C. C. 106

City of Cambridge

MASSACHUSETTS

In City Council Sept 9, 2002

Manager's Agenda #24

Appropriation of $1,226,950 to the General Fund Employee Benefits (Pension) Salary + Wages Account

	YEA	NAY	ABSENT	PRESENT
Vice Mayor Henrietta Davis	✓			
Ms. Marjorie Decker			✓	
Mr. Anthony D. Galluccio	✓			
Mr. David P. Maher	✓			
Mr. Brian Murphy	✓			
Mr. Kenneth E. Reeves	✓			
Ms. Denise Simmons	✓			
Mr. Timothy J. Toomey, Jr.	✓			
Mayor Michael A. Sullivan	✓			
	8	0	1	0

Consent Agenda #24

IN CITY COUNICL
CITY OF CAMBRIDGE
September 9, 2002

INTRODUCED BY CITY MANAGER ROBERT W. HEALY

AN ORDER CONCERNING APPROPRIATIONS FOR THE FISCAL YEAR BEGINNING JULY 1, 2002

ORDERED: That in addition to sums previously appropriated by the City Council for the fiscal period 2002-03 the following sum is hereby appropriated in the General Fund of the City of Cambridge:

FUNCTION	OTHER DEPARTMENT OR PROGRAM	SALARY & WAGES	ORDINARY MAINTENANCE	TRAVEL & TRAINING	EXTRAORDINARY EXPENDITURES	APPROPRIATIONS
General Government	Employee Benefits	$1,226,950				$1,226,950

BE IT FURTHER ORDERED: That the above acceptance and appropriation in the General Fund to be financed by estimated revenues drawn from the following sources:

FINANCING PLAN	REVENUE
property taxes	$1,226,950

In City Council September 9, 2002.
Adopted by a yea and nay vote:-
Yeas 8; Nays 0; Absent 1.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- D Margaret Drury

D. Margaret Drury
City Clerk

for employees in Group 2 are somewhat different. Interested employees should check with the Cambridge Retirement Board.

- Must be classified in Group 1, Group 2 or Group 4 for retirement purposes.

- Must have filed a written application with the applicable retirement system as described below.

Applications should be made to the Cambridge Retirement Board, 255 Bent Street, 3rd Floor, Cambridge, MA 02141, (617) 868-3401. Inquiries concerning retirement benefit levels, years of creditable service, procedures for purchasing additional creditable service for qualifying employment and/or military service, etc. should be directed to the Retirement Board. Any questions concerning post retirement health or life insurance should be addressed to the Benefits Office of the City's Personnel Department (Room 213, City Hall) at (617) 349-4337.

The City and the Retirement Board will be offering a program of pre-retirement counseling during the months of October and November, 2002. Any employees contemplating retirement (whether pursuant to the Early Retirement Incentive Program or not) are encouraged to attend.

The implementation of this program necessitates the appropriation of an additional $1,226,950 to the General Fund Employee Benefits (Pension) Salary & Wages Account from property taxes, this year and for the next 5-years in order to stabilize the impact of the program on the unfunded pension liability. I hope to offset some of the first year costs by not filling the vacated position for at least six months. However, since the eligibility is determined on a "years of creditable service" basis, it is impossible to know which positions will be vacated until after the November 1st filing.

As seen from these costs it is necessary to place limitations on eligibility numbers for this program. The previous ERI – 1992 allowed for 75 participants at a time when the Cambridge Hospital was 40% of the City's workforce. Sixty percent of 75 equals 45 and I have rounded that number up to 50.

Limitations on Group 4 were not provided for in the 1992 legislation, as they are in the Chapter 166 of 2002. Group 4 employees are 25% of the membership of current Cambridge employees in the retirement system. Thus 25% of 50 equals 12.5 rounded to 13.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec

37.

September 9, 2002

To The Honorable, The City Council:

The City Council accepted Chapter 116 of the Acts of 2002 on May 20, 2002.

This Act provides for workforce reduction through an early retirement incentive for municipal employees as a method of avoiding or reducing layoffs in a period of fiscal austerity.

The Act provides for the "executive authority" in a city to structure the eligibility for this program. I have had an actuarial analysis done of various options. After having reviewed the actuarial analysis and the relevant future cost implications, my plan for the City is as follows:

Under the Cambridge plan, up to 4-years can be added to age or years of creditable service or a combination thereof for a maximum of 4-years to improve the superannuation retirement benefit pursuant to G.L. c. 32 §5.

The last day to file for this program is November 1, 2002. The retirement date for all employees retiring under this program is December 2, 2002.

This program shall be limited to 50 individuals in total. This includes 37 individuals in Groups 1 and 2 combined, and 13 individuals in Group 4. In case the total number of individuals applying in any particular group exceeds these limits, the retirement of employees with greater creditable service shall be approved before approval is given to employees with lesser creditable service. If the program is oversubscribed, those with the least creditable service beyond the limits set above will not qualify. Thus applicants should check with the Retirement Board to be sure they have all the creditable service to which they must be entitled.

Eligibility for this program is specified under state law. In order to be eligible an individual:

- Must be an employee of the City of Cambridge (including the School Department) and an active member of the Cambridge Retirement System on September 9, 2002.

- Must be eligible to receive a superannuation retirement allowance in accord with G.L. c. 32 §5 (1) or G.L. c. 32 §10 (1) on the effective retirement date. To be eligible for a superannuation retirement employees must have, by the date of retirement, 20 years of creditable service at any age, or 10 years of creditable service and be a least 55 years of age or older. These minimums must be satisfied prior to the addition of any of the additional years of age or years of service provided by the ERI. The age requirements

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Consent Agenda #24

Appropriation of an additional
$1,226,950 to the General
Fund Employee Benefits
(Pension) Salary & Wages
Account from property taxes.
Update on the Library Project.

In City Council September 9, 2002

PLACED ON FILE.