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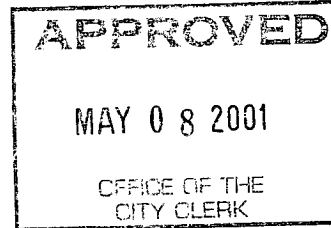
OFFICE OF
LABOR RELATIONS

CITY OF SACRAMENTO
CALIFORNIA
May 1, 2001

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City Council
Sacramento, California



Honorable Members in Session:

**SUBJECT: AMENDMENT TO CONTRACT #89-110 WITH PUBLIC
EMPLOYEES' RETIREMENT SYSTEM (PERS)**

LOCATION/COUNCIL DISTRICT:

City-wide.

RECOMMENDATION:

It is recommended that the City Council adopt the Resolution of Intention to approve a PERS contract amendment for miscellaneous members to provide Section 21354 (2% @ 55 Full and Modified formula), Section 20042 (One-Year Final Compensation), Section 21151 (Industrial Disability for Local Miscellaneous Members) for miscellaneous members entering membership after December 19, 1997, and Section 21023.5 (Public Service Credit for Peace Corps or America Corps:VISTA).

CONTACT PERSON:

Dee Contreras, Director of Labor Relations, 264-5424

FOR COUNCIL MEETING OF:

May 8, 2001 (evening)

SUMMARY:

In accordance with negotiated labor agreements, the PERS contract for miscellaneous members shall be amended effective June 30, 2001, to provide the improved retirement formula, one year final compensation, public service credit for Peace Corps or America Corps: Vista and industrial disability retirement benefits for miscellaneous members hired after December 19, 1997. Miscellaneous PERS members hired prior to December 19, 1997 already have the industrial disability retirement benefit.

To accomplish this PERS amendment, the City Council is required to adopt the attached Resolution of Intention, pass for publication the attached ordinance, and adopt the final ordinance at the May 29, 2001 meeting.

COMMITTEE/COMMISSION ACTION:

There was none required for this report.

BACKGROUND INFORMATION:

During the 2000 labor negotiations with the recognized employee organizations representing miscellaneous PERS members, the City agreed to amend the PERS contract to provide improved retirement benefits. Given the recent changes in available retirement formulae, the 2% at 55 plan is the standard for miscellaneous employees enrolled in PERS, cover nearly 70% of employees.

FINANCIAL CONSIDERATIONS:

The City currently has a surplus (assets exceed accrued liabilities) for PERS miscellaneous employees. This change to miscellaneous employee benefits would reduce the surplus from \$74 million to \$50 million. The City's current contribution rate is zero because of the surplus. With this change, the surplus is estimated to last approximately 8 years. After the surplus is exhausted the City's contribution rate would be approximately 7%. The surplus and the new costs can be amortized over the next 20 years stabilizing the City's contribution rate between 2%-3%. The City's 2001-02 Proposed Budget includes a 2.5% City contribution rate.

ENVIRONMENTAL CONSIDERATIONS:

There are no applicable environmental concerns.

POLICY CONSIDERATIONS:

This retirement enhancement is consistent with the City's goal of recruiting and retaining a qualified, diverse work force and the adoption of the Resolution of Intention will be in compliance with the negotiated labor agreements.

ESBD CONSIDERATIONS:

No goods or services are being purchased under this report.

Respectfully submitted,

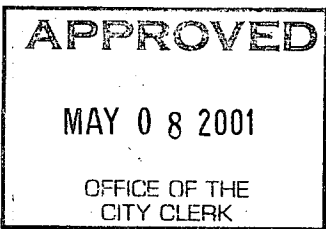


Dee Contreras
Director of Labor Relations

RECOMMENDATION APPROVED:



Robert P. Thomas
City Manager



RESOLUTION NO. 2001-271

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**A RESOLUTION OF INTENTION
TO APPROVE AN AMENDMENT TO CONTRACT NO. 89-110
BETWEEN THE BOARD OF ADMINISTRATION OF THE
PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE
CITY COUNCIL OF THE CITY OF SACRAMENTO**

WHEREAS, the Public Employees' Retirement Law permits the participation of public agencies and their employees in the Public Employees' Retirement System by the execution of a contract, and sets forth the procedure by which said public agencies may elect to amend said contract; and

WHEREAS, one of the steps in the procedures to amend this contract is the adoption by the governing body of the public agency of a resolution giving notice of its intention to approve an amendment to said contract, which resolution shall contain a summary of the change proposed in said contract; and

WHEREAS, the following is a summary of the proposed amendments to said contract between the City of Sacramento and the Public Employees' Retirement

- (1) Section 21354 (2% @ 55 Full and Modified formula) for all local miscellaneous members.
- (2) Section 20042 (One-Year Final Compensation) for all local miscellaneous members.
- (3) Section 21151 (Industrial Disability for Local Miscellaneous Members) for members entering membership after December 19, 1997.
- (4) Section 21023.5 (Public Service Credit for Peace Corps or America Corps:VISTA) for all local miscellaneous members.

