BACKGROUND:

Riverside County is facing one of its most significant financial challenges ever. The County Executive Officer estimates discretionary revenue shortfalls of approximately $76 million for FY 10/11, with additional property tax and sales tax revenue losses next year. Together, these revenue losses and the County's ongoing costs have created a structural deficit of approximately $71 million. The County needs to restructure and significantly reduce its costs for the next several years. The County Executive Officer has estimated that up to 1,500 lay-offs, mostly in general government operations funded by property and sales taxes may be required. The recommended action will provide a valuable tool to help County managers restructure their operations, eliminate vacant positions, and limit the number of lay-offs to a more acceptable level.

In January of 2009 the County of Riverside offered the early retirement option to 3,400 eligible employees. A total of 651 County employees retired (19% of those eligible) at that time. The total estimated cost for the January 2009 retirement option is the cost of the additional service credit provided to these retirees. In addition, an immediate payout of leave accruals, rather than at the time of a later retirement, was included as a cost to the current year's budget, even though those costs would have been paid at the time of retirement anyway. The cost impact reflecting both the service credit cost and the leave payouts totaled $44,239,945. However, the County also saved money due to the annual leave or vacation leave not accrued by those who retired early. Assuming the vacated positions remain frozen, the County will save a total of $13,414,674 by June 30, 2010. Each year thereafter the County will save approximately $45,028,174 per year. Attachment 8 provides a summary report analyzing the cost savings and demographics of the 2009 early retirement incentive for Miscellaneous employees.

As a result of the ongoing revenue losses experienced by the County, and as an alternative to layoffs, it is requested that the Board of Supervisors authorize the early retirement option to eligible age-appropriate County employees covered by the CalPERS Miscellaneous contract who:

1. Have attained 50 years of age;
2. Have five or more years of service credit with CalPERS; and
3. Retire within the respective 180-day retirement window specified in Attachment 1.

The designated early retirement window period will be February 11, 2010 through August 9, 2010.

To implement this change it is necessary to provide two certifications to CalPERS, as provided in Attachments 4 and 5:

1. The Certification of Compliance with Government Code section 7507 (Attachment 4), which certifies the cost of this benefit is being made public; and
2. The Certification of Compliance with Government Code section 20903 (Attachment 5), which confirms the County's need to take this action, and that:
    a. Impending layoffs constitute at least one percent of the job classifications, departments, or organizational units designated by the County; and
    b. By this action it is the intent of the County to create unfilled vacancies thereby resulting in a permanent overall reduction in the work force.