

**ALBANY MUNICIPAL SERVICES JOINT POWERS AUTHORITY
BOARD OF DIRECTORS AGENDA
STAFF REPORT**

Agenda Date: 2/7/11

Reviewed by: BP

SUBJECT: Resolution #JPA2011-2 to amend the contract between the Albany Municipal Services Joint Powers Authority and the California Public Employees' Retirement System to allow for selected implementation of the "Two Years Additional Service Credit" provision (§20903) for local miscellaneous members

FROM: Aaron Walker, Human Resources Manager
Beth Pollard, City Manager/JPA Executive Director

STAFF RECOMMENDATION

Approve Resolution #JPA2011-2, a resolution to approve an amendment to the contract between the Board of Directors of the Albany Municipal Services Joint Powers Authority (JPA) and the Board of Administration of the California Public Employees' Retirement System.

BACKGROUND

The California Public Employees' Retirement System (CalPERS) permits a covered agency to amend its contract to provide the two years additional service credit provision to certain employees who retire during a designated period because of impending agency transfers, layoffs, or demotions. Many public agencies have utilized this provision as an alternative means of reducing expenditures, as well as a tool to restructure job positions and duties.

Albany has two contracts with CalPERS for its non-safety employees: One contract is between CalPERS and the City of Albany covering its non-management miscellaneous employees; the other contract is between CalPERS and the JPA covering its non-safety management employees. The City has the service credit provision in its PERS contract covering the City's miscellaneous employees, but the JPA contract lacks this provision.

DISCUSSION

The City is operating in a more fiscally constrained environment and has a projected budget deficit for the 2011-12 fiscal year. In developing options for reducing costs, staff has identified the CalPERS service credit provision as a mechanism for savings in the foreseeable future.

CalPERS regulations call for the legislative body to disclose the estimated long-term financial impact of the two years service credit for each classification to which the provision is applied. This disclosure must take place in two separate meetings, which

shall be no less than 20 days apart. Resolution No. JPA2100-1 was approved at the JPA meeting of January 18, 2011.

If the contract is approved, staff recommends this provision be applied to the classification of City Clerk. Implementation of the provision for this position is expected to generate cost savings for the City, as well as provide an opportunity to reorganize job duties and responsibilities.

SUSTAINABILITY

N/A

FINANCIAL IMPACT

This section is designed to meet the CalPERS financial impact disclosure requirements described above for the City Clerk classification. The cost of implementing this provision will be folded into the employer's contribution to CalPERS. The estimated future annual cost is \$3,350 per year for a twenty-year period, totaling \$67,000, beginning in Fiscal Year 2013-14. Costs are expected to be offset by a reduction in salary, benefits, and/or hours for replacement staffing following the retirement of the incumbent. A component of this cost reduction is that staff will be returning to the JPA Board of Directors with a recommendation to lower the CalPERS retirement benefit package for new JPA hires, including the new City Clerk.

Attachments:

1. Resolution #JPA2011-2
2. CalPERS Contract