



**CITY OF MARTINEZ**

**CITY COUNCIL AGENDA  
June 20, 2007**

**TO:** Mayor and City Council

**FROM:** Michael Chandler, Senior Management Analyst

**SUBJECT:** 3% @ 50 PERS Contract Amendment for Local Police Members only

**DATE:** June 6, 2007

**RECOMMENDATION:**

1. Adopt a resolution of intention to approve an amendment to the contract between the Board of Administration of the Public Employees' Retirement System (PERS) and the City Council of the City of Martinez to provide Section 21362.2 (3% @ 50 Full Formula) for local police members only.
2. Introduce an ordinance authorizing an amendment to the PERS contract and set a public hearing for July 18, 2007.

**BACKGROUND**

As part of the agreement reached between the City and the Martinez Police Officers' Association (MPOA), the City agreed to amend the contract with PERS to provide Section 21362.2 (3% @ 50 Full Formula) benefit, effective January 1, 2008. This benefit will apply to all MPOA members.

In accordance with Government Code Section 7507, the City must make public the anticipated costs of the proposed contract amendment at a public meeting at least two weeks prior to the adoption of the final ordinance. The change in the Present Value of Benefits is \$3,392,324. The change in the Accrued Liability is \$2,914,766. The change in the Total Employer Rate is 11.442%. These figures are based upon the PERS Contract Amendment Cost Analysis – Valuation Basis as of June 30, 2005. Attached are the resolution of intention; ordinance authorizing the contract amendment; and exhibit contract amendment.

**FISCAL IMPACT:**

The City has budgeted for the enhanced benefit in its approved 2007-09 Biennial Budget. The additional amounts for the benefit are \$203,754 in 2007-08 and \$415,978 in 2008-09.

**ACTION:**

Adopt resolution of intention, introduce ordinance, and set public hearing for July 18, 2007.

Attachments

**APPROVED BY:**



City Manager

**APPROVED BY:**



Department Head

**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 provide Section 21362.2 (3% @ 50 Full formula) for local police members only.

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

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date adopted and approved

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 City Council of the City of Martinez is hereby authorized, empowered, and directed to execute said amendment for and on behalf of said Agency.

**SECTION 3. Severability.** If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance.

The City Council hereby declares that it would have passed this and each section, subsection, phrase or clause thereof irrespective of the fact that any one or more sections, subsections, phrases or clauses be declared unconstitutional on their face or as applied.

**SECTION 4. Effective Date.** This Ordinance shall become effective 30 days after the date of adoption.

**SECTION 5. Posting.** The City Clerk shall cause this ordinance to be published and/or posted within fifteen days after its adoption.

APPROVED: \_\_\_\_\_  
Robert Schroder, Mayor

ATTEST: \_\_\_\_\_  
Mercy G. Cabral, Deputy City Clerk

**I HEREBY CERTIFY** that the foregoing ordinance was duly and regularly introduced at a Regular Meeting of the City Council of the City of Martinez, held on the 20<sup>th</sup> day of June, 2007, and duly passed and adopted at a Regular Meeting of said City Council held on the    day of    , 2007, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

RICHARD G. HERNANDEZ, CITY CLERK  
CITY OF MARTINEZ



**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 and July 1, 2001 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 12 are hereby stricken from said contract as executed effective July 1, 2001, and hereby replaced by the following paragraphs numbered 1 through 12 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 local miscellaneous members; age 55 for local fire members and age 50 for local police members.

PLEASE DO NOT SIGN "EXHIBIT ONE"

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. 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).
4. 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.**
5. The percentage of final compensation to be provided for each year of credited prior and current service for local miscellaneous members 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).
6. The percentage of final compensation to be provided for each year of credited prior and current service as a local fire member shall be determined in accordance with Section 21366 of said Retirement Law (One-half pay at age 55 Full).
7. The percentage of final compensation to be provided for each year of credited prior and current service as a local police member shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full).

PLEASE DO NOT SIGN "EXHIBIT ONLY"

8. 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 local police members and local miscellaneous members only.
  - 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.
9. 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.
10. 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.

11. 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.
12. 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 \_\_\_\_\_  
LORI MCGARTLAND, CHIEF  
EMPLOYER SERVICES DIVISION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_  
PRESIDING OFFICER

\_\_\_\_\_  
Witness Date

\_\_\_\_\_  
Attest:

\_\_\_\_\_  
Clerk