

OFFICE OF
LABOR RELATIONS

CITY OF SACRAMENTO
CALIFORNIA

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February 5, 2002

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City Council
Sacramento, CA

Honorable Members In Session:

SUBJECT: Support of Measure F, SCERS Amendment, on March 2002 Ballot

LOCATION/COUNCIL DISTRICT:

City-wide

RECOMMENDATION:

It is recommended that the City Council support Measure F on the March 2002 ballot. The measure would amend the City Charter to permit the enhancement of retirement benefits for active and retired members of Sacramento City Employees Retirement System (SCERS) and concurrent enhancement of health and welfare benefits for retired members of the California Public Employees Retirement System (PERS).

CONTACT PERSON:

Dee Contreras, Director of Labor Relations, 264-5424

FOR COUNCIL MEETING OF:

February 12, 2002 (evening)

SUMMARY:

During the 2000/2001 labor negotiations, PERS retirement benefits were enhanced to the 2% at age 55 formula with the benefit calculated on the employee's single highest year of compensation. After the completion of main table negotiations with each union, the City met with and agreed with all recognized employee organizations to a ballot measure which allow the SCERS incumbents to receive a similar benefit, increase the contribution for all City retirees and support the parties' continuing efforts in medical premium cost containment. A recommendation to support Measure F is before you now.

COMMITTEE/COMMISSION ACTION:

On February 5, 2002 the Law and Legislation Committee voted to support Measure F.

BACKGROUND INFORMATION:

Measure F would amend the City Charter as follows:

1. Increase the SCERS formula for active employees to one-year highest final compensation.
2. Allow the City to access the excess funding in the SCERS Plan in priority order as follows:
 - A. To fund retiree health insurance contributions as defined in the labor agreements.
 - B. To recover City administrative costs related to retirement.
 - C. To recover retirement-related benefits, including City-paid member retirement contributions and retiree insurance contributions, for all City employees.
 - D. After retention of a prudent reserve equal to the greater of the annual payment to retirees and beneficiaries or the actual annual income, to authorize the City Council use of up to one-half of excess funds for any appropriate public purpose.
3. Authorize the City Council to amend the SCERS formula to the PERS formula if an improved age and years of service formula is implemented for PERS incumbents.

4. Authorize City pick-up of any portion of employee contribution to SCERS.

FINANCIAL CONSIDERATIONS:

The present value of future payments over the life of the retirement system for amending the Plan to one-year highest compensation is approximately \$5,000,000, which represents approximately one percent of total assets in the SCERS Plan. The SCERS Plan has excess funding of approximately \$69,000,000 as of June 30, 2001. The funding status of the Plan is determined annually by actuarial valuation and any use of such excess funds is limited so that the balance is not reduced to create an unfunded liability in the Plan.

ENVIRONMENTAL CONSIDERATIONS:

Not applicable

POLICY CONSIDERATIONS:

Support for Measure F will affirm City support for both active SCERS employees by enhancing their retirement benefits, and retirees of both SCERS and PERS by enhancing retiree insurance contributions. It will serve to make the City more competitive in recruitment and retention of employees while maintaining the integrity and funding of the SCERS Plan.

ESBD CONSIDERATIONS:

Not applicable.

Respectfully submitted,

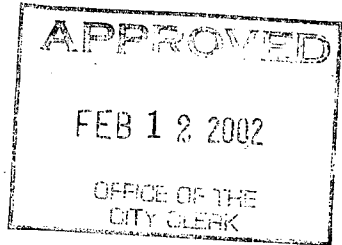


Dee Contreras
Director of Labor Relations

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager



RESOLUTION NO. 2002-080

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION IN SUPPORT OF MEASURE F
ON THE MARCH 5, 2002 BALLOT**

WHEREAS, the City Council of the City of Sacramento proposed Measure F, and

WHEREAS, Measure F will amend the City Charter to permit the enhancement of retirement benefits for active SCERS employees, and

WHEREAS, Measure F will allow reimbursement to the General Fund for certain administrative and benefit costs associated with retirees, and

WHEREAS, Measure F will affirm City support for both active SCERS employees by enhancing their retirement benefits, and retirees of both SCERS and PERS by enhancing retiree insurance contributions, and

WHEREAS, Measure F allows the use of specified excess funds for public purpose, and

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of Sacramento hereby supports Measure F.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____