



# *CITY COUNCIL AGENDA REPORT*

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MEETING DATE: November 15, 2004

ITEM NUMBER:

**SUBJECT:** RESOLUTION TO PROVIDE TWO ADDITIONAL YEARS RETIREMENT SERVICE CREDIT

**DATE:** November 9, 2004

**FROM:** ADMINISTRATIVE SERVICES DEPARTMENT/PERSONNEL DIVISION

**PRESENTATION BY:** HOWARD PERKINS, ACTING ADMINISTRATIVE SERVICES DIRECTOR

**FOR FURTHER INFORMATION CONTACT:** HOWARD PERKINS, ACTING ADMINISTRATIVE SERVICES DIRECTOR AT (714) 754-5169

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## **RECOMMENDATION:**

1. Approve agendizing for the Council meeting of December 6, 2004, Resolution No. 04-\_\_\_\_\_ (Attachment 1), which authorizes the City Manager and City Clerk to execute the required documents to provide a designated period in order to grant two years additional service credit for selected local miscellaneous members of the California Public Employees Retirement System (CalPERS).

## **BACKGROUND:**

On behalf of the City, staff has been meeting with the Costa Mesa City Employees Association (CMCEA) and non-represented staff of the City Attorney's Office regarding the impacts of the six-month layoff notices they received in September 2004. Two of the subject employees are eligible to retire and they have asked that the City consider the possible financial benefits to them if the City provides for granting two years additional service credit with CalPERS.

The City contracts with CalPERS for retirement benefits for all employees who qualify. CalPERS maintains an array of options a contracting agency may select to customize their plan to the unique needs of the agency. Government Code section 20903 allows the Council to provide two years additional service credit for local miscellaneous members. Service credit, age at retirement and final average salary are the factors that determine the amount of benefit an employee will receive at retirement. Government Code section 20903 permits the City to provide additional service credit due to impending layoffs of the employees in the City Attorney's Office.

## **ANALYSIS:**

The City Council must state in a resolution the window period for the eligible retirements, which must be at least 90 days in length, but not more than 180 days. If adopted, the window period will be December 8, 2004 to April 8, 2005, or 120 days. The City Council must also declare which classifications; departments, etc. are eligible in the

resolution. If adopted, employees in the classifications of Assistant City Attorney and Paralegal-Secretary will be eligible for the benefit.

The City Council must adopt the resolution prior to the window period commencing and prior to otherwise eligible employees applying for retirement with the two additional years of service credit. At the time the resolution is adopted, the estimated cost for all eligible employees must be disclosed in a public session, whether or not those employees actually end up taking the golden handshake. The City also certifies its intent that any vacancies created by the retirements shall remain permanently unfilled thereby resulting in an overall reduction in the workforce.

**ALTERNATIVES CONSIDERED:**

The alternative would be to not grant the employees the two years additional service credit.

**FISCAL REVIEW:**

The employees in the Assistant City Attorney and Paralegal-Secretary classifications are of retirement age. With the addition of this amendment, they may choose to retire during the designated period to take advantage of the additional years of service time. Government Code Section 7507 requires that the cost implications of the proposed amendment be made public at a public meeting at least two weeks prior to the adoption of the Resolution. Review of this material at the November 15, 2004, City Council meeting with final action to be taken at the meeting of December 6, 2004, satisfies this requirement.

Based upon CalPERS' guidelines for calculating the costs, it is anticipated that in the worst-case scenario, it will cost Costa Mesa \$134,902 for the benefit. The added cost to the retirement fund for the two employees who may retire during the designated window period will be included in the City's employer contribution rate for the fiscal year that begins two years after the end of the designated period. The salary and benefit costs for the subject employees for the remainder of the six-month layoff period after their retirement date will be applied to defray the costs for granting the additional service credit.

**LEGAL REVIEW:**

The City Attorney's Office has reviewed the attached documents and, where appropriate, approved them as to form.

**CONCLUSION:**

It is recommended that the City Council approve agendaizing Resolution 04-\_\_\_\_\_ for the Council meeting of December 6, 2004 for final adoption.

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HOWARD PERKINS  
Acting Administrative Services Director

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MARC R. PUCKETT  
Director of Finance

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KIMBERLY HALL BARLOW  
City Attorney

DISTRIBUTION: City Manager  
City Attorney  
Deputy City Clerk  
Finance Director  
Costa Mesa City Employees Association

ATTACHMENTS: 1 [Resolution No. 04-](#)

111504 Two Additional Years Service Credit

November 9, 2004

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