

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

## CITY OF OAKLAND AGENDA REPORT

2009 JUN 17 PM 9:58

**TO:** Office of the City Administrator  
**ATTN:** Dan Lindheim  
**FROM:** Office of Personnel Resource Management  
**DATE:** June 30, 2009

**RE: Resolution to Grant Another Designated Period for Two Years Additional Service Credit for Specific Local Miscellaneous Employee Classifications Under California Government Code Section 20903**

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### SUMMARY

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. 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. The amendment to the contract became effective June 3, 2009, after the second reading of the Ordinance. Prior to opening the retirement window period, Government Code Sections 7507 and 20903 require that several conditions be met. Those conditions are outlined in the Certification of Compliance with Government Code Section 20903 (*Attachment A*).

### FISCAL IMPACT

As required by Government Code Section 7507, the estimated costs and savings were disclosed at the June 16, 2009 Council meeting where three options public meeting. Option A included all classifications in which there are currently retirement-eligible employees; Option B included only those classifications for which departments have identified the opportunity for greater than 30% savings if employees in those classifications retire through the program; and Option C included only those classifications for which every position vacated by a retirement can be kept vacant, thereby yielding 100% of the possible savings. The Council voted to approve Option B, which includes a total of 489 positions in 161 classifications City-wide.

The maximum cost to extend the benefit to employees in positions detailed in Option B is \$23,746,041, amortized over 20 years at \$1,793,508 annually. The associated savings is \$57,074,371. The estimated costs and savings based on employees likely to participate (estimated at twenty percent of the eligible population) and anticipated structured refilling of certain positions are \$4,749,208, with annual payments of \$358,702 amortized over 20 years and three-year savings of \$12,517,668. The actual costs and savings of offering the Retirement Incentive Program can only be calculated accurately after the close of the window period during

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which the benefit is offered. *Attachment B* provides a detailed cost analysis of the option being offered.

## **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.

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.

This report presents the Resolution required by CalPERS to grant a designated period for two years additional service credit to be offered.

## **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 as described in *Attachment A*, Certification of Compliance with Government Code Section 20903 along with the

- (1) Certification of Governing Body's Action (*Attachment C*),
- (2) Certification of Compliance With Government Code Section 7507 (*Attachment D*),  
and
- (3) Resolution to Grant a Designated Period for Two Years Additional Service Credit

On June 16, 2009, City Council approved Option B which includes only those classifications for which departments have identified the opportunity for greater than 30% savings if employees in those classifications retire (489 eligible participants).

The recommended designated application is **July 1, 2009** through **September 30, 2009**.

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### Implementation Timeline

The remaining steps in the timeline to implement the Retirement Incentive Program are follows:

June 30	Adopt CalPERS Resolution of Intention to open window period
July 1	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 Council adopt the Resolution to grant a designated period for two years additional service credit for specific local miscellaneous employee classifications.

### ACTION REQUESTED OF THE CITY COUNCIL

Adopt a Resolution to Grant Another Designated Period for Two Years Additional Service Credit for Specific Local Miscellaneous Employee Classifications Under California Government Code Section 20903 from July 1, 2009 through September 30, 2009.

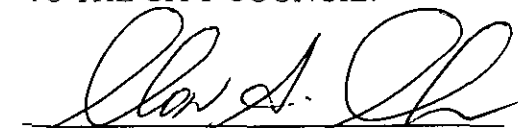
Respectfully submitted,



Wendell Pryor, Director  
Office of Personnel Resource Management

Prepared by: Yvonne S. Hudson, HR Manager  
Retirement and Benefits

APPROVED AND FORWARDED  
TO THE CITY COUNCIL:

  
Office of the City Administrator

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**CERTIFICATION OF COMPLIANCE WITH  
GOVERNMENT CODE SECTION 20903**

In accordance with Government Code Section 20903 and the contract between the Public Employees' Retirement System, the City Council of the City of Oakland hereby certifies that:

1. Because of an impending curtailment of, or change in the manner of performing service, the best interests of the agency will be served by granting such additional service credit.
2. The added cost to the retirement fund for all eligible employees who retire during the designated window period will be included in the contracting agency's employer contribution rate for the fiscal year that begins two years after the end of the designated period.
3. It has elected to become subject to Section 20903 because of impending mandatory transfers, demotions, and layoffs that constitute at least 1 percent of the job classification, department or organizational unit, as designated by the governing body, resulting from the curtailment of, or change in the manner of performing, its services.
4. Its intention at the time Section 20903 becomes operative is to keep all vacancies created by retirements under this section 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 work force of such department or organizational unit.

