

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2009 SEP 24 PM 5:40

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Port of Oakland
DATE: October 6, 2009

RE: Notice of Intent and Resolution Authorizing Two Years of Additional Service Credit to Specific Local Miscellaneous Port of Oakland Employee Classifications Under California Government Code Section 20903; And Public Notice of Costs Associated with the Program as Proposed

SUMMARY

On May 5, 2009, Council approved a prescribed Resolution of Intention and companion Ordinance authorizing the City to amend its contract with the California Public Employees' Retirement System (CalPERS), thereby creating the opportunity for the City to provide the optional benefit of two years additional service credit (the "Retirement Incentive Program") for local miscellaneous members and local safety members. California Government Code Section 20903 allows contracted agencies to provide two additional years of service credit to members who retire during a designated window period because of impending mandatory transfers, layoffs or demotions.

A second reading of the Ordinance amending the City's contract with CalPERS took place at the June 2, 2009 regular Council meeting and the contract was amended effective June 3, 2009.

On June 16, 2009, Council noticed intent and adopted a resolution authorizing two years of additional service credit to specific local miscellaneous City of Oakland employee classifications, under California Government Code Section 20903; and public notice of the costs associated with the program, as proposed.

On June 30, 2009, Council adopted a resolution to grant a designated period for two years additional service credit for specific local miscellaneous City of Oakland employee classifications under California Government Code Section 20903. The period designated was July 1, 2009 through September 30, 2009.

This report is a request from the Port of Oakland that Council take such actions as are necessary to offer to certain local miscellaneous Port of Oakland employment classifications (*Attachment A*) the CalPERS Retirement Incentive Program, pursuant to California Government Code Section 20903.

Prior to opening the retirement window period, Government Code Sections 7507 and 20903 require several actions, described in the Key Issues and Impacts section of this report.

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Item: _____
City Council
October 6, 2009

FISCAL IMPACT

The estimated costs and savings disclosed at this public meeting are displayed in two ways: 1) the maximum present value to fund this benefit if all eligible employees were to apply for retirement during the designated period and associated savings; and 2) the estimated costs and savings based on employees likely to participate (estimated at twenty percent of the eligible population). The actual costs and savings of offering the Retirement Incentive Program can only be calculated accurately after the close of the window period during which the benefit is offered. **Attachment B** provides a detailed cost analysis.

The cost for each eligible employee varies depending on the individual's age and pay rate. The actual cost is calculated by multiplying the annual salary for each eligible employee by the cost factors noted below:

| Age Range | CalPERS Estimated Cost Factor (Local Miscellaneous) |
|-----------|--|
| 50-54 | 0.65 |
| 55-59 | 0.72 |
| 60-64 | 0.66 |
| 65+ | 0.59 |

BACKGROUND

The Board of Administration, California Public Employees' Retirement System (CalPERS) and the City of Oakland entered into a contract effective September 1, 1970 making its employees members of CalPERS for retirement benefits and services. Employees of the Port of Oakland are members of CalPERS under the contract between the City and CalPERS.

Certain optional benefits may be added to the City's contract with CalPERS by amendment to the contract. California Government Code Section 20903, Two Years Additional Service Credit, is an optional benefit an agency may provide through a contract amendment. This benefit allows members to retire during a designated window period because of impending mandatory transfer, layoff, or demotions and receive two additional years of service credit at no cost to the member and if certain conditions are met.

On September 15, 2009, the Board of Port Commissioners adopted Resolution No. 09131 (**Attachment C**) requesting that Council take such actions as are necessary to offer to certain local miscellaneous Port of Oakland employment classifications the CalPERS Retirement Incentive Program, pursuant to California Government Code Section 20903.

KEY ISSUES AND IMPACTS

After the contract is amended and prior to opening the retirement window period, Government Code Sections 7507 and 20903 require several actions be taken.

