



CITY OF LONG BEACH

R-22

DEPARTMENT OF HUMAN RESOURCES

333 West Ocean Boulevard 13th Floor • Long Beach, CA 90802

DEBORAH R. MILLS
DIRECTOR

March 6, 2012

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

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; declare the Ordinance read the first time and laid over to the City Council meeting of April 3, 2012 for final reading; and, request the City Clerk to cause the Resolution of Intention, a copy of the proposed contract amendment, and a copy of this report to be posted in three public places no later than March 9, 2012. (Citywide)

DISCUSSION

On September 20, 2011, the City Council approved an amendment to the Memorandum of Understanding with the Long Beach Police Officers' Association. On November 1, 2011, the City Council approved an amendment to the Memorandum of Understanding with the Long Beach Firefighters' Association. The amendments increased the employee's contribution towards their retirement, effective October 8, 2011, and November 5, 2011, respectively, and required the City's contract with the Board of Administration of the California Public Employees' Retirement System (CalPERS) to be amended to provide a lower retirement formula for those employees hired after the effective date of the contract amendment.

In order for the City Council to implement the agreements to amend the City's contract with the Board of Administration of CalPERS, as provided by the City Council approved amendments, it is necessary for the Council to adopt a Resolution of Intention and an Ordinance amending the City's contract with CalPERS. CalPERS has prepared a contract amendment, which, if adopted, will provide the 2.0% at 50 full retirement formula and a three-year final compensation period for those employees hired after the effective date of the contract amendment. The City Attorney has reviewed the proposed contract amendment and has prepared a Resolution of Intention and the Ordinance amending the City's contract with the Board of Administration of CalPERS.

HONORABLE MAYOR AND CITY COUNCIL
March 6, 2012
Page 2

This matter was reviewed by Christiana Checél, Senior Deputy City Attorney, on February 13, 2012 and Budget Management Officer Victoria Bell on February 10, 2012.

TIMING CONSIDERATIONS

The Resolution of Intention and first reading of the Ordinance is requested on March 6, 2012, to amend the City's contract with the Board of Administration of CalPERS on May 5, 2012. 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 and the Government Code Section 20471 requirement of twenty (20) day period between the adoption of the Resolution of Intention and the adoption of the final Ordinance, the second reading must be scheduled for the City Council meeting of April 3, 2012.

FISCAL IMPACT

Adopting the 2.0% at 50 full retirement formula and a three-year final compensation period for employees hired after the effective date of the contract amendment will save the City's General Fund an estimated \$22.1 million through FY 22, based on estimates provided by the City's actuary. Actual savings will vary based on how closely the actuarial assumptions match the actual situation in the future. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DEBORAH R. MILLS
DIRECTOR OF HUMAN RESOURCES

DRM:MME:TM
R:\EXECUTIVE ASSISTANT FILES\HR COUNCIL LETTERS\03-06-12 CCL - PD-FIRE CONTRACT AMENDMENT WITH CALPERS.DOC

Attachments: Resolution
Ordinance

APPROVED:



PATRICK WEST
CITY MANAGER

1 RESOLUTION NO.
2

3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH TO APPROVE AN AMENDMENT
5 TO CONTRACT BETWEEN THE BOARD OF
6 ADMINISTRATION OF THE CALIFORNIA PUBLIC
7 EMPLOYEES' RETIREMENT SYSTEM AND THE CITY OF
8 LONG BEACH
9

10 WHEREAS, the California Public Employees' Retirement Law permits the
11 participation of public agencies and their employees in the California Public Employees'
12 Retirement System (CalPERS) by the execution of a contract, and sets forth the
13 procedure by which said public agencies may elect to subject themselves and their
14 employees to amendments to said Law; and

15 WHEREAS, the City of Long Beach entered into a contract with the Board
16 of Administration of CalPERS to provide for the City's participation in CalPERS effective
17 July 1, 1950, which has been amended from time to time; and

18 WHEREAS, the City Council intends to further amend said contract; and

19 WHEREAS, one of the steps in the procedures to amend this contract is the
20 adoption by the governing body of the public agency of a resolution giving notice of its
21 intention to approve an amendment to said contract, which resolution shall contain a
22 summary of the change proposed in said contract; and

23 WHEREAS, the following is a statement of the proposed change:

24 Section 20475 (Different Level of Benefits): Section 21362.2 (3% @ 50 Full
25 formula) and Section 20042 (One-Year Final Compensation) is applicable to only those
26 local Police Safety members in employment on or after August 25, 2001 and to only
27 those Fire Safety members in employment on or after December 1, 2001 and not after
28 the effective date of this amendment to contract. Section 21362 (2% @ 50 Full formula)

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 is applicable to local Police Safety and Fire Safety members entering membership for the
2 first time in the Police Safety and Fire Safety classification after the effective date of this
3 amendment to contract.

