

**CITY OF OAKLAND**  
**AGENDA REPORT**

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2009 OCT -1 PM 5:10

**TO:** Office of the City Administrator  
**ATTN:** Dan Lindheim  
**FROM:** Department of Human Resources Management  
**DATE:** October 13, 2009

**RE: Informational Report on the Number of Employees Who Retired Under the CalPERS Two Years Additional Service Credit Retirement Incentive Program, the Status of Positions Vacated, and Projected Savings from the Program**

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**SUMMARY**

On June 30, 2009, the City Council adopted Resolution No. 82104 C.M.S. granting a designated period to receive two years additional service credit for specific local miscellaneous employee classifications under Government Code Section 20903 from July 1 through September 30, 2009. Adopted as part of that resolution was a list of classifications, referred to as "Option B," to which the two years additional service credit retirement incentive program would be offered. At that time it was estimated that there were 489 employees in those classifications who qualified for the program and it was further estimated that 20 percent or 98 employees would participate, generating General Fund savings of \$2,265,812.

In order to manage the vacancies and savings associated with retirements under this program, the City Administrator issued a policy on August 20, 2009 to department and agency directors detailing the requirements for filling positions vacated as a result of retirements under the CalPERS Two Years Additional Service Credit Program.

A total of 106 employees submitted retirement applications to receive the two years additional service credit by the close of the retirement window on September 30, 2009.

**FISCAL IMPACT**

Option B approved by the City Council included only those classifications for which departments identified the opportunity for greater than 30 percent savings if employees in those classifications retire through the program. This option included a total of 489 eligible employees in 161 classifications City-wide.

**Cost**

The total cost to extend the benefit to the 106 employees who have elected to retire during the retirement window period is \$5,362,484 amortized over 20 years at \$405,021 annually.

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### Savings

Estimated savings presented in the staff reports of June 16 and 30, 2009 were based on employees likely to participate and anticipated structured refilling of certain positions as described below. Under the approved option, 489 employees were eligible to retire with likely participation of 20 percent or 98 employees. As of September 30, 2009 total retirements under the program were 106. However, eight (8) of the 106 positions were already deleted in the approved budget, making the net retirements that can be attributed to the retirement incentive program 98 positions. The structured refilling method approved by Council requires that:

1. A minimum of 30 positions to remain vacant – 30 percent of the total positions vacated by retirements. Positions kept vacant ensure 75 percent savings in the first year (9 months, September to June) and 100 percent savings in the second year of the two-year policy budget.
2. A maximum of 40 positions may be under-filled (filled at a lower step than budgeted or with a lower level classification) – 41 percent of the positions vacated by retirement. Underfilling of positions is expected to result in 20 percent savings for those positions each year.
3. A maximum of 28 positions may be filled at the budgeted level – 29 percent of the positions vacated by retirement. Filling these positions at a lower pay step or delays in filling the positions anticipate 10 percent savings for these positions.

The target General Purpose Fund (GPF) Savings across all departments for FY 09-10 as a result of Golden Handshake retirements is \$2,265,812. Based on the total number of retirements, (98 positions) and the assumed level of backfilling and underfilling, we expect to meet the budgeted savings amount. Final net savings will be calculated once the City Administrator Office reviews and approves requests to backfill or underfill these retirements. **Such requests will only be approved after the budgeted savings of \$2,265,812 in the General Fund are generated.** Department and Agency Directors were instructed to submit all requests to backfill/underfill vacancies resulting from Golden Handshake retirements by October 10, 2009. The details of the requirements to backfill positions vacated as a result of the Golden Handshake are detailed in Key Issues and Impacts below.

### **BACKGROUND**

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

On July 28, 2009 the City Council adopted Resolution No. 82014 C.M.S., authorizing the City Administrator to implement a restricted policy for filling positions vacated as a result of retirements under the CalPERS program in order to achieve the level of savings anticipated in the City of Oakland adopted budget for fiscal years 2009-2011.

## **KEY ISSUES AND IMPACTS**

As a result of the adoption of Resolution No. 82014 C.M.S., the City Administrator's Office and the Department of Human Resources Management collaborated to develop the policy to be followed by departments seeking authorization to fill vacancies resulting from retirements under the CalPERS Two Years Additional Service Credit Program (Golden Handshake). The memo from the City Administrator to Department and Agency Heads dated August 20, 2009, details the criteria for filling "Golden Handshake" vacancies for general purpose fund and all funds; provides procedures for preparing and submitting requests, including criteria for justifications; and provides what steps will be taken to evaluate requests and track all exemptions granted by the City Administrator. A copy is provided as *Attachment A*. To visually illustrate the process to fill Golden Handshake vacancies, the Department of Human Resources Management prepared a flowchart of the hiring process which is provided as *Attachment B*.

