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APPROVED
BY THE CITY COUNCIL

MAY 21 1991

OFFICE OF THE
CITY CLERK

SACRAMENTO CITY
EMPLOYEES'
RETIREMENT SYSTEM

CITY OF SACRAMENTO
CALIFORNIA

May 21, 1991
PS:91017:YB/eb

921 TENTH STREET
ROOM 101
SACRAMENTO, CA
95814-2711

916-449-5665

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: AMENDMENT TO CONTRACT #89110 WITH PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) TO PROVIDE ONE YEAR FINAL COMPENSATION FOR LOCAL SAFETY MEMBERS PURSUANT TO GOVERNMENT CODE SECTION 20024.2

SUMMARY

This staff report describes the two actions required by the City Council to amend the PERS contract to provide one year final compensation for local safety members in accordance with the 1991 negotiated labor agreements with Sacramento Fire Fighters, Union Local 522 and Sacramento Police Officers Association. The first action is the adoption of the attached Resolution of Intention (Attachment I) to amend the City's contract with PERS. The second action will require the Council, at the June 25, 1991 meeting, to adopt an emergency ordinance which will amend the PERS contract effective June 26, 1991.

BACKGROUND

During the labor negotiations this year with both safety bargaining units, the City agreed to amend the PERS contract to provide one year final compensation for local safety members.

PERS law and regulations require the City Council to adopt a "Resolution of Intention" and then take final action by adopting an ordinance. Government Code Section 20460 requires a 20 day period between the adoption of the Resolution of Intention and the adoption of the final ordinance. Due to time constraints and the intent of the City to amend the PERS contract during this fiscal year (FY 90-91), Council will be requested to adopt an emergency ordinance at the June 25, 1991, meeting and authorize execution of a new contract with PERS.

FINANCIAL DATA

Government Code Section 7507 requires that the cost implications of the contract amendment be made public. PERS has determined the expected increase to the employer contribution rate to provide the one year final compensation benefit for local safety members to be 3.419% (Attachment II). Based on estimate July 1, 1992, safety payroll the first year annual cost is approximately \$1,843,936.

POLICY CONSIDERATIONS

The City Council actions requested by this staff report are necessary to implement the negotiated labor agreements with the fire department and police department safety bargaining units.

MBE/WBE EFFORTS

Not applicable.

RECOMMENDATIONS

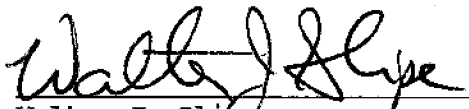
It is recommended that the City Council:

1. Adopt the attached Resolution of Intention to approve an amendment to the current PERS contract; and
2. Take final action and pass an emergency ordinance at the June 25, 1991, meeting amending the PERS contract this fiscal year.

Respectfully submitted,


Donna L. Giles
Director of Personnel

APPROVED:


Walter J. Slips
City Manager

Attachments

Contact Person: Margaret Allen, 449-5741
Retirement System Manager

May 21, 1991
All Districts

RESOLUTION NO. 91-371

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

APPROVED
BY THE CITY COUNCIL
MAY 21 1997

**A RESOLUTION OF INTENTION TO APPROVE
AN AMENDMENT TO CONTRACT NO. 89110 BETWEEN
THE BOARD OF ADMINISTRATION OF THE
PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND
THE CITY COUNCIL OF THE CITY OF SACRAMENTO**

OFFICE OF THE
CITY CLERK

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 subject themselves and their employees to amendments to said Law; and

WHEREAS, one of the steps in the procedure 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 statement of the proposed change in the contract between the City of Sacramento and the Public Employees' Retirement System:

To provide Section 20024.2 (One-Year Final Compensation) for local safety members including extension of the funding year to 2011.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Sacramento does hereby give notice of 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.

ATTEST:

MAYOR

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

AMENDMENT TO CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
OF THE
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
CITY COUNCIL
OF THE
CITY OF SACRAMENTO

PLEASE DO NOT SIGN "EXHIBIT ONLY"

The Board of Administration, Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of 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 and December 30, 1989, 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 December 30, 1989, 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 60 for local miscellaneous members, age 50 for those local safety members entering membership in this System on or prior to December 30, 1989 and age 55 for those local safety members entering membership in this System after December 30, 1989.
 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).

