



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 3/2/2010
Agenda Placement: 9E
Set Time: 11:00 AM PUBLIC HEARING
Estimated Report Time: 10 Minutes

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Britt Ferguson for Watt, Nancy - County Executive Officer
County Executive Office
REPORT BY: Molly Rattigan, Senior Management Analyst - 253-4112
SUBJECT: Public Hearing -Napa Superior Court Early Retirement Incentive

RECOMMENDATION

Court Executive Officer and Director of Human Resources request a public hearing to discuss the future annual costs associated with a proposal by the Napa Superior Court to allow a 91 day window to offer eligible Superior Court employees two additional years of service credit for retirement purposes as authorized by Government Code Section 20903.

EXECUTIVE SUMMARY

The Napa Superior Court is covered under the County's CalPERS contract. The Courts will request authorization from the Board of Supervisors on March 16, 2010 to offer an additional two years of service credit for purposes of retirement in lieu of transfer, demotion or layoff to eligible Court employees. Before the Board can take its March 16, 2010 action, Government Code section 7507 requires that future annual costs shall be made public at a public meeting at least two weeks prior to formal action. That is the purpose of today's action. The additional two years of service credit will only be offered to Court employees and will have no impact on the County General Fund or County employees.

PROCEDURAL REQUIREMENTS

1. Open Public Hearing.
2. Staff reports.
3. Public comment.
4. Close Public Hearing.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

There is no Environmental Impact for this item.

BACKGROUND AND DISCUSSION

In early 1989, your Board approved amending its contract with CalPERS pursuant to former Government Code Section 20818 (now Section 20903) which provides the ability for a public agency to provide two years additional years of service credit to a retiring member because of impending mandatory transfer, demotion or layoff. A public agency may limit this benefit to a specific group or classification and for a designated period of time.

Effective January 1, 2001, State Senate Bill 2140, the Trial Court Employment Protection and Governance Act designated the Superior Court as the official employer of its staff and authorized the Court and County to negotiate the continuation of county retirement services to the Court on a contractual basis. This legislation also mandated the continuation of contracted retirement benefits to court employees during a transition period of a minimum of 5 years after the implementation of the Act. For this reason, court employees continue to be covered by the Napa County's CalPERS contract.

According to Superior Court staff, the Court is now facing a growing structural budgetary deficit as a result of two successive years of reductions in State trial court funding in conjunction with increasing expenditures, particularly in the area of personnel costs. Because personnel costs make up more than two thirds of the court expenditures, and most of the remaining court costs result from mandated services and not within the direct control of the court, the bulk of the expenditure reductions necessary to address this deficit will have to be made in the area of staffing costs. One of the options the Court proposes to utilize to reduce this deficit is offering two additional years of service credit for retirement purposes to eligible employees that will result in voluntary staff reductions and reduced ongoing operational costs.

Implementing this program will eliminate the need for employee layoffs that would likely occur in July of this year. As required by Government Code section 20903, the Court will place a hiring freeze on all positions that directly or indirectly become vacant as a result of this program thereby significantly reducing the Court's payroll expenditures. If this request is not approved, it will be necessary for the Court to initiate severe employee layoffs in FY 2010-2011. The Court has met and conferred on this matter with SEIU Local 614, which represents Court employees.

Because Court employees remain covered under the County's contract with CalPERS, administrative actions such as the granting of additional service credits pursuant to Government Code Section 20903 require Board of Supervisors' approval. Today's item does not apply to County employees or have an impact on the County budget. The County's only role will be to assist the Court in facilitating the process with CalPERS. Government Code Section 20903 requires the governing body of the contracting agency (in this case the Board of Supervisors) to certify certain facts specified in the statute--for example, the governing body must certify that additional service credits will be provided for eligible court employees because of impending mandatory transfers, demotions, and layoffs. The Napa County Superior Court has supplied the information on which the requisite certifications are based, and under the statute, the Board is required to make the certifications to CalPERS if granting additional service credits to a specific group of covered employees is desired. The Board will be asked to take formal action

on this matter on March 16, 2010 when a resolution detailing the eligible classifications will be presented.

Before the Board hears this matter on March 16, 2010, Government Code section 7507 requires that future annual costs shall be made public at a public meeting at least two weeks prior to formal action. Costs to provide the additional service credit will be borne entirely by the Superior Court and are estimated using the formula provided by CalPERS. The Court will save through subsequent payroll reductions resulting from this action. The Court intends to offer the service credit option to all Court employees eligible to retire under CalPERS rules. The maximum cost to provide the additional service credit is approximately \$1.327 million should all eligible members take advantage of the benefit. However, it is highly unlikely that every eligible member will choose to retire under this program. A more realistic expectation is that 20% of the employees would choose to do so at a cost of \$265,000. The Court will make a lumpsum payment of the cost to CalPERS, so no future ongoing annual costs are anticipated. The Court has determined that they have the budget this fiscal year to make this payment. The Court expects to save a minimum \$1.0 million in payroll and overhead costs in the first two years after implementation plus additional savings in subsequent years. The Court will be sending payment directly to CalPERS, guaranteeing that the County will not be responsible for any cost associated with this action.

The Courts and the County Human Resources Director will return in two weeks with a resolution designating the eligible group of employees as well as the designated time period for providing the benefit. It is proposed that the benefit be offered for a 91 day period beginning April 1, 2010 and closing June 30, 2010.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Molly Rattigan