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RESOLUTION NO. C -28412

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH EXPRESSING ITS INTENT TO APPROVE AN AMENDMENT TO CONTRACT BETWEEN THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE CITY OF LONG BEACH

WHEREAS, the Public Employees' Retirement Law (commencing with Section 20000 of the California Government Code) permits the participation of public agencies and their employees in the California Public Employees' Retirement System (CalPERS) 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, the City of Long Beach entered into a contract with the Board of Administration of CalPERS to provide for the City's participation in CalPERS effective July 1, 1950, which has been amended from time to time; and

WHEREAS, the City Council intends to further amend said contract to take effect on October 2, 2004; and

WHEREAS, one of the steps in the procedures to amend the City's contract is the adoption by the City Council 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

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

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WHEREAS, the following is a statement of the proposed changes:

To provide Section 20042 (one-year final compensation) and Section 20965 (credit for unused sick leave) and Section 21024 (military service credit as public service) for local miscellaneous members.

NOW, THEREFORE, the City Council of the City of Long Beach resolves as follows:

Section 1. The City Council of the City of Long Beach does hereby give notice of its intention to approve an amendment to the contract between the City of Long Beach and the Board of Administration of the Public Employees' Retirement System effective on October 2, 2004, a copy of said amendment is attached hereto as an Exhibit "A" and by this reference is made a part hereof.

Sec. 2. This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify the vote adopting this resolution.

I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of August 3, 2004, by the following vote:

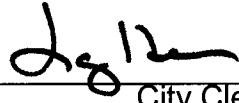
Ayes: Councilmembers: Lowenthal, Baker, Colonna, O'Donnell,
Kell, Reyes Uranga, Gabelich, Lerch.

Noes: Councilmembers: None.

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Absent: Councilmembers: Richardson.



City Clerk

Approved: 8-4-04
(Date)



Beverly O'Neill, Mayor




EXHIBIT A

California
Public Employees' Retirement System



AMENDMENT TO CONTRACT

Between the
Board of Administration
California Public Employees' Retirement System
and the
City Council
City of Long Beach



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 January 1, 1957, July 1, 1960, June 1, 1963, January 1, 1964, February 1, 1965, January 1, 1966, January 1, 1968, October 1, 1968, January 1, 1969, July 1, 1970, April 1, 1971, April 1, 1972, February 1, 1973, July 1, 1973, June 1, 1974, December 1, 1975, July 1, 1976, October 8, 1977, June 1, 1980, November 26, 1982, July 29, 1983, October 7, 1989, October 21, 1989, April 21, 1990, July 18, 1991, June 22, 1996, September 26, 1998, June 30, 2001, August 11, 2001, August 25, 2001, October 20, 2001, December 1, 2001, and August 24, 2002 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 16 are hereby stricken from said contract as executed effective August 24, 2002, and hereby replaced by the following paragraphs numbered 1 through 16 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 and age 50 for 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. 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. Ocean Beach Lifeguards (included as local safety members);
 - d. 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. **PERSONS COMPENSATED ON A PER DIEM BASIS HIRED ON OR AFTER JANUARY 1, 1966;**
 - b. **RECREATION LEADERS/SPECIALISTS AND LIBRARY PAGES HIRED ON OR AFTER NOVEMBER 26, 1982; AND**
 - c. **FIREMEN AND POLICEMEN WHO ARE SUBJECT TO THE PROVISIONS OF SECTION 187 OF THE CITY CHARTER PRIOR TO THE EFFECTIVE DATE OF SECTION 187.1 THEREOF.**
5. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment before and not on or after August 24, 2002 shall be determined in accordance with Section 21354 of said Retirement Law subject to the reduction provided therein for Federal Social Security (2% at age 55 Modified).

6. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment on or after August 24, 2002 shall be determined in accordance with Section 21354.5 of said Retirement Law subject to the reduction provided therein for Federal Social Security (2.7% at age 55 Modified).
7. 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 21362.2 of said Retirement Law (3% at age 50 Full).
8. The percentage of final compensation to be provided for each year of credited prior and current service as a local ocean beach lifeguard shall be determined in accordance with Section 21362.2 of said Retirement Law subject to the reduction provided therein for Federal Social Security (3% at age 50 Modified and Full). (Section 22013.98)
9. The percentage of final compensation to be provided for each year of credited prior and current service as a local police member, except those persons in employment on August 4, 1972 who were reclassified to local police officer status pursuant to Government Code Section 20020.1, shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full). The required member contribution rate is 9% of reportable compensation.
10. The percentage of final compensation to be provided for each year of credited prior and current service for persons in employment on August 4, 1972 who were reclassified to local police officer status pursuant to Government Code Section 20020.1 shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50), supplemental to Federal Social Security. The required member contribution rate is 9% of reportable compensation.
11. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Sections 21624 and 21626 (Post-Retirement Survivor Allowance).
 - b. Section 20421 ("Local Safety Member" shall include ocean beach lifeguards of a city as described in Government Code Section 20421).

- c. Section 20427 ("Local Police Officer" shall include any officer or employee of a juvenile bureau as described in Government Code Section 20427).
- d. Section 21222.1 (One-Time 5% Increase - 1970). Legislation repealed said Section effective January 1, 1980.
- e. Section 21222.2 (One-Time 5% Increase - 1971). Legislation repealed said Section effective January 1, 1980.
- f. Section 20042 (One-Year Final Compensation).
- g. Section 21024 (Military Service Credit as Public Service), Statutes of 1974, for those local fire members and ocean beach lifeguards entering membership on or prior to October 7, 1989, for those local miscellaneous members entering membership on or prior to October 21, 1989, and for those local police members entering membership on or prior to April 21, 1990.
- h. Section 20965 (Credit for Unused Sick Leave).
- i. Section 21319 (One-Time 15% Increase for Local Miscellaneous Members Who Retired or Died Prior to July 1, 1971). Legislation repealed said Section effective January 1, 2002.
- j. Section 21335 (5% Cost-of-Living Allowance) for local fire members and ocean beach lifeguards entering membership on or prior to October 7, 1989; for local miscellaneous members entering membership on or prior to October 21, 1989; and for those local police members entering membership on or prior to April 21, 1990.
- k. Section 20020.1 ("Local Police Officer" shall include employees of a police department who were employed to perform identification or communication duties on August 4, 1972 and who elected to be local safety members within six months of July 29, 1983). Legislation repealed said Section effective January 1, 1985.
- l. Section 20475 (Different Level of Benefits). Section 21335 (5% Cost-of-Living Allowance) and Section 21024 (Military Service Credit as Public Service), Statutes of 1974, are not applicable to local miscellaneous members entering membership after October 21, 1989, local fire members and ocean beach lifeguards entering membership after October 7, 1989 and local police members entering membership after April 21, 1990.

- m. Section 20903 (Two Years Additional Service Credit).
 - n. Section 21024 (Military Service Credit as Public Service), Statutes of 1976.
 - o. Section 21548 (Pre-Retirement Optional Settlement 2 Death Benefit).
 - p. Section 21023.5 (Public Service Credit for Peace Corps, AmeriCorps VISTA, or AmeriCorps Service) for local miscellaneous members only.
 - q. Section 21574 (Fourth Level of 1959 Survivor Benefits) for local police members and local fire members only.
12. Public Agency, in accordance with Government Code Section 20790, ceased to be an "employer" for purposes of Section 20834 effective on December 1, 1975. Accumulated contributions of Public Agency shall be fixed and determined as provided in Government Code Section 20834, and accumulated contributions thereafter shall be held by the Board as provided in Government Code Section 20834.
13. 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.
14. 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 and local fire 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.
15. 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.
 16. 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 LONG BEACH

BY _____
KENNETH W. MARZION, CHIEF
ACTUARIAL & EMPLOYER SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest:

