



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 5/3/2011
Agenda Placement: 10A

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Mason, Suzanne R. - Director
Human Resources
REPORT BY: Heather Ruiz, DEP DIRECTOR, EMPL & COMP - 707-259-8720
SUBJECT: Ordinance Amending CalPERS Contract for Safety Employees

RECOMMENDATION

First and final reading and adoption of an urgency ordinance amending Agreement No. 1464 with the Board of Administration of the California Public Employees' Retirement System (CalPERS) to provide 3% of final compensation at age 55 for County safety employees pursuant to Government Code Section 21354.4.

EXECUTIVE SUMMARY

On April 12, 2011, the Board approved a Resolution of Intention to amend the Contract with CalPERS to provide 3% of final compensation at age 55 for County safety employees. Approval of the ordinance before you today formalizes the contract amendment with an effective date of May 14, 2011.

PROCEDURAL REQUIREMENTS

1. Open Public Hearing.
2. Staff reports.
3. Public comments.
4. Close Public Hearing.
5. Clerk reads the Ordinance Title.
6. Motion, second, discussion and vote to waive the balance of the reading of the ordinance.
7. Motion, second, discussion and vote to adopt the ordinance.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	There is no revenue source, the contract amendment will create a cost savings for the County.
Is it Mandatory or Discretionary?	Mandatory
Is the general fund affected?	Yes
Future fiscal impact:	While significant savings from the lower retirement formula will not be realized immediately (since, initially, very few employees will be under the new retirement formula), savings to the County over the next 20 years are estimated to reach \$2.5 million.
Consequences if not approved:	The County will not be able to implement a lower retirement formula of 3% at 55 for future safety employees.

Additional Information:

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

On December 14, 2010, the Board of Supervisors approved an agreement between the Law Enforcement and Law Enforcement Supervisory Units, Deputy Sherriff's Association (DSA) and the County. A provision of the Agreement includes amending the contract between the County and CalPERS to provide for a lower retirement benefit of a 3% at 55 formula for all new safety employees, hired on or after April 1, 2011, and following the effective date of the CalPERS contract amendment. On April 12, 2011, the Board approved a Resolution of Intention to amend the Contract with CalPERS to provide for the new formula of 3% of final compensation at age 55 for County safety employees, and today's action is the last step in the process to implement this new retirement benefit.

After the effective date of this amendment to the contract, and for the remainder of Fiscal Year 2010-11, the employer contribution rate will be 16.407% of reportable earnings for local safety members entering membership for the first time in the safety classifications. This represents a savings from this contract amendment for Fiscal Year 2010-11 of 2.687% times the fiscal year payroll for the new 3% at 55 tier, as identified by CalPERS on the actuarial valuation. The Fiscal Year 2011-12 savings is estimated to be 2.860% times the fiscal year payroll for the new tier (representing an employer contribution of 21.252% of reportable earnings). The savings represents the difference between the current benefit of 3% at 50 versus the 3% at 55. The actual dollars savings this percentage represents is contingent on how many new employees are hired into this new tier. Therefore, while significant savings from the lower retirement formula will not be realized immediately, savings to the County over the next 20 years are estimated to reach approximately \$2.5 million.

Additionally, the CalPERS contract is being amended to reflect a reduction in the maximum employee cost sharing

(employee contribution of the employer's rate). After the effective date of this amendment to the contract, the maximum employee contribution share of the employer's rate will be 1.711%. This represents a reduction from 11.163%, which was in the previous contract. The proposed amendment would make the total maximum employees CalPERS contribution 10.711%.

SUPPORTING DOCUMENTS

- A . Ordinance
- B . Draft Amendment to Contract with CalPERS

CEO Recommendation: Approve

Reviewed By: Helene Franchi