### **The Hiring Procedure**

In Summary, the criteria for filling "Golden Handshake Vacancies are:

1. For **General Purpose Fund** positions: the department already has sufficient number of frozen vacancies to meet the budgeted "Golden Handshake" savings; and
2. For **All Funds** positions: The vacancy requested to be filled meets the criteria listed in the Procedures:
  - a. The department has considered absorbing the vacancy through reorganization or reassignments for existing staff AND
  - b. The position is necessary to ensure the provision of critical City services and operations; or
  - c. The position is required to comply with federal and/or state legal mandates or requirements for funding; or
  - d. The position is supported by stimulus, other grant, or other non-city funding that fully pays for the position, and such finding could not be reallocated to another position; or
  - e. The position is part of a program or activity that is revenue-generating and fully cost recovering.

Requests are reviewed by the Department of Human Resources Management (HRM) to evaluate the department's request to fill the vacancy (i.e. from their reinstatement and eligibility lists) and tracking purposes. Requests are then routed to the Budget Office to obtain verification of position costing and that an unencumbered/unlinked vacancy exists.

Once the request has been reviewed by both the Budget Office and HRM, the City Administrator considers the request and evaluates it based on:

1. Whether the request meets the requirements stated above;
2. Whether the Golden Handshake program's projected savings can be met if the position is filled as requested;
3. Whether the request is in alignment with City priorities.

### **Status of Current Requests to Backfill Golden Handshake Vacancies**

The following is a breakdown of requests to fill Golden Handshake vacancies by department as of September 30, 2009:

<b>Department</b>	<b>Number of Retirements</b>	<b>Requests</b>	<b>Approved</b>	<b>Pending</b>	<b>Withdrawn</b>	<b>GPF</b>	<b>All Funds</b>
CEDA	22	16	6	9	1	0	16
Public Works	18	3	3	0	0	0	3
Finance & Mgmt	12	2	2	0	0	2	1
City Attorney	3	1	1	0	0	0	1
Human Services	3	3	3	0	0	1	2
City Administrator	2	1	1	0	0	1	0
Library	11	1	0	1	0	0	1
Contracting & Purchasing	2	2	0	2	0	1	1
<b>Totals</b>	<b>73</b>	<b>29</b>	<b>16</b>	<b>12</b>	<b>1</b>	<b>5</b>	<b>25</b>

### **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.

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**RECOMMENDATION(S) AND RATIONALE**

Staff recommends that the Council accept the informational report regarding the status of the CalPERS Two Years Additional Service Credit retirement incentive program.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff requests that the Council accept this informational report.

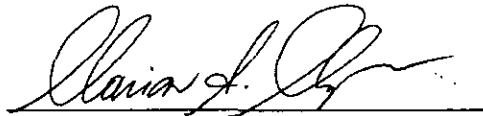
Respectfully submitted,



Wendell Pryor, Director  
Office of Personnel Resource Management

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

APPROVED AND FORWARDED  
TO THE FINANCE AND MANAGEMENT COMMITTEE:



Office of the City Administrator


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Finance and Management Committee  
October 13, 2009



## *Memo*

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### **Office of the City Administrator**

Date: August 20, 2009  
To: Department and Agency Directors  
From: Dan Lindheim   
City Administrator  
Re: Restricted Policy for Filling Positions Vacated as a result of retirements under the CalPERS Two Years Additional Service Credit Program ("Golden Handshake")

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On July 28, 2009, the City Council approved a resolution (82014 C.M.S) setting specific criteria for filling vacancies created through "Golden Handshake" retirements. This memorandum lists these **specific criteria** and **establishes a process to submit requests** for filling "Golden Handshake" vacancies. **This process will establish a consistent monitoring and tracking system and will not circumvent the City's regular hiring process.**

#### ***Criteria for Filling "Golden Handshake" Vacancies***

Despite the vacancies created by the Golden Handshake, the hiring process for vacant positions in the City remains the same, that is, a position cannot be filled until vacated. However, vacancies created through "Golden Handshake" retirements will be filled only if:

1. For **General Purpose Fund** positions: The department already has sufficient number of frozen vacancies to meet the budgeted "Golden Handshake" savings; and
2. For **All Funds** positions: The vacancy requested to be filled meets the criteria listed in *Procedures* (Item 1. below).

