

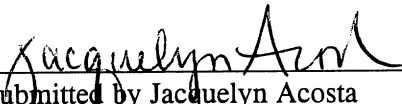


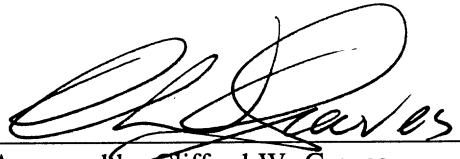
City of Carson

Report to Mayor and City Council

March 16, 2011
New Business Consent

SUBJECT: CONSIDERATION OF INTRODUCTION OF ORDINANCE NO. 11-1467 AND ADOPTION OF RESOLUTION NOS. 11-036 AND 11-039 APPROVING AMENDMENTS TO THE CONTRACT BETWEEN CALPERS AND THE CITY OF CARSON FOR RETIREMENT BENEFITS


Submitted by Jacquelyn Acosta
Administrative Services General Manager


Approved by Clifford W. Graves
Interim City Manager

I. SUMMARY

Following successful labor negotiations with all of the city's represented bargaining units, the City Council approved a second level of retirement benefits for new employees. Consequently, the city's contract with CalPERS for retirement benefits needs to be amended. Pursuant to CalPERS, Council adoption of a Resolution of Intention to approve an amendment to the CalPERS contract is required. Therefore, Resolution No. 11-036 (Exhibit No. 1) is being presented for your approval. In addition, an ordinance must be adopted to formally complete the contract amendment. Therefore, Ordinance No. 11-1467 (Exhibit No. 2) is being introduced with this Council agenda for first reading. Additionally, Resolution No. 11-039 (Exhibit No. 3) for employer paid member contributions (EPMC) is being presented for your approval.

II. RECOMMENDATION

1. WAIVE further reading and ADOPT Resolution No. 11-036 "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, DECLARING THE CITY'S INTENT TO APPROVE AN AMENDMENT TO THE CONTRACT BETWEEN THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE CITY COUNCIL OF THE CITY OF CARSON."
2. WAIVE further reading and INTRODUCE Ordinance No. 11-1467 "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE CITY COUNCIL OF THE CITY OF CARSON."
3. WAIVE further reading and ADOPT Resolution No. 11-039 "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON,

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CALIFORNIA, FOR EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC), GOVERNMENT CODE SECTION 20691.”

III. ALTERNATIVES

None, the retirement benefits amendments were successfully negotiated as part of the current multi-year agreements with the city’s various bargaining units.

IV. BACKGROUND

The city provides retirement benefits to eligible city employees through the California Public Employees’ Retirement System (CalPERS). The city’s current retirement formula for all existing eligible employees is 3%@60. Through labor negotiations, the City Council approved a second retirement formula, 2%@55. Consequently, the city’s contract with CalPERS for retirement benefits needs to be amended.

Once the contract amendment with CalPERS is finalized, the city will have a two-tier retirement plan, 3%@60 for current employees, and 2%@55 for employees hired on or after the effective date of the contract amendment. Current eligible elected officials – the Mayor, City Council members, the City Clerk and the City Treasurer are also covered by the 3%@60 retirement formula. The second retirement formula of 2%@55 will apply to new elected officials elected after the effective date of the contract amendment.

Government Code Section 20691 allows contracting agencies to pay all or a portion of the normal employee contributions. For current full-time employees under the 3%@60 retirement formula, the city pays 7% of the required 8% of reportable earnings employee contributions. Employees pay the remaining 1% of reportable earnings employee contributions. For new employees under the 2%@55 formula, the city will pay 5% of the required 7% of reportable earnings employee contributions. Employees will pay the remaining 2% of reportable earnings employee contributions, as previously approved by the City Council through the negotiation process. The employer paid member contributions (EPMC) also apply to elected officials, Mayor, and City Council members as stated above.

The EPMC provision is not offered to part-time employees, some of whom are also CalPERS members. Part-time employees will continue to pay the entire amount of the required employee contributions.

All other provisions of the city’s retirement benefits contract with CalPERS remain the same.

V. FISCAL IMPACT

Minimal. There will be no immediate considerable cost savings related to the retirement benefits amendments. However, over time, these amendments will result in substantial savings to the city.

