



Date: March 9, 2016
To: Mayor and City Council
From: Alan H. Shear, Assistant City Manager
Subject: Resolution of Intention to Amend Contract with CalPERS

Recommendation

- A. Resolution of Intention to approve an Amendment to the Contract between the City of Martinez and the California Public Employees' Retirement System (CalPERS) to end the employees cost sharing agreement of 4% (PERS Section 20516) for classic local police members; and
- B. Introduce the PERS Ordinance amending the contract between the PERS Board of Administration and the City of Martinez.

Background

Representatives of the City and the Martinez Police Officers' Association (MPOA) met and conferred on the issue of labor negotiations in accordance with provisions set forth in Government Code Section 3500, Meyers-Millias-Brown Act and reached agreement on an MOU with a contract term of four (4) years from July 1, 2015 through June 30, 2019. One of the agreed upon provisions of the current MOU is to switch the 4% paid by employees from the Employer portion of CalPERS cost to the Employee portion. The current 4% cost sharing agreement was agreed to in the previous MOU.

The ordinance requires a second reading and will go into effect 30 days after said reading. Therefore, staff will return to Council for adoption of the ordinance on April 6, providing an effective date of May 6. CalPERS rules dictate any contract change shall commence at the beginning of the first full pay period following the effective date of an ordinance. Therefore, the 4% switch to the employee portion of the CalPERS rate for safety employees shall begin on May 16.

Fiscal Impact

The fiscal impact of the switch to the employee portion is minimal. However, significant cost savings will be achieved throughout the term of the MOU as employees incrementally increase their contributions until they reach the full employee portion of 9%.

Attachments

- 1. Resolution of Intent & Exhibit
- 2. PERS Ordinance

APPROVED BY:

Interim City Manager

**RESOLUTION OF INTENTION
TO APPROVE AN AMENDMENT TO CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
CITY COUNCIL
CITY OF MARTINEZ**

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 end Section 20516 (Employees Sharing Additional Cost)
of 4% for classic local police members.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the above agency does hereby give notice of intention to approve an amendment to the contract between said public agency 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.

By: _____
Presiding Officer

Mayor
Title

March 16, 2016
Date adopted and approved



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 Martinez

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 July 1, 1950, and witnessed May 31, 1950, and as amended effective July 1, 1954, January 1, 1960, January 1, 1974, July 2, 1983, February 1, 1986, April 1, 1987, November 30, 1991, October 1, 1992, June 16, 1994, October 8, 1994, July 4, 1998, July 1, 2001, January 1, 2008, July 1, 2012, January 1, 2013, January 1, 2014 and January 1, 2015 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 January 1, 2015, 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 entering membership in the miscellaneous classification on or prior to July 1, 2012, age 60 for classic local miscellaneous members entering membership for the first time in the miscellaneous classification after July 1, 2012, age 62 for new local miscellaneous members, age 50 for classic local police members entering membership in the police classification on or prior to July 1, 2012, age 55 for classic local police members entering membership for the first time in the police classification after July 1, 2012, age 55 for classic local fire members and age 57 for new local safety members.

2. Public Agency shall participate in the Public Employees' Retirement System from and after July 1, 1950 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).

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. **EMPLOYEES OF THE MARTINEZ MUNICIPAL FERRY SYSTEM.**
6. The percentage of final compensation to be provided for each year of credited prior and current service for classic local miscellaneous members entering membership in the miscellaneous classification on or prior to July 1, 2012 shall be determined in accordance with Section 21354 of said Retirement Law, subject to the reduction provided therein for service on and after January 1, 1956, the effective date of Social Security coverage, for members whose service has been included in Federal Social Security (2% at age 55 Full and Modified).
7. The percentage of final compensation to be provided for each year of credited current service as a classic local miscellaneous member entering membership for the first time with this agency in the miscellaneous classification after July 1, 2012 shall be determined in accordance with Section 21353 of said Retirement Law, subject to the reduction provided therein for Federal Social Security (2% at age 60 Modified).
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 as a classic local fire member shall be determined in accordance with Section 21366 of said Retirement Law (One-half pay at age 55 Full).
10. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local police member entering membership in the police classification on or prior July 1, 2012 shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full).
11. The percentage of final compensation to be provided for each year of credited current service as a classic local police member entering membership for the first time with this agency in the police classification after July 1, 2012 shall be determined in accordance with Section 21363.1 of said Retirement Law (3% at age 55 Full).

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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 police member shall be determined in accordance with Section 7522.25(d) of said Retirement Law (2.7% at age 57 Full).
13. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Section 20965 (Credit for Unused Sick Leave) for local safety members only.
 - b. Section 21572 (Increased Level of 1959 Survivor Benefits) for local fire members only.
 - c. Section 20042 (One-Year Final Compensation) for those classic local miscellaneous members and classic local police members entering membership on or prior to July 1, 2012.
 - d. Section 20903 (Two Years Additional Service Credit).
 - e. Section 21024 (Military Service Credit as Public Service) for local miscellaneous members only.
 - f. Section 21574 (Fourth Level of 1959 Survivor Benefits) for local police members only.
 - g. Section 20475 (Different Level of Benefits): Section 21353 (2% @ 60 Modified formula) and Section 20037 (Three-Year Final Compensation) are applicable to classic local miscellaneous members entering membership for the first time with this agency in the miscellaneous classification after July 1, 2012.

Section 21363.1 (3% @ 55 Full formula) and Section 20037 (Three-Year Final Compensation) are applicable to classic local police members entering membership for the first time with this agency in the police classification after July 1, 2012.
 - h. Section 20516 (Employees Sharing Cost of Additional Benefits):

Section 21362.2 (3% @ 50 Full formula) and Section 21363.1 (3% @ 55 Full formula) for local police members.

From and after January 1, 2013 and until January 1, 2014 the police employees of Public Agency shall be assessed an additional 1% of their compensation for a total contribution rate of 10% pursuant to Government Code Section 20516.

i. **Section 20516 (Employees Sharing Additional Cost):**

From and after January 1, 2014 and until January 1, 2015, 2% for classic local police members.

From and after January 1, 2015 and until the effective date of this amendment to contract, 4% for classic local police members.

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. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21574 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local police members.
 - b. 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.
 - c. 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.

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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 MARTINEZ

BY _____
RENEE OSTRANDER, CHIEF
EMPLOYER ACCOUNT MANAGEMENT DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest:

Clerk

ORDINANCE NO. C.S.

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

The City Council of the City of Martinez does ordain as follows:

Section 1.

That an amendment to the contract between the City Council of the City of Martinez and the Board of Administration, California Public Employees' Retirement System 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 30 days from the passage thereof shall be published at least once in the Martinez News-Gazette, a newspaper of general circulation, published and circulated in the City of Martinez and thenceforth and thereafter the same shall be in full force and effect.

Properly introduced this 16th day of March, 2016, and adopted and approved this ____ day of _____, 2016.

Presiding Officer

Attest:

Deputy City Clerk