Representatives from the Department of Human Resources Management (DHRM) and the Budget Office will meet weekly to coordinate and determine the departments' progress toward achieving budgeted "Golden Handshake" savings. If there should be any questions on this progress please contact the following:

#### ***Contacts:***

**DHRM:** Veronica Hodge (238-7334), or Verilynn Bellamy (238-2143)  
**Budget Office:** Myra Jew (238-7667)

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***Procedures:***

1. Use the attached **Request to Fill Golden Handshake Vacancy Form** to justify, in writing, the need for the position on the following criteria –
  - a. The department has considered absorbing the vacancy through reorganization or reassignments for existing staff AND
  - b. The position is necessary to ensure the provision of critical City services and operations; or
  - c. The position is required to comply with federal and/or state legal mandates or requirements for funding; or
  - d. 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; or
  - e. The position is part of a program or activity that is revenue-generating and fully cost recovering.
2. Route the request to the Department of Human Resources Management (HRM) for evaluation of the department's request to fill the vacancy (i.e. from their re-instatement and eligibility lists) and tracking purposes.
3. Route the request to the Budget Office to obtain verification of position costing and that an unencumbered/unlinked vacancy exists.

***Evaluation of Requests***

Once the request has been reviewed by both the Budget Office and HRM, the City Administrator will consider the request and evaluate it based on:

1. Whether the request meets the requirements stated above.
2. Whether the Golden Handshake program's projected savings can be met if the position is filled as requested.
3. Whether the request is in alignment with City priorities.

***Other Restrictions***

Funding tied to positions vacated by a Golden Handshake retirement may not be used in any way without written authorization from both the Budget Office and the City Administrator. That is, existing staff cannot be appointed provisionally to a higher classification with funding linked to a Golden Handshake vacancy, nor can assignments be made to act in a higher classification which is linked to the position's funding, etc. These steps are necessary to ensure that there is no unknown erosion of savings.

The Department of Human Resources Management will track all exemptions granted by the City Administrator based on the above criteria. The Budget Office will provide analysis of the CalPERS Retirement Incentive Program in terms of savings achieved and vacancy exemptions granted by City Council as part of its quarterly revenue and expenditure analyses and any other budget update reports.

**Attachment:**

Form – Request to Fill Golden Handshake Vacancy

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**CITY OF OAKLAND**  
**Request to Fill Golden Handshake Vacancy**

1.a. Requesting Department: \_\_\_\_\_ b. Request Date: \_\_\_\_\_  
 c. Requestor: \_\_\_\_\_  
 d. Vacated Position's Job Classification: \_\_\_\_\_  
 & Position Control # \_\_\_\_\_  
 e. Position Vacated By: \_\_\_\_\_ f. Date Vacated: \_\_\_\_\_

**2. REQUEST TO FILE:**

a. Permanent Full Time Position OR: b. Underfill a Position Temporarily  
 or Permanent Part-Time Position with (Check One):  
 At the Same Level  Part-Time Employee  
 Underfill (lesser Classification)  Part-Time Annuitant  
 Specify Job Class: \_\_\_\_\_  TCSE  
 \_\_\_\_\_  ELDE  
 Other (Specify): \_\_\_\_\_

**3. JUSTIFICATION(S); (Check All that Apply)**

Necessary to Ensure the Provision of Critical City Services and Operations.  
 Required to Comply with Federal and/or State Legal Mandates or Requirements for Funding.  
 Specify Fund and/or Grant \_\_\_\_\_  
 Supported by Stimulus Grant, Other Grant, or Other Non-City Funding that Fully Pays for the Position  
 and such Funding could not be Re-Allocated to Another Position. Specify Fund and/or Grant \_\_\_\_\_  
 Part of a Program or Activity That is Revenue-Generating and Fully-Cost Recovering  
 **Other** (Describe): \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**4. COSTING**

	FY 09-10	FY 10-11
<b>A. Budgeted Cost Savings of Vacated GH Position</b> (1st Year Prorated for effective Retirement Date):	\$ -	\$ -
<b>B. Cost of Requested Position</b> (Indicate Job Title & Step or Salary Range Amt) _____		
1. Annual Salary (per Salary Ordinance) - Prorate Y1, as necessary. or Hours X Projected Hourly Rate	\$ -	\$ -
2. Fringe Benefits & Retirement (Apply AI 1303 Appendix B Fringe & Retirement rate) X Line B.1.	\$ -	\$ -
3. Total Burdened Salary Cost (Lines B.1 + B.2)	\$ -	\$ -
<b>C. Net Realized GH Savings or (Additional Cost)</b> (Lines A. less B.3.)	\$ -	\$ -



**5. REVIEW/RECOMMENDATION**

**a. HUMAN RESOURCES:**

**RECOMMENDED ACTION:**

APPROVED FOR HIRE       NOT APPROVED

OTHER RECOMMENDED ACTION /COMMENT (Be Specific) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

REVIEWED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

**b. BUDGET OFFICE**

(Circle Yes or NO)

Yes / No VERIFICATION OF COSTS SAVINGS

Yes / No UNENCUMBERED OR UNLINKED VACANCY EXISTS  
(Specify: Position Ctrl #: \_\_\_\_\_)

Yes / No BCR Required (Attach)