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

6 Section 1. The City Council of the City of Long Beach does hereby give
7 notice of its intention to approve an amendment to the contract between the City of Long
8 Beach and the Board of Administration of the California Public Employees' Retirement
9 System, a copy of said amendment being attached hereto, as an "Exhibit" and by this
10 reference made a part hereof.

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

13 I hereby certify that the foregoing resolution was adopted by the City
14 Council of the City of Long Beach at its meeting of _____, 20__ by the
15 following vote:

16
17 Ayes: Councilmembers: _____
18 _____
19 _____
20 _____

21 Noes: Councilmembers: _____
22 _____

23 Absent: Councilmembers: _____
24 _____

25
26
27 _____
28 City Clerk



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 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, August 24, 2002, October 2, 2004 and September 30, 2006 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 17 are hereby stricken from said contract as executed effective September 30, 2006, and hereby replaced by the following paragraphs numbered 1 through 19 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.

PLEASE DO NOT SIGN "EXHIBIT ONLY"

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 attorneys 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) Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than 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.
 - (d) Public Agency's election to file for bankruptcy under Chapter 9 (commencing with section 901) of Title 11 of the United States Bankruptcy Code and/or Public Agency's election to reject this Contract with the CalPERS Board of Administration pursuant to section 365, of Title 11, of the United States Bankruptcy Code or any similar provision of law.
 - (e) Public Agency's election to assign this Contract without the prior written consent of the CalPERS' Board of Administration.
 - (f) The termination of this Contract either voluntarily by request of Public Agency or involuntarily pursuant to the Public Employees' Retirement Law.
 - (g) Changes sponsored by Public Agency in existing retirement benefits, provisions or formulas made as a result of amendments, additions or deletions to California statute or to the California Constitution.

PLEASE DO NOT SIGN "EXHIBIT ONE"

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. Ocean Beach Lifeguards (included as local safety members);
 - d. 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. **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.**

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 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).

7. 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 and not entering membership for the first time in the miscellaneous classification after September 30, 2006 shall be determined in accordance with Section 21354.5 of said Retirement Law subject to the reduction provide therein for Federal Social Security (2.7% at age 55 Modified).

8. The percentage of final compensation to be provided for each year of credited current service as a local miscellaneous member entering membership for the first time in the miscellaneous classification after September 30, 2006 shall be determined in accordance with Section 21354.4 of said Retirement Law subject to the reduction provided therein for Federal Social Security (2.5% at age 55 Modified).

PLEASE DO NOT SIGN "EXHIBIT 01" V

9. The percentage of final compensation to be provided for each year of credited prior and current service as a local fire member entering membership in the fire classification on or prior to the effective date of this amendment to contract shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full).
10. The percentage of final compensation to be provided for each year of credited prior and current service as a local police member entering membership in the police classification on or prior to the effective date of this amendment to contract, 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).
11. 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.
12. 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).
13. The percentage of final compensation to be provided for each year of credited current service as a local fire member entering membership for the first time in the fire classification and for those local police members entering membership for the first time in the police classification after the effective date of this amendment to contract shall be determined in accordance with Section 21362 of said Retirement Law (2% at age 50 Full).
14. 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).

PLEASE DO NOT SIGN "EXHIBIT ONLY"

- 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) for local miscellaneous members, ocean beach lifeguards and for those local fire members and local police members entering membership on or prior to the effective date of this amendment to contract.
- g. Section 20965 (Credit for Unused Sick Leave).
- h. 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.
- i. 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.
- j. 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.
- k. Section 20475 (Different Level of Benefits). Section 21329 (2% Annual Cost-of-Living Allowance Increase) is 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.

Section 21354.4 (2.5% @ 55 Modified formula) is applicable to local miscellaneous members entering membership for the first time in the miscellaneous classification after September 30, 2006.

Section 21362 (2% @ 50 Full formula) and Section 20037 (Three-Year Final Compensation) are applicable to local fire members entering membership for the first time in the fire classification after after the effective date of this amendment to contract.

Section 21362 (2% @ 50 Full formula) and Section 20037 (Three-Year Final Compensation) are applicable to local police members entering membership for the first time in the police classification after after the effective date of this amendment to contract.

18. 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.
19. 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 _____
KAREN DE FRANK, CHIEF
CUSTOMER ACCOUNT SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

PLEASE DO NOT SIGN "EXHIBIT ONLY"

Witness Date

Attest:

Clerk

PLEASE DO NOT SIGN "EXHIBIT ONLY"