



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
Department of Housing



**Date:** May 15, 2013  
**Board Meeting Date:** June 4, 2013  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors (Sitting as the Board of Commissioners of the Housing Authority)

**From:** Duane Bay, Director, Department of Housing  
William Lowell, Executive Director, Housing Authority

**Subject:** Voluntary Retirement Incentive Program

**RECOMMENDATION:**

Sitting as the Board of Commissioners of the Housing Authority, adopt Resolution 2013-04 authorizing the Executive Director of the Housing Authority of the County of San Mateo to implement a Voluntary Retirement Incentive Program for Housing Authority employees.

**BACKGROUND:**

The Housing Authority of the County of San Mateo (HACSM), as well as all other housing authorities, is experiencing substantial reductions in Housing Choice Voucher (Section 8) administrative funding paid by the Department of Housing and Urban Development (HUD). The administrative funding has been "prorated" by HUD to match their federal appropriation shortfalls. The percentage of fees being paid by HUD has decreased in recent years to 93% in 2010; 85% in 2011; 80% in 2012 and 69% in 2013. The loss in funding for 2013 equates to approximately \$440,000 vs. the prior year. Savings realized from a new case management and financial services system, coupled with new grants, a 40% reduction in the vehicle fleet and some use of accumulated reserves have closed this gap, but HACSM must create additional opportunities to improve the efficiency of its operations and reduce costs.

Personnel costs comprise the vast majority of the agency's administrative budget. HACSM employees do not have a defined retirement benefit; instead, each employee has a 401(a) defined contribution plan that is funded by mandatory annual contributions of 14% of salary. These annual contributions are shared by the employee and employer on a scale that increases the employer proportion as years of service increase.

**DISCUSSION:**

After careful consideration, including consultation with the constituent bargaining unit, HACSM is proposing to implement a voluntary retirement incentive program that combines a lump sum payment with enhanced retiree medical benefits.

The Voluntary Retirement Incentive Program will be offered for a limited time subject to the following terms:

**Eligibility:**

- 55 years of age and 5 years of service with HACSM; and
- Regular employees must voluntarily agree to resign from HACSM between June 5, 2013 and July 31, 2013

**Benefits:**

- Medical Payments: Convert sick leave accrual balance to a dollar amount, using a formula under which every 8 hours of accrued sick leave as of retirement is equivalent to \$195. An eligible retiree may elect to continue medical premium payments through the current provider with this dollar amount, OR the retiree may opt to receive the amount in cash (subject to tax as income) to pay for individual health care plans of the retiree's choice. For retirees eligible for Medicare, the dollar amount can be used for a Medicare supplemental plan up to the maximum of \$195 a month;
- Lump Sum Payment: A one-time payment equivalent to three years of HACSM's contribution to the employee's 401(a) retirement plan.

Fourteen HACSM employees are eligible for the incentive program. Positions that become vacant as a result of this program will be eliminated to the maximum extent feasible. The actual number of positions to be eliminated will depend upon the number of retirements in specific job classifications. A very similar program was offered in June 2012 and was used by one Office Specialist.

County Counsel has reviewed and approved the Resolution as to form.

Approval of this Resolution contributes to the Shared Vision 2025 outcome of a Livable Community by enabling HACSM to maintain the budget and continue to serve the community effectively.

**FISCAL IMPACT:**

There is no Net County Cost associated with this program as the programs involved are completely funded by the Department of Housing and Urban Development. Payments under the program will average approximately \$36,500 per employee.