THEREFORE, the City Council of the City of Oakland hereby elects to provide the benefits of Government Code Section 20903 to all eligible members who retire within the designated period, \_\_\_\_\_ through \_\_\_\_\_.

CITY COUNCIL  
OF THE  
CITY OF OAKLAND

BY \_\_\_\_\_  
Presiding Officer

Attest:

\_\_\_\_\_  
Clerk/Secretary

\_\_\_\_\_  
Date

**RETIREMENT INCENTIVE PROGRAM OPTIONS  
COSTS AND SAVINGS**

STRUCTURED REFILLING OF POSITIONS	FY09/10	FY10/11	FY11/12	3-YEAR SAVINGS
	<b>OPTION B (489 Eligible/98 Participants)</b>			
Budgetary Savings	3,511,737	4,682,316	4,682,316	
Annual Cost	0	0	(358,702)	
<b>Yearly Savings</b>	<b>3,511,737</b>	<b>4,682,316</b>	<b>4,323,615</b>	<b>12,517,668</b>

CALCULATIONS	
	<b>Option B</b>
# Employees	<b>489</b>
Salaries	36,253,498
Benefits Burdening	20,820,384
Total Sav	57,074,371
Est Tot Cost	23,746,041
Annual Pay	1,793,508
New Rate	0.0099
Likely Participants (20%)	<b>98</b>
Salaries	7,250,700
Burdened	4,164,077
Total Savings	11,414,776
<b>STRUCTURED REFILLING</b>	
30 VACANT	3,442,880
40 UNDERFILL	918,101
BALANCE FILL	321,335
<b>TOTAL SAVINGS</b>	<b>4,682,316</b>
Est Total Cost	<b>4,749,208</b>
Annual Payment	358,702
New Rate	0.0020

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

Attachment C

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

\_\_\_\_\_ of the  
(governing body)

\_\_\_\_\_ of the  
(public agency)

on \_\_\_\_\_  
(date)

\_\_\_\_\_  
Clerk/Secretary

\_\_\_\_\_  
Title

**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)

Attachment D

**CERTIFICATION OF COMPLIANCE WITH  
GOVERNMENT CODE SECTION 7507**

I hereby certify that in accordance with Section 7507 of the Government Code the future annual costs as determined by the System Actuary for the increase in retirement benefit(s) have been made public at a public meeting of the

\_\_\_\_\_ of the  
(governing body)

\_\_\_\_\_ of  
(public agency)

on \_\_\_\_\_ which is at least two weeks prior to the adoption of the  
(date)

Resolution / Ordinance.

\_\_\_\_\_  
Clerk/Secretary

\_\_\_\_\_  
Title

Date \_\_\_\_\_

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

# OAKLAND CITY COUNCIL

  
City Attorney

2009 JUN 17 PM 9:58 RESOLUTION No. \_\_\_\_\_ C.M.S.

Introduced by Councilmember \_\_\_\_\_

## RESOLUTION TO GRANT ANOTHER DESIGNATED PERIOD FOR TWO YEARS ADDITIONAL SERVICE CREDIT

**WHEREAS**, the City Council of the City of Oakland 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 City Council does seek to add another designated period, and does hereby authorize this Resolution, indicating a desire to add a designated period from July 1, 2009 through September 30, 2009 for all Miscellaneous members in classifications designated in Option B attached.

