



**CITY OF MARTINEZ**

**CITY COUNCIL AGENDA  
March 16, 2011**

**TO:** Mayor and City Council  
**FROM:** Alan H. Shear, Assistant City Manager  
**SUBJECT:** PERS Side Fund for Miscellaneous Employees  
**DATE:** March 9, 2011

**RECOMMENDATION:**

Adopt a resolution authorizing payment of the Employer #1333 Side Fund for Miscellaneous employees with California Public Employees' Retirement System (PERS).

**BACKGROUND:**

In July 2003 PERS mandated that any Agency with less than 100 active members in PERS was required to participate in a risk pool. At the time the City went into the risk pool (FY 2003-04), PERS put the City's unfunded liability into a side fund for which the City is solely responsible.

The side fund is the difference between the agency's actuarial value of assets and the actuarial liabilities of the rate plan at the time of joining the risk pool. The side fund is amortized at the actuarial assumed investment return of 7.75% and in the absence of subsequent contract amendments or funding changes, the side fund will disappear at the end of the amortization period in fiscal year 2016-17. From the time the risk pool was established, all future unfunded liabilities are pooled and therefore spread over all member agencies in the pool.

Since PERS is using the rate of 7.75%, staff is proposing to pay off the side fund of \$641,000 with the current assigned fund balance that is earmarked for other post employment benefits, which is earning a rate under 1%. Over the course of the next two years, the assigned fund balance will be offset from the asset under CalPERS in lieu of the annual required contribution for other post employment benefits. There is enough of an asset to not cause an unfunded liability. Under the new GASB Statement No. 54 adopted in February 2011, funds can be used for this purpose.

**FISCAL IMPACT**

There will be an estimated savings of \$160,155 over the next 6 years.

**ACTION**

Adopt a resolution authorizing payment of the PERS Miscellaneous Employer #1333 side fund.

ATTACHMENT:  
Resolution

A handwritten signature in black ink, appearing to read "Philip V. Vire". The signature is written in a cursive style with a large initial "P".

**APPROVED BY:** City Manager

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARTINEZ APPROVING THE PAY OFF OF THE EMPLOYER #1333 SIDE FUND FOR MISCELLANEOUS EMPLOYEES WITH CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**WHEREAS**, In July 2003 PERS mandated that any Agency with less than 100 active members enrolled in PERS was required to participate in a risk pool; and

**WHEREAS**, at the time the City went into the risk pool, PERS put the City of Martinez's unfunded liability into a side fund for which the City is solely responsible; and

**WHEREAS**, the side fund is amortized at the actuarial assumed investment return of 7.75% through fiscal year 2016-17; and

**WHEREAS**, the City Council is authorizing the payment with use of funds from the assigned fund balance, other post employment benefits.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Martinez authorizes the pay off of the Employer #1333 Side Fund with California Public Employers' Retiree System.

\* \* \* \* \*

**I HEREBY CERTIFY** that the foregoing is true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on March 16, 2011, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK  
CITY OF MARTINEZ