1. Government Code Section 7507 requires that the future costs of changes in retirement benefits, as determined by an actuary, shall be made public at a public meeting at least two weeks prior to the adoption of the Resolution authorizing the window period.
2. Government Code Section 20903 requires the City to:
 - a. Designate the job classification(s), department(s), or unit(s) eligible for the benefit; (*Attachment A*)
 - b. Designate the time period during which an eligible member must retire to receive the additional service credit (90 to 180 days);
 - c. Determine that the best interests of the City will be served by granting such additional service credit because of an impending curtailment of, or change in the manner of performing service;
 - d. Agree that the added cost to the retirement fund for all eligible employees who 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 window period;
 - e. Certify that the City has elected to participate in accordance with Section 20903 because of impending mandatory transfers, demotions and layoffs that constitute at least one percent (1%) of the designated job classification, department or an organizational unit as designated by the Council;
 - f. Certify that the City's intention is to keep all vacancies created by retirements under this optional benefit program, 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 workforce of such department or organizational unit; and
 - g. Recognize that any employee who receives any unemployment insurance payments during the specified period will not be eligible to receive additional service credit and that any employee who receives the optional benefit will forfeit such benefit upon re-entry as a CalPERS member.
 - h. Notify CalPERS of its compliance with California Government Code Sections 20903(i) and 7507.

On October 20, 2009, the Port of Oakland will bring to the City Council, a recommendation to adopt a resolution that would provide additional service credit for eligible employees in specific departments and/or classifications who retire during a designated window period.

Implementation Timeline

The remaining steps in the timeline to implement the Retirement Incentive Program for specific local miscellaneous Port of Oakland employment classifications (*Attachment A*) are as follow:

- October 6th Present at a public meeting positions eligible for two years additional service credit and associated costs
- October 20th Adopt CalPERS Resolution of Intention to open window period
- October 21st Open window for no less than 90 days and no more than 180 days

SUSTAINABLE OPPORTUNITIES

There are no direct economic, environmental, or social equity opportunities resulting from this action.

DISABILITY AND SENIOR CITIZEN ACCESS

The proposed action does not impact disability and senior citizen access.

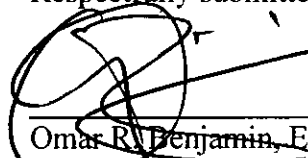
RECOMMENDATION(S) AND RATIONALE

Staff recommends that the City Council adopt a Resolution to designate the specific local miscellaneous Port of Oakland employment classifications (*Attachment A*) to be offered two years additional service credit under California Government Code Section 20903 and associated costs.

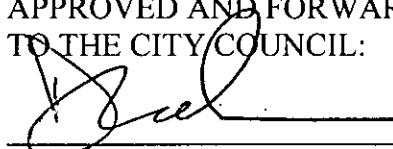
ACTION REQUESTED OF THE CITY COUNCIL

Council is requested to adopt a Resolution to designate the specific local miscellaneous Port of Oakland employment classifications (*Attachment A*) to be offered two years additional service credit under California Government Code Section 20903 and associated costs.

Respectfully submitted,


Omar R. Benjamin, Executive Director
Port of Oakland

APPROVED AND FORWARDED
TO THE CITY COUNCIL:


Office of the City Administrator


Wendell Pryor, Director
Department of Human Resources Management

Item: _____
City Council
October 6, 2009

Attachment A

Port of Oakland Job Classifications Only

Administrative Analyst II
Airport Business Manager
Airport Security/ID Supervisor
AP Grnd Trans & Pkg Ops Coord
AP Noise Abate/Envir Aff Supv
AP Noise Abatement Tech
AP Operations Mgr, Airside
AP Operations Mgr, Landside
AP Ops Supt, Airside
AP Ops Supt, Landside
AP Parking Operations Supt
AP Tech Commun Supervisor
Art Director
Assist Port Attorney
Assist Port Construction Admin
Assistant Comm Real Estate Rep
Assistant Director of Aviation
Assistant Secretary of the Board
Assoc AP Noise Abatemnt Spec
Assoc Aviation Project Manager
Aviation Assist Mkt & Comm Rep
Aviation Assoc Mkt & Comm Rep
Aviation Assoc Prop Rep
Aviation Facilities Maint Mgr
Aviation Marketing Manager
Aviation Planning & Dev Mgr
Aviation Security Manager
Aviation Security Supt
Aviation Senior Prop Rep
Aviation Sr Super Prop Rep
Aviation Super Mkt & Comm Rep

