



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager's Office



DATE: May 7, 2012
BOARD MEETING DATE: May 22, 2012
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors
FROM: John Maltbie, County Manager
SUBJECT: Early Retirement Cost

RECOMMENDATION:

Accept actuarial certification of cost to grant early retirement option with one year of additional service credit for certain classifications impacted by the upcoming Burlingame Long-Term Care closure.

BACKGROUND:

On February 14, 2012 the Board approved not renewing the Burlingame Long-Term Care lease when it expires in June 2013. On March 29, 2012 the Board adopted a salary ordinance amendment deleting 200 positions at Burlingame Long-Term Care through June 30, 2013. To decrease the overall impact of these position eliminations, the County will be recommending adoption of Government Code Section 31641.04 - an early retirement option for certain impacted classifications – on June 5, 2012. Pursuant to Government Code Sections 31516, 7507 and 31641.04, the actuarial certification of the cost to provide the early retirement option is being presented for your review at least two weeks prior to the adoption of the resolution.

DISCUSSION:

On April 12, 2012 the Human Resources Department sent a letter to all retirement-eligible employees countywide in certain at-risk classifications impacted by the upcoming Burlingame Long-Term Care closure. This letter was a preliminary offer of one year of SamCERA service credit if the employee retires this year.

Twenty-three (23) employees in thirteen (13) different classifications in the Health System, Human Services Agency, and Public Works Department have elected the early retirement option contingent on Board approval in June. These employees will receive an additional one-year of service credit in the calculation of their pension benefits. The increase in pension benefits will vary person to person but past calculations have resulted in approximately a 3.5% increase.

These early retirements will result in the elimination of twenty-three positions, thereby reducing the number of employees at-risk of lay-offs by twenty-three.

FISCAL IMPACT:

The cost to grant early retirement to the twenty-three (23) employees is \$580,025. Based on the assumption that each one of the twenty-three employees would have worked for one more year if there was no early retirement incentive, there will be a resulting salary and benefits savings of approximately \$1,675,779. This is based on annual salary and benefits at a cost of approximately \$2,255,805.

Attachments:

- Early Retirement Cost by Classification
- Actuarial Certification