

Agenda Report

June 16, 2003

TO: City Council

FROM: City Manager

RE: Adoption of a Resolution of Intent to Amend the CalPERS Contract to Implement the 3%@55 Retirement Program, Pre-Retirement Optional Settlement 2 Death Benefit Provision, and Fourth Level of 1959 Survivor Benefits for Local Fire Employees, and Introduction of an Ordinance to Implement Such Amendment

RECOMMENDATION:

It is recommended that the City Council adopt a Resolution of Intention and hold the First Reading of an Ordinance to amend the City's contract with the California Public Employees Retirement System (PERS) to implement 3%@55, Pre-Retirement Optional Settlement 2 Death Benefit Provision, and Fourth Level of 1959 Survivor Benefits for Local Fire employees, provided for in the negotiated agreements between the City of Pasadena and the Pasadena Fire Fighters Association (PFFA) and Pasadena Firefighters Management Association (PFMA). The effective date of the contract amendment is anticipated to be July 30, 2003.

BACKGROUND:

Certain retirement benefits were approved by the City Council as part of recent negotiations with the PFFA and the PFMA. Although the City has separate MOU's with these two unions, both of which were negotiated and approved by the City Council earlier this year, PERS regulations require that all fire employees be treated as one single group with respect to these retirement benefits. Thus retirement benefit enhancements were addressed outside regular MOU negotiations, with both the PFFA and PFMA together. The attached PERS contract amendment is required to implement the terms of the negotiated agreements with PFFA and PFMA.

The 3%@55 Retirement provides an enhanced retirement benefit to retirees, based on age and years of service. The Pre-Retirement Optional Settlement 2 Death Benefit allows a surviving spouse to receive the same monthly benefit that the deceased member would have received. The Fourth Level of 1959 Survivor Benefits provide for a higher level of benefits to survivors of a deceased member. 1959 Survivor Benefits are funded from a sub-account with PERS, to which both the employer and employees contribute.

In order to amend the PERS contract for this benefit, PERS regulations require that the City Council adopt a Resolution of Intention giving public notice of the intention to approve a specified amendment to the PERS contract. The PERS contract must be amended by Ordinance, the first reading of which may be done concurrently with the Resolution of Intent, with a second reading no earlier than 20 days after adoption of the Resolution of Intention.

FISCAL IMPACT:

The PERS actuarial valuation conducted in March 2003 reports an increase of 3.389% to the City's Total Employer Rate for Safety Employees as a result of implementing 3%@55 and the Pre-Retirement Optional Settlement 2 Death Benefits. This will result in an estimated additional annual cost of \$940,036.


The PERS actuarial valuation reports a first-year cost of \$8,280 as a result of implementing the Fourth Level of 1959 Survivor Benefits, and \$6,466 for each of the following five years, at which time this benefit will be fully funded.

As these benefits were previously approved by the City Council, these costs are included in the proposed FY 2004 budget, and no additional appropriations are necessary at this time.

Respectfully Submitted,


CYNTHIA J. KURTZ
City Manager

Prepared by:


KARYN S. EZELL
Director of Human Resources

Introduced by Councilmember

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PASADENA
AMENDING THE CONTRACT BETWEEN THE CITY OF PASADENA AND THE
BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES
RETIREMENT SYSTEM TO PROVIDE RETIREMENT BENEFIT ENHANCEMENTS TO
LOCAL FIRE EMPLOYEES

The People of the City of Pasadena ordain as follows:

SECTION 1. That an amendment to the contract between the City of Pasadena and the Board of Administration of the California Public Employees Retirement System (CalPERS) 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 of Pasadena is hereby authorized, empowered, and directed to execute said amendment for an on behalf of the City of Pasadena.

SECTION 3. The City Clerk shall certify the adoption of this Ordinance and shall cause this Ordinance to be published in full text.

SECTION 4. This Ordinance shall take effect upon publication.

Signed and approved this 16th day of June, 2003.

Bill Bogaard, Mayor

I HEREBY CERTIFY that the foregoing Ordinance was adopted by the City Council at its regular meeting held June 16, 2003, by the following vote:

AYES:

NOES:

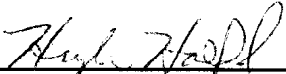
ABSTAIN:

ABSENT:

Published:

Jane L. Rodriguez, City Clerk

Approved as to Form:



Hugh A. Halford, Assistant City Attorney