

AGENDA ITEM 3 A
Information Item

MEMORANDUM

DATE: December 3, 2020

TO: El Dorado County Transit Authority

FROM: Julie Petersen, Finance Manager

SUBJECT: California Public Employers' Retirement System (CalPERS) contract amendment to include Section 20903 (Two Years Additional Service Credit)

REQUESTED ACTION:

BY MOTION,

None. Information Only.

BACKGROUND

The El Dorado County Transit Authority (El Dorado Transit) contracts with the California Public Employers' Retirement System (CalPERS) under authority of Resolution No. 94-10, adopted August 4, 1994, to provide retirement benefits to its employees.

In response to the economic and operational effects of the COVID-19 pandemic, El Dorado Transit initiated a reduction in its workforce in May 2020. In accordance with its current labor agreement, this reduction in staff included an effort to achieve the most reductions possible through voluntary attrition prior to instituting any layoffs. To that end, El Dorado Transit exercised its option to amend its contract with CalPERS to include Section 20903 benefits. Section 20903 allows eligible employees the opportunity to retire within a designated time period and receive an additional two (2) years' service credit.

Previous related Board actions:

- June 4, 2020 the Board Adopted Resolution No. 20-16 of Intent to approve an amendment to contract for Government Code Section 20903 to provide for an additional two (2) years' service credit to eligible employees upon retirement
- June 4, 2020 the Board Adopted Resolution No. 20-17 designating the retirement eligibility period from July 10, 2020 through October 9, 2020 for Section 20903
- July 9, 2020 the Board Adopted Resolution No. 20-18 authorizing the Amendment to the CalPERS contract to include Government Code Section 20903

DISCUSSION

At the time of implementation, staff projected that six (6) employees would likely opt for retirement with the 2-year service credit benefit. Based on applying this assumption to the CalPERS calculation methodology as required, staff publically reported an estimated annual cost increase to the agency's CalPERS contributions of \$161,842. Of the twenty-six (26) employees eligible, a total of eight (8) employees eventually chose to voluntarily retire during the designated period, including four (4) represented and four (4) unrepresented employees.

FISCAL IMPACT

Providing the additional service credit does not immediately impact the budget but it does have an associated cost beginning two (2) years after the close of the designated period. With a final number of eight (8) retirees, the revised annual cost is now estimated at \$223,537.81. This increase to El Dorado Transit's employer contribution to CalPERS will be assessed starting in Fiscal Year 2022/23 and amortized over a five (5) year period.