

**SUBMITTAL TO THE FLOOD CONTROL AND WATER CONSERVATION DISTRICT BOARD
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



422 B

FROM: General Manager-Chief Engineer

SUBMITTAL DATE:
December 9, 2008

SUBJECT: Amendment to Retirement Contract with California Public Employees' Retirement System (CalPERS) to Provide for Two Years Additional Service Credit for Miscellaneous Members and Medical Coverage for such Retirees.

RECOMMENDED MOTION:

1. Adopt Resolution No. F2008-35, giving notice of the District's intention to approve an amendment to the CalPERS contract, set forth in Attachment A including Certification of Governing Body's Action;
2. Certify Compliance with Government Code Section 7507 (Attachment B) and Government Code Section 20903 (Attachment C);
3. Authorize the District to offer two years of additional service credit to all eligible District employees in job classifications covered under the Miscellaneous contract (Attachment E);
4. Provide non-Medicare eligible employees who elect this early retirement option by the close of the ninety day period (January 15, 2009 through 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. Adopt Resolution No. F2009-03 on January 6, 2009, establishing the designated time period during which an eligible member must retire to receive the additional service credit in accordance with CalPERS requirements (Attachments D) forecasted to be ninety days from January 15, 2009 through to and including April 15, 2009.

JRH:mc

WARREN D. WILLIAMS
General Manager-Chief Engineer

FINANCIAL DATA	Current F.Y. District Cost:	\$1,334,482	In Current Year Budget:	NO
	Current F.Y. County Cost:	N/A	Budget Adjustment:	NO
	Annual Net District Cost:	N/A	For Fiscal Year:	2008/09

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

MINUTES OF THE FLOOD CONTROL AND WATER CONSERVATION DISTRICT BOARD

On motion of Supervisor Buster, seconded by Supervisor Stone and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Stone, Wilson, and Ashley
 Nays: None
 Absent: Tavaglione
 Date: December 9, 2008
 xc: Flood, COB

Nancy Romero
 Clerk of the Board
 By:
 Deputy

Prev. Agn. Ref.: | District: All | Agenda Number:

11.3

FORM APPROVED COUNTY CLERK
 DATE 3/26/08
 BY: ROBERT M. PEPPER, JR.
 Departmental Concurrence

FISCAL PROCEDURES APPROVED
 IVAN M. CHAND, FINANCE DIRECTOR
 BY: JEANINE REY-HAWKINS
 Departmental Concurrence

Dept's Recomm.: Policy Policy
 Per Exec. Ofc.: Consent Consent

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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 CalPERS. The option was utilized by the County of Riverside, specifically for the Department of Purchasing and Fleet Services on October 31, 2000, Resolution 2000-292, the 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.

It is requested that the Board authorize the early retirement option to approximately 86 eligible age-appropriate Riverside County Flood Control and Water Conservation District (District) employees, out of 237 Miscellaneous employees covered by the District's CalPERS Miscellaneous contract who:

1. Have attained 50 years of age;
2. Have five or more years of service credit with the County of Riverside and/or District; and
3. Retire within the 90 – 180 day designated time period during which an eligible member must retire to receive the additional service credit in accordance with CalPERS requirements (Attachments D) forecasted to be January 15, 2009 through April 15, 2009.

This action is proposed to reduce costs and mitigate layoffs if warranted. Employees who elect to exercise the early retirement option will vacate positions funded by the District producing employer cost savings that may offset the effects of impending budget cuts.

To implement this change, it is necessary to provide the following two certifications to CalPERS:

1. The Certification of Compliance with Government Code Section 7507 (Attachment B) which certifies that the cost of this benefit is being made public; and
2. The Certification of Compliance with Government Code Section 20903 (Attachment C) which confirms the District's need to take this action, and that:
 - a. Impending layoffs constitute at least one percent of the job classification, department or organizational unit, as designated by the District; and
 - b. By this action it is the intent of the District to create unfilled vacancies thereby resulting in a permanent overall reduction in the work force.

Additionally, 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 No. F2009-03 (Attachment D).

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.

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The District presently has six (6) eligible employees who are over age 59 and eleven (11) 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 E contains a complete breakdown of eligible employees by the attained age.

At present the District CalPERS Miscellaneous Plan has assets valued over \$95 million. If all eligible employees elected the early retirement option the cost to the District would be approximately \$4.2 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:*	20% Accept Incentive	10% Accept Incentive	5% Accept Incentive
Number of Employees	17	9	4
Service Credit Cost	\$885,384	\$468,733	\$208,326
Annual Compensation & Benefits Saving	\$1,678,798	\$888,776	\$395,011
Employer Contribution Rate Increase as a percent of payroll beginning in fiscal year 2010/11	0.1625%	0.0860%	0.0382%

*Assumes that employees taking the early retirement incentive are age 56, earning \$72,335/year.

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 extends the period of eligibility for subsidized medical plan rates by an additional three and a half months, and these employees will receive retiree medical plan coverage at the same rate as active employees until January 1, 2011.

**RESOLUTION F2009-03
RESOLUTION TO GRANT
A DESIGNATED PERIOD
FOR TWO YEARS ADDITIONAL SERVICE CREDIT**

WHEREAS, the Board of Directors of the Riverside County Flood Control and Water Conservation 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 Supervisors 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 Riverside County Flood Control and Water Conservation District members in the Miscellaneous Group.

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

BOARD OF SUPERVISORS
OF THE
RIVERSIDE COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

By: _____
Marion Ashley, Chairman

P8/122778

(Amendment)
CON-302 (Rev. 4/96)

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 GOVERNING BODY'S ACTION

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

Board of Supervisors

of the

_____ (governing body)

Riverside County Flood Control and Water Conservation District

_____ (public agency)

on _____.

(date)

Clerk/Secretary

Title