

COUNTY OF SONOMA AGENDA ITEM SUMMARY REPORT			Clerk of the Board Use Only Meeting Date Held Until ___/___/___ ___/___/___ Agenda Item No: Agenda Item No: _____ _____
Department: Human Resources			() 4/5 Vote Required
Contact: Ann Goodrich	Phone: (707) 565-2875	Board Date: June 16, 2009	Deadline for Board Action: June 16, 2009
<p>Agenda Short Title: Early Retirement Option (ERO) Program for Unrepresented Administrative Management, Department Heads, Unrepresented Confidential and Unrepresented Employees</p> <p>Requested Board Action: Concurrent Resolution authorizing an Early Retirement Option Program, subject to the provisions of the attached ERO program documents, and set the retirement window period of June 15, 2009 – August 24, 2009 for this program for the departments and classifications incorporated into the Resolution.</p>			
CURRENT FISCAL YEAR FINANCIAL IMPACT			
<u>Expenditures</u>		<u>Add'l Funds Requiring Board Approval</u>	
Estimated Cost	\$	Contingencies	\$
		(Fund Name:)	
Amount Budgeted	\$	Unanticipated Revenue	\$
		(Source:)	
Other Avail Approp (Explain below)	\$	Other Transfer(s)	\$
		(Source:)	
Additional Requested:	\$	Add'l Funds Requested:	\$
<p>Explanation (if required): Costs to be covered by funds already allocated in department salary accounts. Minor costs may be incurred in the form of future SCERA unfunded liability, however additional cost savings will be realized from mitigated unemployment payments for laid off employees.</p>			
<p>Prior Board Action(s): 9-15-92 Board provided policy direction regarding an "early retirement: option." 10-6-92 Board approved 2 years service credit ERO (1) Program from 10/15 – 12/31/92 2-9-93 Board approved 2 years service credit ERO (2) Program from 4/1- 9/27/93 11-30-93 Board approved 2 years service credit ERO (3) Program from 12/1/93- 5/30/94 6/21/94 Board approved 2 years service credit ERO (4) Program from 12/1/93 to 5/30/94 6/2/09 Board provided policy direction regarding the current, monetary incentive ERO plan</p>			
<p>Alternatives – Results of Non-Approval: An increased number of County employees will be laid off.</p>			

Background:

Currently, the County is faced with significant budget shortfalls resulting in the deletion of authorized positions, and layoffs are necessary to meet required budget goals. In a continuing effort to mitigate effects of involuntary layoffs on departments and employees, the County would like to institute an Early Retirement Option Program to encourage voluntary retirements of employees where staffing deletions are occurring.

An Early Retirement Option (ERO) program is proposed as part of an overall County plan to mitigate the need for layoffs of employees in a department. Employees in an affected job class who are eligible for retirement may be offered a salary incentive (as prescribed by the attached program document) to take advantage of an early retirement program. An employee that wants to accept an ERO incentive will prevent a job loss for another employee facing a layoff from an allocated position.

As part of cost savings ideas submitted by employees, the County received a suggestion to consider an early retirement incentive to limit actual layoffs. The County has utilized early retirement incentives several times in the past to encourage voluntary attrition versus involuntary layoffs. The proposed ERO Program for 2009 includes a sliding payment incentive which can be funded through existing resources in affected departments.

The proposed 2009 ERO Program (Attachment A), has been forwarded to all employee organizations and an opportunity to Meet and Confer was put forth by the County, and this process is already underway. The action before the Board of Supervisors adopts the ERO program for unrepresented categories of employees, i.e., unrepresented administrative management, confidential and unrepresented employees (Attachment B).

Cost:

The cost of this salary incentive will be paid by departments out of existing budget revenues and are partially offset by costs that are mandatory for layoff employees that would not be incurred. There is also an estimated minor impact to the County's retirement unfunded liability (Attachment C) that would be absorbed in the next retirement system . The estimate attached assumes 100 employees accept the ERO incentive. The actual cost will not be known until after the actual retirements occur.

In short, the County is looking for all possible ways to reduce layoffs and impacts to department staffing. An ERO Program would be an additional method available to departments which could preserve staff by allowing more senior staff to retire ahead of schedule. Because this program is funded through existing resources, no additional funds are required to sponsor the Program.

Attachments: Resolution, Attachments A, B, & C

On File With Clerk:

CLERK OF THE BOARD USE ONLY

Board Action (If other than "Requested")

Vote:

Background (continued):

Because employees will be leaving as retirees, not lay offs, the County will not bear the expense of unemployment for each employee whose job is preserved by the ERO Program.

Recommendation:

1. Concurrent Resolution authorizing an Early Retirement Option Program, subject to the provisions of the attached ERO program documents, and set the retirement window period of June 15, 2009 – August 24, 2009 for this program for the departments and classifications incorporated into the Resolution.