NOW, THEREFORE, BE IT RESOLVED that the Sacramento City Council, as governing body of the City of Sacramento does hereby give notice of its intention to approve an amendment to the contract between the City of Sacramento and the Board of Administration of the Public Employees' Retirement System, a copy of said amendment being attached hereto, as an "Exhibit" and by this reference made a part hereof.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____




EXHIBIT

California
Public Employees' Retirement System



AMENDMENT TO CONTRACT

Between the
Board of Administration
California Public Employees' Retirement System
and the
City Council
City of Sacramento



The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective January 29, 1977, and witnessed January 25, 1977, and as amended effective June 1, 1978, March 17, 1988, December 30, 1989, June 26, 1991, February 21, 1992, May 29, 1996, November 20, 1996, December 19, 1997 and July 1, 2000, which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 14 are hereby stricken from said contract as executed effective July 1, 2000, and hereby replaced by the following paragraphs numbered 1 through 15 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for local miscellaneous members and age 50 for local safety members.
 2. Public Agency shall participate in the Public Employees' Retirement System from and after January 29, 1977 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.

3. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
 - a. Local Fire Fighters (herein referred to as local safety members);
 - b. Local Police Officers (herein referred to as local safety members);
 - c. Employees other than local safety members (herein referred to as local miscellaneous members).
4. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:
 - a. **ALL MISCELLANEOUS EMPLOYEES WHO WERE IN EMPLOYMENT PRIOR TO JANUARY 29, 1977; AND**
 - b. **ALL PERSONS WHO ARE PARTICIPANTS (AS THAT TERM IS DEFINED IN THE ACT HEREINAFTER REFERRED TO AND ANY REGULATIONS PROMULGATED THEREUNDER) UNDER THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT OF 1973, AS AMENDED.**
5. Assets heretofore accumulated with respect to members in the local retirement system who entered membership in this System on December 30, 1989 have been transferred to the Public Employees' Retirement System and applied against the liability for prior service incurred thereunder. That portion of the assets so transferred which represent the accumulated contributions (plus interest thereof) required of the employees under said local system has been credited to the individual membership account of each such employee under the Public Employees' Retirement System.
6. This contract shall be a continuation of the fire function of the Pacific Fire Protection District, hereinafter referred to as "Former Agency". The accumulated contributions, assets and liability for prior and current service under the Former Agency's contract with respect to the fire function shall be merged pursuant to Section 20508 of the Government Code. Such merger occurred December 28, 1991.
 - a. All benefits provided under this contract shall apply to all past service for former employees of the Pacific Fire Protection District.

7. The percentage of final compensation to be provided for local miscellaneous members for each year of credited prior service is 0% and the percentage of final compensation to be provided for each year of credited current service is 100%, and determined in accordance with Section 21354, subject to the reduction provided therein for service on or after January 29, 1977, for members whose service has been included in Federal Social Security (2% at age 55 Full and Modified).
8. The percentage of final compensation to be provided for local safety members who entered membership in this System on or after January 29, 1977 and prior to December 30, 1989 and for those local safety members who entered membership after December 30, 1989 for each year of credited prior service is 0% and the percentage of final compensation to be provided for each year of credited current service is 100% and determined in accordance with Section 21362 of said Retirement Law (2% at age 50 Full).
9. The percentage of final compensation to be provided for each year of credited prior and current service for local safety members who transferred from the local system and entered membership in this System on December 30, 1989 shall be determined in accordance with Section 21362 of said Retirement Law (2% at age 50 Full).
10. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Sections 21624 and 21626 (Post-Retirement Survivor Allowance).
 - b. Section 21151 (Industrial Disability Retirement For Local Miscellaneous Members).
 - c. Section 21022 (Public Service Credit for Periods of Lay-Off) for local fire members only.
 - d. Section 21335 (3% Cost-of-Living Allowance), limited pursuant to Section 21252.023(a) for local safety members who transferred from the local system, entered membership in this System on December 30, 1989 and retired after that date. Legislation repealed said Section effective June 30, 1991.
 - e. Section 21037 (Cancellation of Payment for Optional Service Credit Upon Retirement for Industrial Disability) limited pursuant to Section 21038 for local safety members who transferred from the local system and entered membership in this System on December 30, 1989.

- f. Section 21536 (Local System Service Credit Included in Basic Death Benefit) for local safety members who transferred from the local system and entered membership in this System on December 30, 1989.
 - g. Section 20042 (One-Year Final Compensation).
 - h. Section 21024 (Military Service Credit as Public Service), Statutes of 1976.
 - i. Section 21023.5 (Public Service Credit for Peace Corps or AmeriCorps: VISTA Service) for local miscellaneous members only.
11. Public Agency, in accordance with Government Code Section 20834, shall not be considered an "employer" for purposes of the Public Employees' Retirement Law. Contributions of the Public Agency shall be fixed and determined as provided in Government Code Section 20834, and such contributions hereafter made shall be held by the Board as provided in Government Code Section 20834.
12. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members and local safety members of said Retirement System.
13. Public Agency shall also contribute to said Retirement System as follows:
- a. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
 - b. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.
14. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.

15. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the _____ day of _____, _____.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

CITY COUNCIL
CITY OF SACRAMENTO

BY _____
KENNETH W. MARZION, CHIEF
ACTUARIAL & EMPLOYER SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date _____

Attest:

Clerk

May 3, 2001

TO: Nancy
City Clerk

FROM: Yvonne Berdan, Retirement

SUBJECT: PERS Agenda Item for the May 8 th Meeting

Per our conversation attached are the required documents PERS requires after Council takes action on 5/8. Please forward all documents back to me so that I can forward to PERS. I would like to request that I get the documents back as quickly as possible so I may forward them to PERS so that PERS can continue with the process of preparing the final contract. PERS prepares the final document which Council will take final action on 5/29.

Any questions please call me x7658.

Thank you,


Yvonne