

# Ordinance Fact Sheet

TO: CITY COUNCIL DATE: APRIL 23, 2001  
FROM: CITY MANAGER  
SUBJECT: AMENDMENT OF PASADENA FIRE AND POLICE RETIREMENT SYSTEM  
ORDINANCE REGARDING RECIPROCITY WITH THE CALIFORNIA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)

TITLE OF PROPOSED ORDINANCE:

AN ORDINANCE OF THE CITY OF PASADENA 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

PURPOSE OF THIS ORDINANCE:

On April 2, 2001, the City Council directed staff to prepare an ordinance to provide for reciprocity between the City's Fire and Police Retirement System and the California Public Employees' Retirement System. The purpose of this ordinance is to allow members to move from the City's Fire and Police Retirement System to the California Public Employees' Retirement System within a specified time period and without members losing valuable retirement and related benefits. There is no transfer of funds or service credit between the two retirement systems when an employee establishes reciprocity. The employee is a member of both systems and is subject to the membership and benefit obligations and rights of each system (e.g., minimum retirement age), except as modified by the reciprocity agreement. Upon retirement, separate retirement allowances are received from each system, and the member must apply to retire from each system separately. The member must retire on the same date from all public retirement systems participating in a reciprocal agreement for all benefits of reciprocity to apply.

The following benefits accrue to a member upon moving between reciprocal systems:

1. the member may use the earlier age at entry into the City's Fire and Police Retirement System in determining the member's contribution rate for a variable rate formula;
2. the member may use his/her highest compensation earnable during any consecutive 12 or 36 month period of service as a member of any of the systems when computing final compensation (NOTE: Reciprocity allows for "portable compensation" between multiple retirement systems as long as the member retires on the same date with all systems. If reciprocity is established, CalPERS will use whatever salaries are provided by the reciprocal retirement systems.);
3. the member's service in the City's Fire and Police Retirement System may be used to meet minimum service requirements for benefits;
4. the member would be entitled to a disability retirement from CalPERS if the member is eligible to receive a disability retirement benefit from the City's Fire and Police Retirement System and retires from both on the same date; and,
5. the member would be entitled to a special or basic death benefit while the member is employed by CalPERS or another system.

See CalPERS' Changing Retirement Systems (February 1997).

No amendment of Article XV ("The Fire and Police Retirement System") is required before the City enters into a reciprocity agreement with CalPERS. The definitions of "final compensation," "compensation earnable," etc. contained in the City Charter would continue to be applicable to active members solely in the City's system. The City's agreement with CalPERS regarding reciprocity would modify benefits only for those members who are in both retirement systems. The City's Fire and Police Retirement System was closed to new participants in 1977. However, the system remains obligated to provide retirement benefits to those who retired before the plan was closed and to those who were employed at the time of closing. At the present time, there are 35 active members of the City's system who could potentially take advantage of the existence of reciprocity between the City's Fire and Police Retirement System and CalPERS.

REASON WHY THIS LEGISLATION IS NEEDED:

In order to participate in the CalPERS' reciprocity program, the City of Pasadena must adopt an ordinance containing reciprocal provisions specified by CalPERS. After the City enacts the ordinance, the CalPERS Board of Administration will enter into an agreement to establish reciprocity with the City of Pasadena.

PROGRAMS, DEPARTMENTS OR GROUPS AFFECTED:

The 35 active members of the Fire and Police Retirement System will be affected by this ordinance.

POLICY CHANGE:

The decision to enact this ordinance and enter into a reciprocity agreement represents a policy change in the sense that formerly this option did not exist for members of the City's Fire and Police Retirement System.

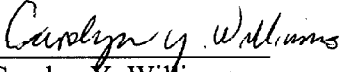
FISCAL IMPLICATIONS:

Enacting this ordinance will have a fiscal impact because a member who has moved from the Fire and Police Retirement System to CalPERS will be entitled to somewhat higher benefits based on service in that system. However, the Fire and Police Retirement System will benefit from the fact that while the employee is in the CalPERS system, reciprocity does not require a transfer of funds.