VI. EXHIBITS

1. Resolution No. 11-036. (pgs. 4-5)
2. Ordinance No. 11-1467. (pg. 6)
3. Resolution No. 11-039. (pg. 7)
4. CalPERS Amendment to Contract (pgs. 8-12)

Document1

Prepared by: Duane K. Munson, Human Resources Officer

TO:Rev010511

Reviewed by:

City Clerk	<u>City Treasurer</u>
<u>Administrative Services</u>	<u>Development Services</u>
<u>Economic Development Services</u>	<u>Public Services</u>

Action taken by City Council

Date_____ Action_____

RESOLUTION NO. 11-036

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, DECLARING THE CITY'S INTENT TO APPROVE AN AMENDMENT TO THE CONTRACT BETWEEN THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE CITY COUNCIL OF THE CITY OF CARSON

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 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 statement of the proposed change:

To provide Section 20475 (Different Level of Benefits).
Section 21354 (2% @ 55 Full formula) is applicable to local miscellaneous members entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, HEREBY FINDS, DETERMINES AND RESOLVES AS FOLLOWS:

Section 1. The above recitals are true and correct.

Section 2. The city does hereby give notice of intention to approve an amendment to the contract between the City Council of the city of Carson 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.

PASSED, APPROVED, and ADOPTED this 16th day of March, 2011.

MAYOR JIM DEAR

ATTEST:

CITY CLERK HELEN S. KAWAGOE

APPROVED AS TO FORM:

CITY ATTORNEY



ORDINANCE NO. 11-1467

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE CITY COUNCIL OF THE CITY OF CARSON

THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, DOES ORDAIN AS FOLLOWS:

Section 1. That an amendment to the contract between the Board of Administration, California Public Employees' Retirement System and the City Council of the City of Carson is hereby authorized, a copy of said amendment being attached hereto, marked Exhibit, and by such reference made a part hereof as though herein set out in full.

Section 2. The Mayor of the City Council is hereby authorized, empowered, and directed to execute said amendment for and on behalf of said Agency.

Section 3. This ordinance shall take effect 30 days after the date of its adoption, and prior to the expiration of 15 days from the passage thereof shall be published at least once in the Daily Breeze, a newspaper of general circulation, published and circulated in the City of Carson, and thenceforth and thereafter the same shall be in full force and effect.

PASSED, APPROVED and INTRODUCED this 16th day of March, 2011.

MAYOR JIM DEAR

ATTEST:

CITY CLERK HELEN S. KAWAGOE

APPROVED AS TO FORM:

CITY ATTORNEY

c:\MyDocs\Resos\Ordinance 11 1467 CalPERS Contract Amendment (ep)



RESOLUTION NO. 11-039

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CARSON, CALIFORNIA, FOR EMPLOYER PAID MEMBER
CONTRIBUTIONS (EPMC), GOVERNMENT CODE SECTION 20691

WHEREAS, the governing body of the City of Carson, California, has the authority to implement Government Code Section 20691;

WHEREAS, the governing body of the City of Carson, California, has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Carson, California of a Resolution to commence said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of the City of Carson, California, has identified the following conditions for the purpose of its election to pay EPMC:

- For full-time classified employees, executive management employees, elected officials, and Mayor and City Council on the 3%@60 retirement formula, the city will pay 7% of the normal member contributions as EPMC, and members will pay 1% of the normal member contributions.
- For full-time classified employees, executive management employees, elected officials, and Mayor and City Council on the 2%@55 retirement formula, the city will pay 5% of the normal member contributions as EPMC, and members will pay 2% of the normal member contributions.
- The EPMC provision does not apply to part-time classified/unclassified employees.
- The effective date of this Resolution shall be May 6, 2011.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Carson, California, elects to pay EPMC, as set forth above.

PASSED, APPROVED and ADOPTED this 16th day of March, 2011.

