

CITY OF DANA POINT

Reviewed By:	
DH	_____
CM	_____
CA	_____

AGENDA REPORT

DATE: JUNE 23, 2004

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: DOUGLAS C. CHOTKEVYS, CITY MANAGER

SUBJECT: AMENDMENT TO THE CONTRACT BETWEEN THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) AND THE CITY OF DANA POINT

RECOMMENDED ACTION:

That the City Council:

1. Adopt a Resolution of Intention to amend the existing contract between the City of Dana Point and PERS.
2. Introduce an Ordinance to amend the contract between the City and PERS.

BACKGROUND:

On January 28, 2004, a Memorandum of Understanding was approved with the Dana Point Employees Association (DPEA). Section 13.B of the agreement states that: "As soon as practical, the City will take action to modify the retirement benefit system contract with PERS from a 2% at 55 formula, three-year final compensation to a 2% at 55 formula, one-year final compensation (Section 20042)." PERS has provided the necessary instructions and documentation for the contractual obligation to now be completed. These provisions will also apply to non-represented employees and the City Council as PERS requires uniform application of retirement plans among employee groups.

The City must declare an intention to modify the existing agreement with the California Public Employees Retirement System in the form of a Resolution of Intention which is included as Action Document A.

Additionally, the PERS contract must be amended by City Ordinance; therefore, the first reading of the Ordinance is included as Action Document B. The second reading and adoption of this Ordinance will be scheduled for the July 14, 2004, City Council meeting.

NOTIFICATION/FOLLOWUP:

A copy of the Resolution of Intention will be forwarded to PERS.

FISCAL IMPACT:

PERS establishes the employer’s funding requirements based upon actuarial projections and the market value of our retirement plan assets (investments). The result of these calculations determines the City’s bi-weekly payments to PERS expressed as a percentage of salaries paid. The employer rate for FY 03-04 is 5.739%. The employer rate for FY 04-05, without the proposed contract amendment, is 9.597%. The proposed contract amendment will revise the FY 04-05 employer rate to 11.063%.

In compliance with Government Code Section 7507, the following information is provided to reflect the costs of the amendment.

Change in the Present Value of Benefits	\$237,650
Change in the Unfunded Accrued Liability	\$141,132
Change in the Employer Rate	1.466%

The Unfunded Accrued Liability is amortized over a period of 20 years.

The increased employer rate will cost the City approximately \$25,541 for FY 04-05, anticipating that the contract amendment will be finalized mid-August 2004. The benefit can be funded from the Reserve for Service Enhancements.

ALTERNATIVE ACTIONS:

Other alternatives as determined by the City Council.

ACTION DOCUMENTS:

PAGE NO.

- A. [Resolution of Intention to approve an amendment to the contract between the Board of Administration California Public Employees’ Retirement System and the City Council of the City of Dana Point](#) 3
- B. [Introduction of an Ordinance of the City Council of the City of Dana Point, California, authorizing an amendment to the contract between the Board of Administration California Public Employees’ Retirement System and the City Council of the City of Dana Point](#) 5

SUPPORTING DOCUMENTS:

None.

ACTION DOCUMENT A

RESOLUTION NO. _____

A RESOLUTION OF INTENTION TO APPROVE AN AMENDMENT TO THE CONTRACT BETWEEN THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE CITY COUNCIL OF THE CITY OF DANA POINT-

THE CITY COUNCIL OF THE CITY OF DANA POINT DOES HEREBY RESOLVE AS FOLLOWS:

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 20042 (One-Year Final Compensation) for local miscellaneous members.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DANA POINT, CALIFORNIA, DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. That the governing body of the above agency does hereby give notice of its 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 Exhibit 1, and by this reference made a part hereof.

SECTION 2. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 23rd day of June, 2004

JOE SNYDER, MAYOR

ATTEST:

SHARON STREET
City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF DANA POINT)

I, Sharon Street, City Clerk of the City of Dana Point, do hereby certify that the foregoing Resolution No. 04-06-23-_____ was duly adopted and passed at a regular meeting of the City Council on the 23rd day of June, 2004, by the following roll-call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

SHARON STREET
CITY CLERK

ACTION DOCUMENT B

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DANA POINT, CALIFORNIA, AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE CITY COUNCIL OF THE CITY OF DANA POINT AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM-

THE CITY COUNCIL OF THE CITY OF DANA POINT DOES ORDAIN AS FOLLOWS:

SECTION 1. That an amendment to the contract between the City Council of the City of Dana Point and the Board of Administration, California Public Employees' Retirement System is hereby authorized, a copy of said amendment being attached hereto, marked Exhibit 1, and by such reference made a part thereof as though herein set out in full.

SECTION 2. The Mayor of the City of Dana Point is hereby authorized, empowered, and directed to execute said amendment for and on behalf of said agency.

SECTION 3. This Ordinance shall take effect 30 days after the date of its adoption, and the City Clerk shall certify as to the adoption of this Ordinance and shall cause a summary thereof to be published within fifteen (15) days of the adoption and shall post a certified copy of this Ordinance, including the vote for and against the same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

PASSED, APPROVED, AND ADOPTED this ____ day of _____, 2004.

JOE SNYDER, MAYOR

ATTEST:

SHARON STREET, CITY CLERK