Aviation Super Prop Rep
Building Services Manager
Chief Audit Officer
Chief Engineer
Chief Financial Officer
Chief Wharfinger
Commercial Real Estate Mgr
Commercial Rep V
Contract Compliance Officer
Contract Compliance Supervisor
Deputy Executive Director
Deputy Port Attorney III
Deputy Port Attorney IV
Deputy Port Attorney V
Dir of Administration
Dir of Commercial Real Estate
Dir of Environ Prog & Planning
Dir of Maritime
Director of Finance/Controller
Director, Social Responsibility
Engineering Project Manager
Executive Assistant
Executive Assistant (CAS Div)
Executive Assistant II
Executive Director
Executive Legal Secretary I
Executive Legal Secretary II
Facilities Support Supervisor
Government Affairs Specialist
Harbor Facilities Maint Mgr
Human Resource Sup (Labor Rel)

Attachment A

Port of Oakland Job Classifications Only

| | |
|--------------------------------|---------------------------------|
| Human Resource Supervisor | Port Budget Coordinator |
| Legal Assistant III | Port Contract Compliance Mgr |
| Legal Secretary II | Port Env Health & Safety Spec |
| Maint Mgt Systems Coordinator | Port Envir Assessment Supv |
| Management Assistant | Port Envir Compliance Supv |
| Manager, Debt Compliance | Port Equal Opportunity Officer |
| Maritime Develop and Bus Rep | Port ERDP Program Supervisor |
| Maritime Mktg and Commod Rep | Port Facilities Security Off |
| Maritime Services Coordinator | Port Field Representative I |
| Media/Public Relations Manager | Port Finance Capital Prog Coord |
| Media/Public Relations Speclst | Port Financial Analyst |
| Mgr of A/P Properties | Port Grants Coordinator |
| Mgr, Admin/Finance Services | Port HR Operations Technician |
| Mgr, Bus Devel and Intl Mrktng | Port Human Resource Technician |
| Mgr, Financial Planning | Port Human Resources Assistant |
| Mgr, Governmental Affairs | Port Insurance Analyst |
| Mgr, Port Purchasing | Port Job Researcher |
| Organizational Effectvness Mgr | Port Land Surveyor |
| Port Accounting Supervisor | Port Permit Coord |
| Port Assist Engineer(E&M Work) | Port Principal Eng Technician |
| Port Assist Envir Scientist | Port Principal Engineer |
| Port Assist Environ Planner | Port Principal Prog/Analyst |
| Port Assist Human Res Analyst | Port Programmer/Analyst |
| Port Assist Management Analyst | Port Risk Manager |
| Port Assoc Envir Planner | Port Senior Accountant |
| Port Assoc Envir Scientist | Port Senior Auditor |
| Port Associate Auditor | Port Senior Programmer/Analyst |
| Port Associate Eng (E&M Work) | Port Senior Risk Mgmt Anl |
| Port Associate Engineer (CW) | Port Staff Accountant I |
| Port Attorney | Port Staff Accountant II |
| Port Audit Manager | Port Supervising Engineer (CW) |

Attachment A

Port of Oakland Job Classifications Only

| | |
|---------------------------------|--------------------------------|
| Port Supervising Eng (E&M Work) | Senior Procurement Analyst |
| Port Sys Planning Analyst | Sr AP Noise Abatement Spec |
| Port Tech Support Analyst II | Sr Commercial Real Estate Rep |
| Port Tech Support Analyst IV | Sr Maritime Accounts/Budg Anl |
| Port Tech Support Special III | Sr Maritime Projects Admin |
| Principal Elect/Mech Tech | Sr Pricing & Contracts Analyst |
| Procurement Analyst | Training/Developmnt Specialist |
| Properties Assistant | Utility Business Administrator |
| Secretary of the Board | Water Systems Engineer |
| Secretary to the Exec Director | Workers' Comp Claims Tech |
| Senior Aviation Proj Mgr | Workers' Compensation Analyst |