Clerk



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

333 West Ocean Boulevard, 13th Floor

Long Beach, California 90802

(562) 570-6621

FAX (562) 570-8107

August 3, 2004

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

SUBJECT: Resolution of Intention and Ordinance to Amend the City's Contract with the Board of Administration of the California Public Employees' Retirement System (Citywide)

DISCUSSION

On June 18, 2002, the City Council approved the amendments and extensions to the Memoranda of Understanding (MOU) with the Long Beach City Employees' International Association of Machinists and Aerospace Workers (IAM), the Long Beach City Prosecutors' Association, the Long Beach Association of Engineering Employees, the Long Beach Association of Confidential Employees, and the Long Beach City Attorneys' Association. On April 20, 2004, the City Council approved the Memorandum of Understanding with the Long Beach Management Association. These MOU require that the City's contract with the Board of Administration of the California Public Employees' Retirement System (CalPERS) be amended on or about October 1, 2004, to provide Tier II local miscellaneous employees (those hired on or after October 21, 1989) the same retirement benefits as Tier I local miscellaneous employees, except that the cost-of-living adjustment (COLA) will remain two percent (2%). The Council was recently briefed on this proposed amendment by the Director of Financial Management at the May 4, 2004, Budget Workshop.

The contract will be amended to provide for the following retirement benefits for all Tier II miscellaneous employees:

1. **One Year Final Compensation** – The final compensation for calculation of the retirement benefits is based upon the employee's average monthly pay rate for the highest 12 consecutive month period.
2. **Credit for Unused Sick Leave** – Unused accumulated sick leave at the time of retirement may be converted to additional service credit.
3. **Military Credit as Public Service** – A member may elect to purchase up to four years of service credit for any continuous active military or merchant marine service prior to employment.

Given the City's current budget challenges, the City Manager has met with the impacted employee unions to explore options in an effort to defer the cost of this benefit enhancement. However, labor representatives have been unwilling to discuss alternatives to mitigate the impact of this previously negotiated benefit.

In order for the City Council to implement the agreement to amend the City's contract with the Board of Administration of CalPERS, as provided by the various City Council approved Memoranda of Understanding, it is necessary to adopt a Resolution of Intention and a separate Ordinance to amend the CalPERS contract. CalPERS has prepared a contract amendment, which, if adopted, will effect the summarized changes. The City Attorney has reviewed the proposed contract amendment and has prepared a Resolution of Intention and the Ordinance to amend the City's contract with the Board of Administration of CalPERS.

This matter was reviewed by Deputy City Attorney Christina Checél on June 25, 2004 and Budget Management Officer David Wodynski on July 13, 2004.

TIMING CONSIDERATIONS

The Resolution of Intention and first reading of the Ordinance is requested on August 3, 2004, to amend the City's contract with the Board of Administration of CalPERS on October 2, 2004. In order to comply with the Government Code Section 7507 requirement to post future annual costs at least two weeks prior to the adoption of the final Ordinance, the second reading must be scheduled for the City Council meeting of August 24, 2004.

FISCAL IMPACT

A recently received valuation from CalPERS revealed that these proposed enhancements represent an annual estimated increase to the General Fund of \$ 679,812 and to all other City funds a cost of \$1,057,885 for a City wide cost of \$1,737,697. These costs will be incorporated in the FY05 proposed budget.


IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Adopt the attached Resolution of Intention to amend the City's contract with the Board of Administration of CalPERS as prepared by the City Attorney;
2. Declare Ordinance read for the first time and laid over to the City Council meeting of August 24, 2004, for final reading; and

HONORABLE MAYOR AND CITY COUNCIL
August 3, 2004
Page 2

3. Request the City Clerk to cause the Resolution of Intention, a copy of the proposed contract amendment (attached exhibit), and a copy of this letter to be posted in three public places no later than August 6, 2004.

Respectfully submitted,



KEVIN P. BOYLAN
DIRECTOR OF HUMAN RESOURCES

KPB:MME:mme
ciresintordTier2misc4.doc
Attachments

APPROVED:



GERALD R. MILLER
CITY MANAGER