Board moves forward with two-tier benefit plan

JAMES NOONAN | Posted: Monday, April 18, 2011 12:00 am

Napa County is one step closer to rolling out pension reform for its public safety employees.

On Tuesday, the county's Board of Supervisors approved a resolution of intent to modify the retirement benefits given to safety employees hired after May 14, 2011.

The action comes as a first step toward implementing the changes outlined in a December agreement, Nancy Watt, the county's executive officer, told the board prior to their vote. An ordinance officially amending the county's contract with the California Public Employee Retirement System (CalPERS) is set to come before the board in early May.

The agreement reached between the county and its deputy sheriff's association last December originally set the transition date for April 1, but due to lag time in amending the county's contract with CalPERS, the transition will go into effect during the first pay period following the ordinance's adoption, said Suzanne Mason, Napa's director of human resources.

The delay would have little impact, as no new safety employees have been hired since the beginning of April, Mason said.

The contract modification is expected to generate $2.5 million in savings over its first 20 years, and will reduce the benefit formula for safety employees from the current "3 percent at 50" model to the less-generous "3 percent at 55."

Under the new formula, employees who have reached the age of 55 will be eligible to collect 3 percent of their final salary multiplied by the number of years they served in the department. The formula will cap pensions at 90 percent of the final salary.

Some of the change's immediate savings are being offset by the county agreeing to make a $5.5 million one-time payment, fulfilling an obligation that was previously slated to be shared with the employee association over the next six years.

County officials hope that pension reforms will continue, and similar contract modifications will be seen among the county's non–public safety employees.

During last year's budget negotiations, the county' non–public safety employees pledged to "explore" a shift to a two-tier model in the coming year, but made no formal commitments.

In January, John Bartel, the county's actuary, told the board that switching all employees to a two-tier system by July 1 would save the county more than $12 million over the next decade.

Bartel's potential savings would come from shifting non–public safety employees from the current formula of "2.5 percent at 55" to a less-generous formula of "2 percent at 60."

A smaller, $9.2 million savings could be achieved by switching to a "2 percent at 55" formula, Bartel said in January.

Mason said that a move to a two-tier system for non–public safety employees is one of many topics being discussed in ongoing labor negotiations with the county's bargaining units.

To date, Mason has held six meetings with the Napa Association of Public Employees, but noted that the two sides had not yet "gotten to the economic topics."

The association's current labor contract is set to expire at the end of June, Mason said, adding that she hoped to have a new agreement — one including a two-tier system — reached by then.

"It's definitely a topic of the negotiations," Mason said. "We're in a dialogue, and I hope it turns out to be a productive dialogue."