR - WRMD	80054	35.2338		X	2075.58	\$ 73,130.57	53	\$73,286.30	0.63	\$46,170.37
SR ENG TECH - WRMD	80060	32.8021	X		99.68	\$ 3,269.71	54	\$68,228.37	0.63	\$42,983.87
SR GATE SERVICES ASST - WRMD	80078	19.4544	X		1296.82	\$ 25,228.95	55	\$40,465.15	0.72	\$29,134.91
EQUIPMENT OPERATOR II - WRMD	80024	23.8264	X		1177.70	\$ 28,060.26	55	\$49,568.91	0.72	\$35,682.42
OPS & MAINT SUPERVISOR - WRMD	80058	27.9403		X	355.76	\$ 9,940.04	55	\$58,115.82	0.72	\$41,843.39
PLANNING MANAGER - WRMD	80016	59.5539		X	200.69	\$ 11,952.11	56	\$123,872.11	0.72	\$89,187.92
SR EQUIPMENT OPERATOR - WRMD	80073	25.7694	X		2871.66	\$ 74,000.96	56	\$53,600.35	0.72	\$38,592.25
ASST GENERAL MGR - WRMD	80084	72.6455		X	1061.14	\$ 77,087.05	56	\$151,102.64	0.72	\$108,793.90
CREW LEAD WORKER - WRMD	80056	23.2101	X		1532.76	\$ 35,575.51	57	\$48,277.01	0.72	\$34,759.45
OPS & MAINT SUPERVISOR - WRMD	80058	27.9403		X	646.82	\$ 18,072.36	57	\$58,115.82	0.72	\$41,843.39
EQUIPMENT OPERATOR II - WRMD	80024	23.8264	X		1229.96	\$ 29,305.52	58	\$49,568.91	0.72	\$35,682.42
PROJECTS SUPERVISOR - WRMD	80054	35.2338		X	2694.60	\$ 94,941.00	59	\$73,286.30	0.72	\$52,766.14
SR EQUIPMENT OPERATOR - WRMD	80073	25.7694	X		992.08	\$ 25,565.19	59	\$53,600.35	0.73	\$39,128.26
SR EQUIPMENT OPERATOR - WRMD	80073	25.7694	X		2520.44	\$ 64,950.23	59	\$53,600.35	0.73	\$39,128.26
EQUIPMENT OPERATOR II - WRMD	80024	23.8264	X		1335.56	\$ 31,821.50	61	\$49,568.91	0.73	\$36,178.01
GATE SERVICES ASSISTANT - WRMD	80077	17.5706	X		800.17	\$ 14,059.41	62	\$36,546.85	0.73	\$26,679.20
OPS & MAINT SUPERVISOR - WRMD	80058	27.9403		X	2441.02	\$ 68,202.72	62	\$58,115.82	0.73	\$42,424.55
Gross Totals						\$996,652.10		\$1,839,958.85		\$1,247,852.08

*Denotes EEs eligible for only 50% of their sick leave balances.

With Benefits at 45% **\$2,667,940.33**
Maximum Total Estimated Cost to Extend Benefit = \$2,244,504.18

Anticipated Maximum First Year Expense **\$ 996,652.10**
 based on estimated retirees **\$ 394,699.45**

Maximum Annual Funding Expense Starting FY10/11 **\$ 94,250.00**
 or an additional 4.3% to employer contribution

Anticipated Annual Funding Expense Starting FY10/11 **\$ 29,154.00**
 based on estimated retirees **\$ 29,154.00**
 or an additional 0.84% employer contribution