



CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

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GERALD R. MILLER
CITY MANAGER

June 1, 2004

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

SUBJECT: Request to Apply for Fiscal Year 2005 CalPERS Payment Deferment

DISCUSSION

Given the continued fiscal crisis experienced by state and local governments, the CalPERS Board of Directors voted on April 20, 2004 to allow a one-time deferment of a portion of clients' payments for Fiscal Year 2005 (FY 05). For the City of Long Beach, this deferment would represent an approximately \$14.7 million one-time savings in FY 05. Should a jurisdiction choose to apply for this relief, the deadline to submit an application is June 15, 2004.

The City Manager is seeking approval from the City Council only to submit an application to CalPERS to fully explore the possibility of relief in FY 05. This requested action is not a commitment to accept the deferment, should the City qualify. After completing a comprehensive review of the costs of this deferment, a recommendation will be made.

The Director of Human Resources has conferred with the City's unions over this issue. While they share the City's concern over the potential long term impact of this proposed action, they are nonetheless, interested in obtaining further information regarding this option.

TIMING CONSIDERATIONS

City Council action on this item is requested on June 1, 2004 to allow for the preparation and submission of the City's application before the June 15, 2004 deadline.

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FISCAL IMPACT

There is no fiscal impact associated with this request to apply for the deferment. There will be notable fiscal implications should the City qualify for, and the City Council decide to accept the deferment. The City Manager will come back to the City Council, should the City's application receive approval, and detail the fiscal impacts of this potential action.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Approve the City Manager's request to apply to CalPERS for deferment of the City's Fiscal Year 2005 retirement plan payments.

Respectfully submitted,

Christine J. Shuppig

for

GERALD R. MILLER
CITY MANAGER