



STAFF REPORT

September 24, 2025

TO: Honorable Mayor and City Council

FROM: Yolanda Lopez, Human Resources Department

SUBJECT: Adopt a Resolution 2025-48 to Grant Another Designated Period for Two Years Additional Service Credit; Certification of Governing Body's Action

STAFF RECOMMENDATION

Staff recommends that the City Council consider taking the following actions in the order listed:

1. Adopt Resolution 2025-48 to Grant a Designated Period for Two Years Additional Service Credit under Government Code section 20903, beginning September 25, 2025, and ending December 30, 2025, for eligible miscellaneous employees.
2. Approve Certification of Governing Body's Action and direct the City Clerk to sign the document.

DISCUSSION/ANALYSIS

Government Code section 20903 authorizes public agencies contracting with CalPERS to offer what is commonly known as the "Two Years Additional Service Credit" or "Golden Handshake." This provision allows eligible employees who retire during a specifically designated window to receive an additional two (2) years of service credit toward their retirement benefit calculation.

This program is typically used to:

- Encourage voluntary retirements during times of organizational change or budget constraints;
- Avoid layoffs by reducing staffing levels through retirement incentives; and
- Facilitate succession planning and workforce transition.

The City must certify that the retirements will result in overall savings and must notify CalPERS in advance of the designated period. This is the second step required to offer eligible miscellaneous employees the Golden Handshake. This second step is to designate and open a window during which eligible miscellaneous employees may retire and receive the Golden Handshake. The first step was performed on August 6, 2025, whereby the City Council provided notice of its intention to open the window and to notify the public about the approximate cost of implementing such a program. As of this report, sixteen (16) miscellaneous employees are eligible for the Golden Handshake.

By offering the Golden Handshake to eligible miscellaneous employees, the City will experience a net savings through voluntary retirements. Section 20903 requires that a window period be open no less than 90 days but no more than 180 days prior to retirement. The proposed designated period will begin on September 25, 2025, and conclude on December 30, 2025 (“Designated Period”). Only those employees who retire within this window and meet all eligibility requirements will qualify for the additional service credit. However, employees must be employed on the first day of the Designated Period to qualify for the Golden Handshake. As a result, the earliest retirement can be no earlier than September 25, 2025, and no later than December 30, 2025.

To be eligible to elect the Golden Handshake, an eligible employee must satisfy the following requirements:

- Be a miscellaneous member for CalPERS purposes;
- Have at least five (5) years of CalPERS credited service;
- Be eligible to retire as of the effective date of retirement;
- Be an employee of the City on the first day of the designated window (i.e., September 25, 2025); and
- Retire no earlier than September 25, 2025, but no later than December 30, 2025.

Pursuant to Government Code section 20903, the City Council must certify that it is electing to offer a Golden Handshake because of impending mandatory transfers, demotions, and layoffs that constitute at least one percent (1%) of the designated job classifications, department or organization unit, as designated by the City Council, resulting from the curtailment, or change in the manner of performing, its services. Further, the City Council must certify that it is its intention at the time that Government Code section 20903 is made operative that at least one vacancy in any position, in any department, or other organization unit, shall remain permanently unfilled, thereby resulting in an overall reduction in the workforce of the department or organization unit.

In addition, an employee that takes the Golden Handshake is not eligible to be hired as a retired annuitant by any CalPERS employer within 180 days of their effective date of retirement unless they forfeit the Golden Handshake.

The next steps, assuming that the City Council approves the recommendations, will entail the following:

- Submit the original or a certified copy of the Resolution 2025-48 of Intent, Certification of Governing Body’s Action, Certification of Compliance with Government Code Section 7507, and Certification of Compliance with Government Code Section 20903 to CalPERS immediately after the adoption of the Resolution 2025-48 of Intent.
- Notify eligible employees and provide informational resources.
- Coordinate with Human Resources and CalPERS to ensure timely processing of retirements and benefits.

The Certification of Compliance with Government Code Section 7507 and Certification of Compliance with Government Code Section 20903 were approved by the City Council, with authority granted to designated officials to sign such forms at the August 6, 2025, meeting.

The action requested by the City Council at this meeting is to adopt Resolution 2025-48 to grant a designated period for two years additional service credit, to approve the Certification of Governing Body's Action, and authorize the City Clerk to sign said form.

FISCAL IMPACT:

Although the granting of additional service credit may result in increased short-term retirement costs (CalPERS policy requires that the cost of a Golden Handshake be funded within five (5) years), these are expected to be offset by savings in salary, benefits, and associated costs due to the vacated positions. The anticipated costs of the Golden Handshake program were disclosed at the August 6, 2025, meeting in accordance with Government Code section 7507.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION

Should the City Council not take the action recommended, the City will not be able to open an additional designated period during which two years additional service credit would be offered to eligible miscellaneous employees meeting the age and service credit requirements if they elect to retire during such period.

ATTACHMENTS

1. Resolution 2025-48 of Intent
2. Certification of Governing Body's Action