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**DEPARTMENT OF
PERSONNEL**

**DONNA L. GILES
DIRECTOR**

**CITY OF SACRAMENTO
CALIFORNIA**

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SACRAMENTO, CA
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916-449-5270

DIVISIONS:
ADMINISTRATION
EMPLOYEE SERVICES
PERSONNEL MANAGEMENT
SERVICES
WORKERS'
COMPENSATION

April 26, 1988

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: Proposed Ordinance Granting Sacramento City Employees' Retirement System Membership to Three Part-Time Career Employees in the Department of Parks and Community Services

Summary

In accordance with the provisions of Section 401, City Charter, it is proposed that the City Council enact an ordinance which grants Sacramento City Employees' Retirement System (SCERS) membership to three part-time career employees of the Department of Parks and Community Services.

Background

The Recreation Division, Department of Parks and Community Services operates programs which have evolved from a purely seasonal basis to a year-round or nearly year-round basis. Certain employees involved with these programs have been with the City for many years, having started as seasonal non-career employees.

On September 15, 1987, the Civil Service Board approved a Department of Personnel study and granted permanent career status to eight such employees. Five of these employees were granted full-time career status and qualified for membership into the Sacramento City Employees' Retirement System and the other three were granted part-time career status (See Attachment 1).

Since these three part-time career employees have service prior to January 29, 1977, the City's contract with the Public Employees' Retirement System (PERS) excludes their membership in PERS. Further, since these three employees are less than full-time career employees, the Sacramento City Employees' Retirement System (SCERS) also excludes their membership.

Section 401, City Charter, provides for optional membership in the Section 399 Plan of SCERS. This section reads, in part:

. . . The City Council, by ordinance enacted by two-thirds of all members of the council, may authorize persons employed by the City on a seasonal, part-time or substitute basis to become members of this plan on such terms and conditions as it deems reasonable . . .

In order to recognize the long-term service of these three employees it is proposed that the City Council adopt the attached ordinance (Attachment 2) which grants SCERS membership status to these employees.

Fiscal Impact

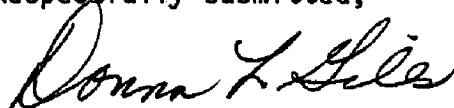
The SCERS actuarial firm of Towers, Perrin, Forster and Crosby has determined the cost to SCERS if the three employees were granted SCERS membership. The single-sum cost is \$126,338, based on present value of future benefits less the portion paid by the employees' contributions. This amount would not be paid as a lump sum, but would be included in the normal cost paid each year and an amortization amount paid over the next 20 years (See Attachment 3).

Local #39, Stationary Engineers, the recognized bargaining group which represents the three employees, concurs with this proposal.

Recommendation

It is recommended that the Budget and Finance Committee forward the attached proposed ordinance to the City Council with a favorable recommendation for adoption.

Respectfully submitted,



Donna L. Giles
Director of Personnel

APPROVED:



Jack Crist
Deputy City Manager

All Districts
April 26, 1988

0222A

PARKS & COMMUNITY SERVICES
PRIOR SERVICE RETIREMENT CREDIT
AS OF APRIL 12, 1988

<u>NAME</u>	<u>CLASSIFICATION</u>	<u>AGE OF ENTRY INTO SCERS</u>	<u>EMPLOYMENT STATUS</u>	<u>EMPLOYMENT DATES</u>	<u>ESTIMATED YRS OF SERV</u>
Nelson, Lenora	Clerk I	76	Part-time Career .50 FTE	05/25/68 - 04/12/88	14.799
Ransom, Floyd	Sr. Recreation Leader	52	Part-time Career .75 FTE	09/10/69 - 04/12/88	16.692
Scott, Donna	Typist Clerk I	52	Part-time Career .80 FTE	04/12/58 - 04/12/88	15.204

TOWERS, PERRIN, FORSTER & CROSBY
1925 CENTURY PARK EAST, SUITE 1500
LOS ANGELES, CALIFORNIA 90067-2790
(213) 551-5600

January 7, 1988

RECEIVED
JAN 11 1988
EMPLOYEE SERVICES

Mr. Richard Snyder
Employee Services Manager
City of Sacramento
801 Ninth Street
Sacramento, CA 95814

Dear Dick:

We have completed the actuarial study you requested on three individuals who may have the option of buying past service and becoming participants in the City of Sacramento retirement plan.

Our valuation is based on the following assumptions:

1. Each of the three employees repays the employee contributions (plus interest) he would have made if he had joined the plan on his original hire date.
2. The benefits the retirement plan pays to these employees are based on credited service back to their original hire date.
3. The probability of termination, death, mortality, etc. was the same as in our last actuarial valuation.

The single-sum cost to the City of Sacramento for all three employees is \$126,338. In other words, the present value of the future benefits expected to be paid to these employees less the portion paid by the employee contributions is \$126,338. This would not be paid as a lump sum by the City, however. Instead, a normal cost would be paid each year they are active employees, and an amortization amount would be paid for the next 20 years.

The single-sum cost and the 1987 normal cost and amortization amounts are shown below:

Name	Single-Sum Cost	1987 Cost		Total
		Normal Cost	Amortization Amount	
Scott	\$ 68,506	\$ 715	\$3,849	\$4,564
Nelson	9,645	447	566	1,013
Ransom	48,187	823	2,504	3,327
Total	\$126,338	\$1,985	\$6,919	\$8,904

TOWERS, PERRIN, FORSTER & CROSBY

LETTER TO: Mr. Richard Snyder
SHEET NO. Two
DATE January 7, 1988

The three-year factor (for 72 payments) for employees to repay the prior service cost is .016039.

Please let me know if you have any questions.

Sincerely,

Dave

David C. LeSueur, F.S.A.
Principal

DCL:sed

cc: Yvonne Berdan

ORDINANCE NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

AN ORDINANCE AUTHORIZING MEMBERSHIP IN SACRAMENTO CITY EMPLOYEES RETIREMENT SYSTEM FOR CERTAIN PART-TIME OR SEASONAL WORKERS

WHEREAS, City Charter §401 provides that upon ordinance enacted by a two-thirds vote of all members of the City Council, persons who are part-time or seasonal city workers may become members of Sacramento City Employees Retirement System; and

WHEREAS, certain city employees who have previously worked on a seasonal basis have now been granted part-time career status, based on their many years of city service; and

WHEREAS, the City and Local 39, Stationary Engineers, the exclusive bargaining representative for the employees' classification, have agreed that these employees should be granted membership in Sacramento City Employees Retirement System, contingent upon approval of the City Council pursuant to City Charter §401;

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO, AS FOLLOWS:

SECTION 1.

Pursuant to the authority granted to the City Council under City Charter §401, the following part-time career employees are granted membership in the Sacramento City Employees Retirement System, subject to such terms and conditions as may be agreed upon between the City and Local 39, Stationary Engineers:

Lenora Nelson
Floyd Ransom
Donna Scott

DATE PASSED FOR PUBLICATION:

DATE ENACTED:

DATE EFFECTIVE:

ATTEST:

MAYOR

CITY CLERK