

CITY OF OAKLAND
AGENDA REPORT

2009 JUL 16 PM 4: 03

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Human Resources Department
DATE: July 28, 2009

RE: **Resolution Authorizing the City Administrator to Implement a Restricted Policy for Filling Positions Vacated As a Result of Retirements Under the California Employees' Retirement System (CalPERS) Two Years Additional Service Credit Program ("Golden Handshake") in Order to Achieve the Level of Savings Anticipated in the City of Oakland Adopted Budget for Fiscal Years 2009-2011**

SUMMARY

On June 30, 2009 City Council adopted Resolution No. 82104 C.M.S., authorizing the California Employees' Retirement System (CalPERS) Two Years Additional Service Credit Retirement Incentive Program (also known as the "Golden Handshake") to employees in particular classifications. Employees in the specified classifications may participate in the program and receive the additional service credit by retiring between July 1 and September 30, 2009. The purpose of the program is to achieve savings approved in the City of Oakland Adopted Budget for FY 2009 – 2011, in lieu of additional layoffs or other budgetary reductions. The proposed resolution authorizes the City Administrator to implement a restricted hiring process for positions vacated by retirements under the program and provides specific criteria for when and how positions may be filled.

FISCAL IMPACT

The proposed restricted hiring process would ensure that a sufficient number of vacancies have been frozen to achieve the budgeted General Purpose Fund savings of \$2,265,812 each year. The total expected savings from all funds is \$3,511,737 for FY 2009-10 and \$4,682,316 in FY 2010-11.

BACKGROUND

On June 30, 2009 City Council adopted Resolution No. 82104 C.M.S., authorizing the California Employees' Retirement System (CalPERS) Two Years Additional Service Credit Retirement Incentive Program. Miscellaneous employees in 489 positions across 161 classifications City-wide were offered the opportunity to participate in the program between July 1 and September 30, 2009.

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KEY ISSUES AND IMPACTS

In order to achieve the budgetary savings anticipated by offering the Retirement Incentive Program, it is necessary to restrict the hiring process for positions vacated by retirements under the program; and to establish specific criteria for when and how positions may be filled. The proposed resolution requires that after the budgeted General Purpose Fund savings of \$2,265,812 are achieved through vacancies resulting from the CalPERS Retirement Incentive Program each year, and for positions with funding sources outside of the General Purpose Fund, the City Administrator may authorize the filling of positions under specific conditions.

The department requesting the position must provide the City Administrator with a written justification which documents that the position to be filled meets at least one or more of the following criteria:

- a. The position is necessary to ensure continuation of the provision of critical City services.
- b. The position is required to comply with federal and/or state legal mandates or requirements for funding.
- c. The position is supported by stimulus, other grant, or other non-city funding that fully pays for the position, and such funding could not be reallocated to another position.
- d. The position is part of a program or activity that is revenue-generating and fully cost recovering
- e. The justification may also include reference to benchmarks or best practices, including cost savings or revenue enhancements, to accurately evaluate the position's impact on City government.

The proposed policy also sets tracking and reporting requirements for the Department of Human Resources and the Budget Office.

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.

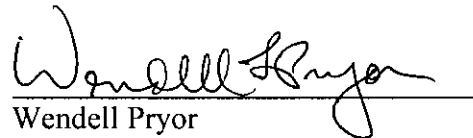
RECOMMENDATION(S) AND RATIONALE

Staff recommends that Council adopt the proposed resolution authorizing the City Administrator to implement a restricted hiring process for positions vacated as a result of the California Employees' Retirement System (CalPERS) Two Years Additional Service Credit Retirement Incentive Program.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that City Council approve the resolution.

Respectfully submitted,



Wendell Pryor
Director, Human Resources Department

Prepared by:
Kip Walsh, Administrative Services Manager II
Finance and Management Agency

APPROVED AND FORWARDED
TO THE CITY COUNCIL:


Office of the City Administrator

Item: _____
City Council
July 28, 2009

FILED
OFFICE OF THE CITY CLERK
OAKLAND

OAKLAND CITY COUNCIL

Gracy Chris
City Attorney

2009 JUL 16 PM 4: 09 RESOLUTION NO. _____ C.M.S.

Introduced by Councilmember _____

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO IMPLEMENT A RESTRICTED POLICY FOR FILLING POSITIONS VACATED AS A RESULT OF RETIREMENTS UNDER THE CALIFORNIA EMPLOYEES' RETIREMENT SYSTEM (CALPERS) TWO YEARS ADDITIONAL SERVICE CREDIT PROGRAM ("GOLDEN HANDSHAKE") IN ORDER TO ACHIEVE THE LEVEL OF SAVINGS ANTICIPATED IN THE CITY OF OAKLAND ADOPTED BUDGET FOR FISCAL YEARS 2009-2011

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, the City Council of the City of Oakland adopted Ordinance No. 12935 C.M.S., 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 approved the Two Years Additional Service Credit for Local Miscellaneous and Local Safety members (California Government Code Section 20903) on June 30, 2009; and

WHEREAS, the City Council, by Resolution No. 82104 C.M.S., has elected to offer the Retirement Incentive Program to the City's miscellaneous employee groups only in 489 positions across 161 classifications City-wide; and

WHEREAS, the City's Fiscal Year 2009-11 budget includes savings of \$2,265,812 per year in the General Purpose Fund from the Retirement Incentive Program; and

WHEREAS, the City is obligated to maximize the savings from the CalPERS Retirement Incentive Program while maintaining effective Departmental operations; now, therefore be it

RESOLVED: That the Department of Human Resources and the Budget Office will track the vacancies and resulting savings from retirements on a monthly basis; and be it

FURTHER RESOLVED: That after the budgeted General Purpose Fund savings of \$2,265,812 are achieved through vacancies resulting from the CalPERS Retirement Incentive Program each year, and for positions with funding sources outside of the General Purpose Fund, the following criteria and hiring methods will be required to fill vacancies upon approval by the City Administrator, and the City Administrator may issue additional criteria regarding the methods and restrictions for filling positions consistent with this resolution:

Criteria

- a. The position is necessary to ensure the provision of critical City services and operations.
- b. The position is required to comply with federal and/or state legal mandates or requirements for funding.
- c. The position is supported by stimulus, other grant, or other non-city funding that fully pays for the position, and such funding could not be reallocated to another position.
- d. The position is part of a program or activity that is revenue-generating and fully cost recovering; and be it

FURTHER RESOLVED: The Human Resources Department will track all exemptions granted by the City Administrator based on the above criteria; and be it

FURTHER RESOLVED: That the Budget Office will provide analysis of the CalPERS Retirement Incentive Program in terms of savings achieved and vacancy exemptions granted to City Council as part of its quarterly revenue and expenditure analyses and any other budget update reports.

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