OTHER COMMENT (Describe) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

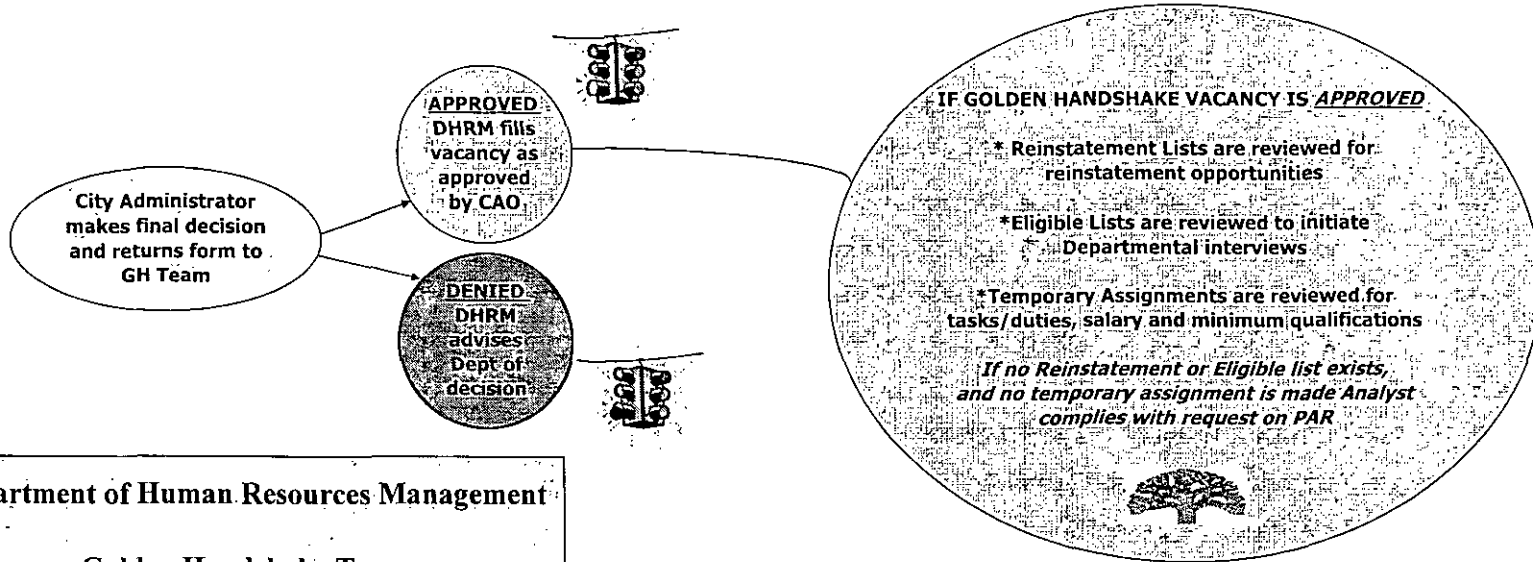
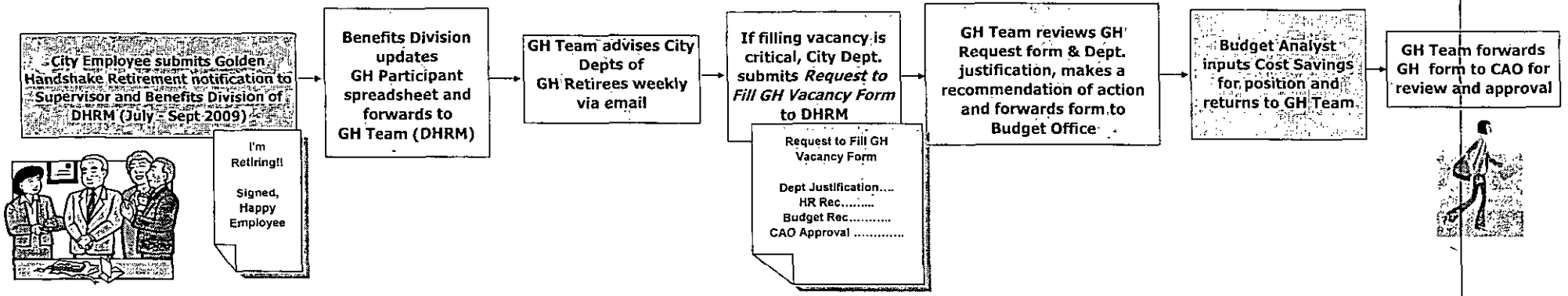
REVIEWED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

**c. CITY ADMINISTRATOR**

APPROVED       NOT APPROVED

CAO Signature \_\_\_\_\_ Date \_\_\_\_\_

# City of Oakland Process to Fill Golden Handshake Vacancies



**Department of Human Resources Management**

**Golden Handshake Team**  
Veronica Hodge x7334  
Verilyn Bellamy x2143