MAYOR JIM DEAR

ATTEST:

CITY CLERK HELEN S. KAWAGOE

APPROVED AS TO FORM:

CITY ATTORNEY





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 Carson

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 May 15, 1969, and witnessed April 30, 1969, and as amended effective January 16, 1971, August 7, 1976, June 13, 1977, July 21, 1979, September 26, 1981, November 6, 1982, June 18, 1983, February 22, 1996, December 18, 1996, September 19, 2003 and December 6, 2003 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 6, 2003, and hereby replaced by the following paragraphs numbered 1 through 16 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 entering membership in the miscellaneous classification before and not on or after December 18, 1996, age 60 for local miscellaneous members entering membership in the miscellaneous classification on or after December 18, 1996 and for those local miscellaneous members entering membership in the miscellaneous classification on or prior to December 6, 2003, and age 55 for local miscellaneous members entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract.

PLEASE DO NOT SIGN "EXHIBIT ONLY"

2. Public Agency shall participate in the Public Employees' Retirement System from and after May 15, 1969 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. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorneys fees that may arise as a result of any of the following:
 - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
 - (b) Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than existing retirement benefits, provisions or formulas.
 - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
 - (d) Public Agency's election to file for bankruptcy under Chapter 9 (commencing with section 901) of Title 11 of the United States Bankruptcy Code and/or Public Agency's election to reject this Contract with the CalPERS Board of Administration pursuant to section 365, of Title 11, of the United States Bankruptcy Code or any similar provision of law.
 - (e) Public Agency's election to assign this Contract without the prior written consent of the CalPERS' Board of Administration.
 - (f) The termination of this Contract either voluntarily by request of Public Agency or involuntarily pursuant to the Public Employees' Retirement Law.
 - (g) Changes sponsored by Public Agency in existing retirement benefits, provisions or formulas made as a result of amendments, additions or deletions to California statute or to the California Constitution.

PLEASE DO NOT SIGN "EXHIBIT ONLY"

4. 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. Employees other than local safety members (herein referred to as local miscellaneous members).
5. 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. **SAFETY EMPLOYEES.**
6. Removal of the exclusion of "Persons Compensated on an Hourly Basis, Prospectively only", pursuant to Section 20503, is declarative of agency's previous interpretation and does not mandate any new classes of employees into membership.
7. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Full) for those local miscellaneous members entering membership on or prior to December 18, 1996 and in employment before and not on or after December 6, 2003.
8. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member shall be determined in accordance with Section 21353 of said Retirement Law (2% at age 60 Full) for those local miscellaneous members entering membership after December 18, 1996 and in employment before and not on or after December 6, 2003.
9. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment on or after December 6, 2003 and not entering membership in the miscellaneous classification on or after the effective date of this amendment to contract shall be determined in accordance with Section 21354.3 of said Retirement Law (3% at age 60 Full).
10. The percentage of final compensation to be provided for each year of credited current service entering membership in the miscellaneous classification after the effective date of this amendment to contract shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Full).

11. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Section 21574 (Fourth Level of 1959 Survivor Benefits).
 - b. Section 20042 (One-Year Final Compensation).
 - c. Section 21024 (Military Service Credit as Public Service).
 - d. Section 20614, Statutes of 1978, (Reduction of Normal Member Contribution Rate). From July 21, 1979 and until September 26, 1981, the normal local miscellaneous member contribution rate shall be 3.5%. Legislation repealed said Section effective September 29, 1980.
 - e. Section 20690, Statutes of 1980, (To Prospectively Revoke Section 20614, Statutes of 1978).
 - f. Section 20903 (Two Years Additional Service Credit).
 - g. Section 20503 (To Remove the Exclusion of Persons Compensated on Hourly Basis, Prospectively from December 6, 2003).
 - h. Section 20475 (Different Level of Benefits). Section 21353 (2% @ 60 Full formula) is applicable to local miscellaneous members entering membership for the first time in the miscellaneous classification after December 18, 1996.

Section 21354 (2% @ 55 Full formula) is applicable to local miscellaneous members entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract.
12. Public Agency, in accordance with Government Code Section 20790, ceased to be an "employer" for purposes of Section 20834 effective on August 7, 1976. Accumulated contributions of Public Agency shall be fixed and determined as provided in Government Code Section 20834, and accumulated contributions thereafter shall be held by the Board as provided in Government Code Section 20834.
13. 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 of said Retirement System.



14. 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.

15. 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.

16. 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 CARSON

BY _____
LORI MCGARTLAND, CHIEF
EMPLOYER SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest:

Clerk