



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and City Council **DATE:** March 5, 2018

FROM: Matthew Bronson, City Manager

PREPARED BY: Karla Mattocks, Management Analyst/Human Resources

SUBJECT: Second Reading and Adoption of Ordinance No. 17-07 to Amend the California Public Employees' Retirement System (CalPERS) Retirement Contract for all Classic Sworn Personnel

RECOMMENDATION

Conduct the second reading, by title only, and adopt Ordinance No. 17-07 to amend the City's contract with CalPERS to include a 3% increased cost sharing for all Classic Sworn Personnel.

BACKGROUND

On June 5, 2017, the City Council conducted a public hearing and adopted a Resolution of Intention to approve an amendment to the City's contract with the California Public Employees Retirement System (CalPERS) for Local Safety Classic members. Additionally, the Council on June 5, 2017 conducted first reading of Ordinance No. 17-07 to amend the City's contract with CalPERS. Per Government Code Section 20471, the Council is required to conduct the second reading no less than 20 days following the first reading and the adoption of the Resolution of Intention. Since the public hearing was opened and then closed at the June 5, 2017 meeting, no further public hearing was required for this item and the Council was requested to conduct the second reading and adopt the Ordinance on July 17, 2017. However, this second reading was premature as the Cost Sharing Amendment to the CalPERS contract required a formal unanimous ballot vote by all Classic Sworn personnel prior to its adoption.

On August 9, 2017 the required Cost Sharing Ballot vote was conducted and the election results were a unanimous "yes" vote. This ballot vote provides the required formalization to amend cost sharing to an additional 3% pursuant to Section 20516 (Employees Sharing Additional Cost). Given the transition in Human Resources staffing in 2017, the required second reading and adoption of the Ordinance was not brought to the Council following this vote. The Council is therefore requested at this time to conduct another second reading and re-adopt the Ordinance. After the Ordinance is adopted, the changes to the CalPERS contract will be effective on the first day of the next pay period, which is April 9, 2018.

FISCAL IMPACT

There is no direct fiscal impact to this action.

ALTERNATIVES

The City Council has the following alternatives to consider:

1. Conduct second reading of Ordinance No.17-07, by title only, and adopt the Ordinance; or
 2. Do not adopt the Ordinance and provide alternative direction to staff.
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ORDINANCE NO. 17-07

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

THE CITY COUNCIL OF THE CITY OF GROVER BEACH does ordain as follows:

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

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

Part 3: This Ordinance shall become effective thirty (30) days after the date of its adoption, and within fifteen (15) days after its adoption, it shall be published once in The Tribune, a newspaper of general circulation published and circulated in the City of Grover Beach, and thenceforth and thereafter the same shall be in full force and effect.

INTRODUCED at a regular meeting of the City Council held June 5, 2017, and **PASSED, APPROVED, AND ADOPTED** by the City Council on July 17, 2017. Scheduled for second reading on March 5, 2018 subsequent to the formal vote by Classic Sworn Personnel, and **PASSED, APPROVED, and ADOPTED** on the following roll call vote, to wit:

AYES: Council Members -
NOES: Council Members -
ABSENT: Council Members -
ABSTAIN: Council Members -

**** D R A F T ****

JOHN P. SHOALS, MAYOR

ATTEST:

DONNA L. McMAHON, CITY CLERK

APPROVED AS TO FORM:

DAVID P. HALE, CITY ATTORNEY



EXHIBIT A

California
Public Employees' Retirement System



AMENDMENT TO CONTRACT

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



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 April 5, 1968, and witnessed March 11, 1968, and as amended effective June 26, 1989, June 6, 2002, September 29, 2003, November 6, 2006, April 7, 2008, July 26, 2010 and June 7, 2012 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

A. Paragraphs 1 through 15 are hereby stricken from said contract as executed effective June 7, 2012, and hereby replaced by the following paragraphs numbered 1 through 17 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 classic local miscellaneous members, age 62 for new local miscellaneous members, age 55 for classic local safety members and age 57 for new local safety members.

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2. Public Agency shall participate in the Public Employees' Retirement System from and after April 5, 1968 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 attorney 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) Any dispute, disagreement, claim, or proceeding (including without limitation arbitration, administrative hearing, or litigation) between Public Agency and its employees (or their representatives) which relates to Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than such employees' 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.
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. 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).

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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. **PERSONS COMPENSATED ON AN HOURLY BASIS; AND**
 - b. **ELECTED OFFICIALS.**
6. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local miscellaneous member in employment before and not on or after April 7, 2008 shall be determined in accordance with Section 21354 of said Retirement Law subject to the reduction provided therein for Federal Social Security (2% at age 55 Modified and Full).
7. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local miscellaneous member in employment on or after April 7, 2008 shall be determined in accordance with Section 21354.4 of said Retirement Law subject to the reduction provided therein for Federal Social Security (2.5% at age 55 Modified and Full).
8. The percentage of final compensation to be provided for each year of credited prior and current service as a new local miscellaneous member shall be determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Supplemental to Federal Social Security).
9. The percentage of final compensation to be provided for each year of credited prior and current service for classic local fire members who did not elect to continue under the provisions of Section 21366 shall be determined in accordance with Section 21369 of said Retirement Law subject to the reduction provided therein for Federal Social Security (2% at age 55 Modified).
10. The percentage of final compensation to be provided for each year of credited prior and current service for classic local fire members who elected to continue under the provisions of Section 21366 shall be determined in accordance with Section 21366 of said Retirement Law subject to the reduction provided therein for Federal Social Security (One-half pay at age 55 Modified).
11. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local police member shall be determined in accordance with Section 21363.1 of said Retirement Law subject to the reduction provided therein for Federal Social Security (3% at age 55 Modified).

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12. The percentage of final compensation to be provided for each year of credited prior and current service as a new local safety member shall be determined in accordance with Section 7522.25(d) of said Retirement Law (2.7% at age 57 Supplemental to Federal Social Security).
13. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Section 20042 (One-Year Final Compensation) for classic members only.
 - b. Section 21024 (Military Service Credit as Public Service) for local safety members only.
 - c. Section 20903 (Two Years Additional Service Credit) for local miscellaneous members and local police members only.
 - d. Section 20516 (Employees Sharing Additional Cost):

From and after the effective date of this amendment to contract, 3% for classic police members.

The portion of the employer's contribution that the member agrees to contribute from his or her compensation, over and above the member's normal contribution ("Cost Sharing Percentage"), shall not exceed the Employer Normal Cost Rate, as that rate is defined in the CalPERS Actuarial Valuation for the relevant fiscal year. If the Cost Sharing Percentage will exceed the relevant Employer Normal Cost Rate, the Cost Sharing Percentage shall automatically be reduced to an amount equal to, and not to exceed, the Employer Normal Cost Rate for the relevant fiscal year.

14. 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.
15. 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.
- 16. 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.
- 17. 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 GROVER BEACH

BY _____
ARNITA PAIGE, CHIEF
PENSION CONTRACTS AND PREFUNDING
PROGRAMS DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest:

Clerk

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