

## City of Garden Grove

## INTERDEPARTMENTAL MEMORANDUM

**To:** Matthew J. Fertal  
**From:** John D.R. Clark  
**Dept:** City Manager's Office  
**Dept:** Human Resources  
**Subject:** RESOLUTION OPENING A  
PERS 2-YEAR EARLY-  
RETIREMENT OPTION FOR  
MANAGEMENT EMPLOYEES  
**Date:** April 24, 2012

OBJECTIVE

Present information regarding the implementation process for the California Public Employee's Retirement System (PERS) 2-Year Early Retirement amendment for all management (i.e., non-union) employees who meet PERS eligibility requirements, and request City Council approval of a resolution authorizing same. The concept behind this 2-Year Early Retirement is to entice higher-paid, longer-term employees to retire earlier than they would otherwise and create cost savings (by holding positions vacant) and lessen the need for layoffs.

BACKGROUND

The PERS retirement system offers a 2-Year Early Retirement benefit for public agencies facing downsizing, layoffs, and/or reorganizations due to financial pressures or organizational changes. This benefit provides an extra two years of service to employees who retire during a fixed window period established by the city. The retirement factors for employees are based upon an increasing multiplier of both age and years of service. This benefit only adds 2 years to the years-of-service multiplier – but does not affect the age multiplier (i.e., this benefit does not “make” a 48-year-old person 50 in the eyes of PERS).

“Miscellaneous” Management employees (everyone except sworn Police and Fire), may retire at age 55 or later with full formula, or retire between 50 and 55 with a reduced formula (2% at age 50, rising to the 2.5 formula on their 55<sup>th</sup> birthday).

The benefit would add 5% for Miscellaneous employees. There are conditions attached to this benefit. Employees accepting this benefit are ineligible for unemployment for this two-year period and, if they even return to the PERS retirement system with any other PERS employer, **they automatically lose these two years of service credit.** The first condition prevents employees from claiming they were forced out (i.e., laid-off) and perhaps collecting unemployment insurance. The second condition prevents an employee from retiring from the City, then going to work for another public agency under PERS and keeping the early retirement benefit.

Use of Early Retirement Option

Garden Grove offered this benefit to all eligible employees in all units in 2010. During that window, 37 employees retired early; of these positions, about 22 remain vacant (about 60%). With the catastrophic loss of redevelopment, it is again necessary to reduce the City's labor costs and this is one method that obviates the need to layoff.

Our labor relations strategy this year has been to offer the Early Retirement Incentive, as well as "employee buyouts," in exchange for furloughs and rescission of the 2% COLA we're obligated to pay in July. Because we're on different tracks with each of the unions, this time management is recommending an authorize-as-you-go approach, whereby the Early Retirement Option is activated when a unit agrees to acceptable cost reductions, rather than waiting for all the groups to fully complete bargaining. This allows us to maximize savings as employees retire, but it will mean more City Council actions as we return to authorize additional employee groups.

Although it is of necessity just a guess, staff in HR predict some 20-30 employees in all unions (if eventually so authorized) will take early retirement.

Financial Cost and Required Disclosure

PERS requires a specifically-calculated formula to be disclosed in a public meeting at least two weeks prior to adoption of the early retirement program. This was accomplished at the March 27, 2012 City Council meeting.

RECOMMENDED ACTION

It is recommended that the City Council:

- Adopt the attached Resolution to Grant Another Designated Period for Two Years Additional Service Credit for Miscellaneous Management PERS members listed in Attachment "A," who meet eligibility requirements.



JOHN D.R. CLARK  
Human Resources Director

Attachment: Resolution

**Recommended for Approval**



**Matthew Ferial**  
City Manager

Resolution  
of the  
City of Garden Grove

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

WHEREAS, the of the City of Garden Grove is a contracting City or Town of the Public Employees' Retirement System; and

WHEREAS, the City of Garden Grove desires to provide another designated period for Two Years Additional Service Credit, Government Code §20903, based on the contract amendment included in said contract which provided for Government Code §20903, Two Years Additional Service Credit, for eligible members;

NOW, THERE, BE IT RESOLVED, that the City of Garden Grove does seek to add another designated period, and does hereby authorize this Resolution, indicating a desire to add a designated period from April 25, 2012 - July 27, 2012 for eligible members in the classifications listed in Attachment "A", which are hereby incorporated by reference.