* * * C O P Y * * *

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 thereupon) 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. The percentage of final compensation to be provided for local miscellaneous members for each year of credited prior service is zero and the percentage of final compensation to be provided for each year of credited current service is 100, and determined in accordance with Section 21251.13, 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 60 Full and Modified).
7. The percentage of final compensation to be provided for each year of credited prior service is zero and the percentage to be provided for each year of credited current service is 100, and determined in accordance with Section 21252.01 of said Retirement Law (2% at age 50 Full) for local safety members entering membership in this System on or after January 29, 1977 and prior to December 30, 1989.
8. The percentage of final compensation to be provided for each year of credited prior and current service shall be determined in accordance with Section 21252.01 of said Retirement Law (2% at age 50 Full) for local safety members who transferred from the local system and entered membership in this System on December 30, 1989.
9. The percentage of final compensation to be provided for each year of credited prior and current service shall be determined in accordance with Section 21252.02 of said Retirement Law (2.5% at age 55), for local safety members entering membership in this System after December 30, 1989.

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10. The following additional provisions of the Public Employees' Retirement Law, which apply only upon election of a contracting agency, shall apply to the Public Agency and its employees:
 - a. Sections 21263/21263.1 (Post-Retirement Survivor Allowance).
 - b. Sections 21022/21022.1 (Industrial Disability Retirement For Local Miscellaneous Members).
 - c. Section 20930.11 (Public Service Credit for Periods of Lay-Off) for local fire members only.
 - d. Section 21230 (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.
 - e. Section 20938 (Cancellation of Payment for Optional Service Credit Upon Retirement for Industrial Disability) limited pursuant to Section 20938.1 for local safety members who transferred from the local system and entered membership in this System on December 30, 1989.
 - f. Section 20607(b) (Member Contribution Rate of 9% of Compensation) for local safety members entering membership in this System after December 30, 1989.
 - g. Section 21361.5 (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.
 - h. Section 20024.2 (One-Year Final Compensation) for local safety members only.
11. Public Agency, in accordance with Government Code Section 20759, 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 20759, and such contributions hereafter made shall be held by the Board as provided in Government Code Section 20759.
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.

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13. Public Agency shall 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 _____, 19__.

BOARD OF ADMINISTRATION
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
 CHIEF, CONTRACT SERVICES DIVISION
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM

CITY COUNCIL
 OF THE
 CITY OF SACRAMENTO

BY _____
 Presiding Officer

PLEASE DO NOT SIGN "EXHIBIT ONLY"

 Witness Date

Attest:

 Clerk

PLEASE DO NOT SIGN "EXHIBIT ONLY"

NO EXTENSION

CONTRACT AMENDMENT COST ANALYSIS

EMPLOYER # 1121

LOCAL SAFETY MEMBERS

DESCRIPTION OF BENEFIT(S) BEING COSTED:

ONE YEAR FINAL COMPENSATION FOR LOCAL SAFETY

THE EMPLOYER CONTRIBUTION RATES ON THIS PAGE WOULD BECOME EFFECTIVE AS OF JULY 1, 1992 AND ARE BASED UPON THE ABOVE AMENDMENT BECOMING EFFECTIVE BETWEEN JULY 1, 1990 AND JUNE 30, 1991.

THESE EMPLOYER CONTRIBUTION RATES ARE BASED UPON MAINTAINING THE CURRENT FUNDING HORIZON(S) FOR THE UNFUNDED ACTUARIAL LIABILITIES.

THE EXPECTED INCREASE IN THE EMPLOYER CONTRIBUTION RATE, AS OF JULY 1, 1992, ATTRIBUTABLE TO THE CONTRACT AMENDMENT IS:

1.492% (NORMAL COST OR PERMANENT INCREASE)

1.927% (TEMPORARY INCREASE TO JUNE 30, 2011)

3.419% (TOTAL INCREASE IN THE EMPLOYER CONTRIBUTION RATE)