

Agenda Report

TO: City Council April 2, 2001

FROM: City Manager

SUBJECT: RECOMMENDATION TO DIRECT THE CITY ATTORNEY TO PREPARE AN ORDINANCE AMENDING CHAPTER 2.250 OF THE PASADENA MUNICIPAL CODE TO ADD A NEW SECTION 2.250.180 REGARDING RECIPROCITY WITH THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

RECOMMENDATION

It is recommended that the City Council direct the City Attorney to prepare an Ordinance amending Chapter 2.250 of the Pasadena Municipal Code to add a new Section 2.250.180 regarding reciprocity with the California Public Employees' Retirement System (PERS).

BACKGROUND

Reciprocity provisions between retirement systems have existed since 1957 for counties maintaining systems under the County Employees' Retirement Law of 1937. These provisions were extended to cities maintaining locally administered systems under Government Code Section 453000 et seq. In order for the City of Pasadena to participate, first the City's Municipal Code must be amended and then the City's contract with PERS will require an amendment. If approved, this benefit will only impact the members of the Fire and Police Retirement System (FPRS) who may leave City employment and go to work for another jurisdiction that participates in PERS.

DISCUSSION

The benefit of reciprocity to the employee is the ability to capture the years of service in FPRS. The effects include: 1) basing the member contribution rates on the age of entry into the first system, 2) the continuation of the basic death benefit and disability retirement coverage in the original system to the extent necessary to bring the combined benefits to the amount they would be if all service was in the second system, 3) the use of service in both systems to meet minimum service requirements for qualification for

benefits, and 4) the consideration of compensation earnable in both systems in computing benefits under either system. Benefits of reciprocity for the member are contingent upon the member's election to leave accumulated contributions on deposit with the initial system, entry into membership in one system within six months of discontinuance of employment as a member of the other system and concurrent retirement under both systems.

If approved, staff will return with an Ordinance providing for reciprocity. Ultimately, a contract amendment with PERS will be brought before the Council for approval. Since the City's retirement system is closed, this action will only benefit active members in FPRS who chose to leave employment with the City.

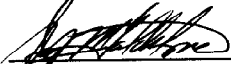
FISCAL IMPACT

There will be an immeasurable cost to the Fire and Police Retirement System for this benefit. Since there are only 35 active members remaining in the System, there is a limited number of individuals who could take advantage of this action.

Respectfully submitted,


Cynthia J. Kurtz
City Manager

Approved by:


Jay M. Goldstone
Director of Finance