Attachment B

Savings and Cost Summary

The table below summarizes the savings and costs of the optional benefit if all eligible employees elect the optional benefit, and if the estimated twenty percent (20%) of eligible employees elect the optional benefit.

| | All Eligible Employees | 20% of Eligible Employees |
|--|------------------------|---------------------------|
| Number of Employees | 96 | 20 |
| Annual Salary and Benefit Savings | \$16,287,900 | \$3,257,600 |
| FY 2010 Salary and Benefit Savings (1/2 Annual Savings) | \$8,143,950 | \$1,628,800 |
| Additional Employer Contribution (Paid over 20 years) | \$7,394,400 | \$1,478,900 |
| Increase in Annual Employer Contribution Rate | .0126 | .0025 |

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MCP:mg
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**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

RESOLUTION NO. 09131

RESOLUTION REQUESTING THE OAKLAND CITY COUNCIL TO TAKE SUCH ACTIONS AS ARE NECESSARY TO OFFER TO CERTAIN EMPLOYMENT CLASSIFICATIONS AT THE PORT OF OAKLAND THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM'S "TWO YEARS ADDITIONAL SERVICE CREDIT" OPTIONAL BENEFIT, PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 20903

WHEREAS, the Board of Administration of the California Public Employees' Retirement System and the City Council of the City of Oakland, California (the "Oakland City Council") entered into a contract, originally effective September 1, 1970, pursuant to which employees of the City of Oakland, California (the "City") participate in and receive retirement benefits from the California Public Employees' Retirement System ("CalPERS");

WHEREAS, the employees of the Port of Oakland (the "Port") are members of CalPERS under the contract between the City and CalPERS;

WHEREAS, the City has amended its contract with CalPERS to allow the City to offer to eligible members the "Two Years Additional Service Credit" optional benefit pursuant to California Government Code Section 20903;

WHEREAS, this Board of Port Commissioners of the City of Oakland, California (the "Board") has determined that, because of an impending curtailment of or a change in the manner of performing services, it is in the best interests of the Port to offer the "Two Years Additional Service Credit" optional benefit to Port employees who meet the eligibility rules under California Government Code Section 20903 and who are in certain designated job classifications;

WHEREAS, the Executive Director and the Director of Corporate Administrative Services (together, the "Executives") have presented to this meeting of the Board an explanation of the "Two Years Additional Service Credit" optional benefit, a proposed list of such designated Port job classifications, which list is attached hereto as Attachment A, and a proposed retirement window period that would begin on October 21, 2009 and end on January 22, 2010;

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Attachment C

WHEREAS, the Executives have reported to this Board that impending mandatory transfers, demotions and layoffs will constitute at least one percent (1%) of each of the designated job classifications listed on Attachment A;

WHEREAS, the Executives have reported to this Board that, if the Port offers the "Two Years Additional Service Credit" optional benefit as presented at this meeting, it is the intention of the management of the Port to keep all vacancies created by retirement under the "Two Additional Years of Service" optional benefit, 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 workforce of such department or organizational unit;

WHEREAS, this Board recognizes that the cost to the CalPERS retirement fund for the Port employees who retire during the designated retirement window period will be included in the Port's employer contribution rate for the fiscal year that begins two years after the end of the designated retirement window period;

WHEREAS, this Board recognizes that any Port employee who receives any unemployment insurance payments during the designated retirement window period will not be eligible to receive additional service credit and any Port employee who receives additional service credit will forfeit such additional service credit upon re-entry as a CalPERS member;

WHEREAS, in order for the Port to offer the "Two Years Additional Service Credit" optional benefit to its employees, California Government Code Sections 20903(i) and 7507 require certain procedures to be followed to provide public notice of the costs associated with such a program for eligible Port employees; and

WHEREAS, it is necessary for the City, as the contracting agency with CalPERS, to act on behalf of the Port and take the actions necessary to provide such public notice.