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



**RETIREMENT INCENTIVE PROGRAM  
OPTION B**

<b>ELIGIBLE CLASSIFICATIONS</b>	
Account Clerk III (FMA & CEDA only)	Equipment Services Superintendent
Accountant I (PWA & CEDA only)	Equipment Supervisor
Accountant II	Exec Asst to Agency Director (PWA & FMA only)
Accountant III	Exec Asst to Agency Director
Accounting Supervisor	Executive Assistant (Library only)
Accounting Technician	Facility Security Assistant
Admin Assistant to the Mayor	Facility Security Assistant, PPT
Administrative Analyst I	Fire Prevent Bureau Inspect, Civil
Administrative Analyst I	Fire Protection Engineer
Administrative Analyst II	Fire Safety Education Coordinator
Administrative Assistant I	Gardener Crew Leader (OPR & PWA only)
Administrative Assistant II	Gardener II
Administrative Assistant II (CONF)	Greenskeeper
Administrative Services Manager I	Hazardous Materials Inspector II
Assistant Fire Marshal-Non Sworn	Heavy Equipment Mechanic
Auto Equipment Mechanic	Heavy Equipment Service Worker
Auto Equipment Painter	Human Res Operations Tech, Senior
Benefits Analyst	Human Res Operations Technician
Benefits Representative	Human Res Systems Analyst, Senior (FMA & DIT only)
Blacksmith Welder	Human Resource Analyst, Principal
Budget & Operations Analyst III	Human Resource Oper Supervisor
Carpenter	Human Resource Technician
Cashier	Information Systems Supervisor
City Architect, Assistant	Irrigation Repair Specialist
City Council PSE-51	Job Developer
Claims Investigator II	Legal Admin Assistant, Supervising
Claims Investigator III	Legal Administrative Assistant
Clean Community Supervisor	Legal Support Supervisor
Collections Officer	Librarian I
Concrete Finisher	Librarian II
Construction & Maintenance Mechanic	Librarian II, PPT
Construction & Maintenance Supv I	Librarian, Senior
Construction Inspector (Field)	Librarian, Supervising
Contract Compliance Office Asst	Librarian, Supervising PPT
Contract Compliance Officer	Library Aide
Criminalist III	Library Aide, PPT
Crossing Guard, PPT	Library Assistant
Custodial Services Supervisor I	Library Assistant, Senior
Custodian	Library Asst, PPT
Deputy City Attorney III	Literacy Assistant, Senior
Deputy City Attorney IV	Maintenance Mechanic
Electronics Technician	Management Assistant (OFD & CEDA only)
Emer Medical Svcs Coordinator	Manager, Information Systems
Employee Assist Svcs Coordinator	Manager, Senior Services
Engineer, Assistant II (Office)	Mayor's PSE 14
Engineer, Civil Supv (Office)	Microcomputer Systems Spec III
Environmental Services Intern	Microcomputer Systems Specialist II
Equipment Parts Technician	Museum Guard (PWA only)
Museum Project Coordinator	Storekeeper III
Neighborhood Services Coordinator	Street Sweeper Operator

**RETIREMENT INCENTIVE PROGRAM  
OPTION B**

<b>ELIGIBLE CLASSIFICATIONS</b>	
Office Assistant II	Support Services Supervisor
Office Manager (OFD only)	Support Services Supervisor
Operations Support Specialist	Systems Analyst I
Painter	Systems Analyst III
Paralegal	Systems Programmer III
Park Attendant, PPT	Tax Auditor II
Parking Control Technician	Tax Enforcement Officer II
Parking Control Technician, PPT	Tax Representative II
Parking Meter Repair Worker	Telecommunication Systems Engineer
Parkland Resources Supervisor	Telephone Services Specialist
Payroll Personnel Clerk III	Training & Public Svcs Admin
Payroll Personnel Clerk III	Tree High Climber
Performance Audit Manager	Tree Trimmer
Plumber	Tree Worker Driver
Police Evidence Technician	Zoo Keeper
Police Property Specialist	
Police Records Specialist	
Police Services Technician II	
Program Analyst I	
Program Analyst II	
Program Analyst II	
Program Analyst II	
Program Analyst II, PPT	
Program Analyst III	
Program Analyst III	
Project Manager	
Project Manager	
Project Manager II	
Project Manager III	
Public Service Employee 51	
Public Service Representative (CEDA, City Atty, OPR, PWA only)	
Public Works Supervisor I	
Real Estate Agent, Supervising	
Receptionist (Contracting & Purchasing only)	
Recreation Leader II, PPT	
Recreation Specialist I, PPT	
Recreation Specialist II, PPT	
Recreation Supervisor	
Recycling Specialist	
Registrar	
Reproduction Offset Operator	
Sewer Maintenance Leader	
Sewer Maintenance Worker	
Specialty Combination Inspector	
Stationary Engineer	
Storekeeper II (FMA only)	