Respectfully submitted,

  
Cynthia J. Kurtz  
City Manager


Prepared by:

  
Carolyn Y. Williams  
Asst. City Attorney

Reviewed by:

  
Michele Beal Bagneris  
City Attorney

Approved by:

  
M. Goldstone  
Director of Finance

Introduced by Councilmember \_\_\_\_\_

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY OF PASADENA 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**

The People of the City of Pasadena ordain as follows:

**SECTION 1.** The Pasadena Municipal Code is amended to add a new Section 2.250.180 to read as follows:

**“2.250.180 Reciprocal Benefits with the Public Employees’ Retirement System**

The City Council adopts the following Uniform Reciprocal Provisions set forth below concerning the City’s Fire and Police Retirement System:

A. The purpose of these reciprocal provisions is to extend to the members of other public agency retirement systems (hereinafter “reciprocal system”) which adopt similar reciprocal provisions into their retirement ordinances or plans pursuant to Sections 20351, 20353, 31840.2 and 45310.5 of the Government Code, and who by contract agree to extend the benefits thereof to this system, the following rights in this system, provided such member enters into employment under this system or the reciprocal system within six months of terminating his or her employment under such other or this system.

B. Notwithstanding any provisions of this plan or a reciprocal system plan in the matter of vesting, a member whose movement between systems occurs as herein specified shall have the right to elect to leave his accumulated contributions on deposit irrespective of the amount of such contributions or the length of service credited to him or her.

C. The age of entry for a person entering this system for purposes of fixing member contribution rates from a reciprocal system shall be his or her age at entry into such reciprocal system.

D. The average monthly salary during any period of service as a member of a reciprocal system shall be considered compensation earnable by a member of this system for purposes of computing final compensation for such member, provided he or she retires concurrently under both systems and is credited with such period of service under the reciprocal system at the time of retirement.

E. Service, solely for purposes of meeting minimum service qualifications for benefits and retirement allowances under this system, shall also include service rendered as an officer or employee of a reciprocal system if the salary for such service constitutes compensation earnable by a member of this system.

F. A member shall be retired for disability and receive a retirement allowance based on the service credited to him or her at the time of retirement during any period in which he or she receives a disability retirement allowance under a reciprocal system; provided, that such allowance shall not exceed an amount which when added to the allowance paid under the reciprocal system equals the allowance which would be paid for a non-industrial disability if all the member's service had been credited under the reciprocal system; and provided further, that such allowance shall in no event be less than an annuity which is the actuarial equivalent of the member's contributions, whether or not the disability is for industrial reasons.

G. The death benefit for a member who dies from non-industrial causes as a member of a reciprocal system shall not exceed an amount which when added to the death benefit paid for such member under the reciprocal system equals the maximum death benefit payable under that system; provided, however, that such death benefit shall be at least the amount of the accumulated contributions; and, provided further, that if death is caused by industrial injury or disease in the reciprocal system the death benefit shall be the amount of the member's accumulated contributions.

H. The governing body of this system shall, on the request of a reciprocal system, supply information and data necessary for administration of such system as it is affected by membership in and service credited under this system.

I. Interpretation of these provisions shall be made with reference to interpretations that have been made relative to the California Public Employees' Retirement System - 1937 Act County Employees' Retirement reciprocal provisions upon which they are based.

J. These provisions shall apply only to a member whose termination and entry into employment resulting in a change in membership from this system to such other system or from such other system to this system occurred after such acceptance by the board or after the effective date specified in the agreement; provided, however, that provisions relating to computation of final compensation shall apply to any other member if such provision would have applied had the termination and entry into employment occurred after such acceptance or determination by a system's governing board.

K. Rights under this system shall be modified as necessary to conform to amendments to the Public Employees' Retirement Law or the County Employees' Retirement Law of 1937 as provided in Section 20353 of the Government Code. ”

**SECTION 2.** This ordinance shall take effect from the date of its publication.

Signed and approved this \_\_\_\_\_ day of \_\_\_\_\_, 2001.

\_\_\_\_\_  
Bill Bogaard  
Mayor of the City of Pasadena

**I HEREBY CERTIFY** that the foregoing ordinance was adopted by the City Council of the City of Pasadena at its meeting held \_\_\_\_\_, 2001, by the following vote:

AYES:

NOES:

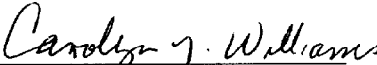
ABSTAIN:

ABSENT:

Published:

\_\_\_\_\_  
Jane Rodriguez, CMC  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Carolyn Y. Williams  
Asst. City Attorney