Adopted and approved this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

BY \_\_\_\_\_



Presiding Officer

Attest:

---

Clerk/Secretary



**Attachment "A"**

List of Classifications Eligible for Two Years Additional Service Credit

<b>CLASSIFICATION #</b>	<b>CLASSIFICATION TITLE</b>
015	ACCOUNTING SUPERVISOR
016	ADMINISTRATIVE ANALYST
063	ADMINISTRATIVE SECRETARY
027	ASSISTANT CITY MANAGER
012	ASSISTANT TO THE CITY MANAGER
130	BENEFITS SUPERVISOR
031	BUDGET SERVICES MANAGER
238	BUILDING OFFICIAL
029	BUSINESS TAX SUPERVISOR
038	CABLE PRODUCTION SUPERVISOR
240	CHIEF OF COLLECTIONS
020	CITY CLERK
200	CITY ENGINEER
120	CITY MANAGER
034	COMMUNITY DEVELOPMENT DIRECTOR
287	COMMUNITY SERVICES SUPERVISOR
035	COMMUNITY SERVICES DIRECTOR
447	CUSTODIAL SUPERVISOR
021	DEPUTY CITY CLERK
037	DEPUTY CITY MANAGER
046	DEPUTY DIRECTOR
049	DIVISION MANAGER
028	ECONOMIC DEVELOPMENT DIRECTOR
269	ECONOMIC DEVELOPMENT MANAGER
042	EMPLOYEE DEVELOPMENT DIRECTOR
262	ENVIRONMENTAL SERVICES MANAGER
417	FACILITIES DIVISION MANAGER
041	FINANCE DIRECTOR
030	FINANCE MANAGER
584	FIRE BATTALION CHIEF
586	FIRE CHIEF
585	FIRE DIVISION CHIEF
261	HOUSING SUPERVISOR
026	HUMAN RESOURCES DIRECTOR
131	HUMAN RESOURCES MANAGER
105	INFORMATION SYSTEMS MANAGER
044	INFORMATION TECHNOLOGY DIRECTOR
213	PERMIT CENTER SUPERVISOR
127	PERSONNEL ANALYST
263	PLANNING SERVICES MANAGER
305	POLICE CHIEF
076	POLICE COMMUNICATIONS MANAGER
126	POLICE FISCAL ANALYST
075	POLICE RECORDS MANAGER
056	POLICE SERVICES SUPERVISOR
036	PRINCIPAL ADMINISTRATIVE ANALYST
129	PRINCIPAL PERSONNEL ANALYST
059	PRINCIPAL ACCOUNTANT
209	PROJECT ENGINEER

## Attachment "A"

### List of Classifications Eligible for Two Years Additional Service Credit

265	PROJECT PLANNER
033	PUBLIC WORKS DIRECTOR
420	PUBLIC WORKS FOREMAN
204	PUBLIC WORKS SUPERVISOR
070	PURCHASING AGENT
221	REAL PROPERTY MANAGER
032	REVENUE MANAGER
132	RISK MANAGEMENT SUPERVISOR
128	SENIOR PERSONNEL ANALYST
017	SENIOR ADMINISTRATIVE ANALYST
216	SENIOR CIVIL ENGINEER
104	SENIOR INFORMATION TECHNOLOGY ANALYST
266	SENIOR PLANNER
025	SENIOR PROGRAM SPECIALIST
264	SENIOR PROJECT PLANNER
247	STREETS DIVISION MANAGER
233	SUPERVISING BUILDING INSPECTOR
237	TRAFFIC ENGINEER
040	UTILITIES REVENUE SUPERVISOR
409	WATER SERVICES MANAGER