NOW, THEREFORE, BE IT RESOLVED, that the proposed job classification list on Attachment A hereto and the proposed retirement window period presented at this meeting be, and they hereby are, approved;

RESOLVED FURTHER, that this Board hereby requests the Oakland City Council to take such actions on behalf of the Port as are necessary to offer to eligible employees in such job classifications the "Two Years Additional Service Credit" optional benefit pursuant to California Government Code Section 20903 during such retirement window period;

RESOLVED FURTHER, that the Executives, the Port's Human Resources Department and the Port Attorney's Office be, and they hereby are, authorized and directed to forward this request to the Oakland City

236 11

Attachment C

Council and to prepare and present to the City the necessary documents and information for the City to act on behalf of the Port pursuant to California Government Code Section 20903 and 7507;

RESOLVED FURTHER, that the Executive Director be, and he hereby is, authorized to make adjustments to the job classifications included in the "Two Years Additional Service Credit" optional benefit offered by the Port and to modify the dates of the designated retirement window period provided such adjustments or modifications are consistent with California Government Code Section 20903 and made prior to the public notice and meeting required under the foregoing provisions of California law;

RESOLVED FURTHER, that the Executives, the Port's Human Resources Department and the Port Attorney's Office be, and they hereby are, authorized to execute and deliver any and all certificates, instruments and documents and to take all other actions necessary or desirable to carry out the purpose of the foregoing resolutions, such determination to be conclusively evidenced by the execution and delivery thereof or by the taking of such other action; and

RESOLVED FURTHER, that any actions taken by the Executives, the Port's Human Resources Department or the Port Attorney's Office prior to the adoption of these resolutions that is within the authority conferred herein be, and it hereby is, ratified, confirmed and approved.

At the regular meeting held on September 15, 2009

Passed by the following vote:

Ayes: Commissioners Batarse, Calloway, Gonzales, Gordon, Head, Katzoff, and
President Uno - 7
Noes: None

12/1/09

FILED
OFFICE OF THE CITY CLERK
OAKLAND

OAKLAND CITY COUNCIL


City Attorney

2009 SEP 24 PM 5:40
RESOLUTION NO. _____ C.M.S.
Introduced by Councilmember _____

RESOLUTION AUTHORIZING TWO YEARS OF ADDITIONAL SERVICE CREDIT TO SPECIFIC LOCAL MISCELLANEOUS PORT OF OAKLAND EMPLOYEE CLASSIFICATIONS UNDER CALIFORNIA GOVERNMENT CODE SECTION 20903; AND PUBLIC NOTICE OF COSTS ASSOCIATED WITH THE PROGRAM AS PROPOSED

WHEREAS, the Board of Administration, California Public Employees' Retirement System (CalPERS) and the City of Oakland entered into a contract effective September 1, 1970 making its employees members of CalPERS for retirement benefits and services; and

WHEREAS, Port of Oakland employees are member of CalPERS under the contract between the City of Oakland and CalPERS; and

WHEREAS, certain optional benefits may be added to the City's contract with CalPERS by amendment to the contract; and

WHEREAS, the City Council of the City of Oakland adopted a Resolution and Ordinance authorizing an amendment to the contract between the City of Oakland and the Board of Administration of the California Public Employees' Retirement System (CalPERS) that authorized California Government Code Section 20903, Two Years Additional Service Credit, for Local Miscellaneous and Local Safety members on June 3, 2009; and

WHEREAS, the Board of Port Commissioners of the Port of Oakland has adopted a Resolution requesting that the City Council of the City of Oakland take such actions as are necessary to offer to certain employment classifications at the Port of Oakland the California Public Employees' Retirement System's Two Years Additional Service Credit, pursuant to California Government Code Section 20903; and

WHEREAS, prior to opening the retirement window, California Government Code Section 7507 requires that the future costs of changes in retirement benefits as determined by an actuary, shall be made public at a public meeting at least two weeks prior to the adoption of the Resolution authorizing the window period; now, therefore be it

RESOLVED: that the City Council has elected to offer the Two Years Additional Service Credit benefit to specific local miscellaneous Port of Oakland employee classifications at a cost detailed in the attached Agenda Report; and be it

FURTHER RESOLVED: that the final cost for the Two Years Additional Service Credit will be calculated after the close of the window period during which the benefit is offered and a tally is reached on actual participation.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California