

CITY OF DANA POINT

Reviewed By:	
DH	<u>X</u>
CM	<u>X</u>
CA	—

AGENDA REPORT

DATE: JULY 28, 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 an Ordinance to amend the contract between the City of Dana Point and California Public Employees Retirement System (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.

At the June 23, 2004, City Council meeting, the City Council adopted Resolution No. 04-06-23-06, notifying PERS of the City Council's intention to approve an amendment to the PERS contract to provide for One-Year Final Compensation. At the June 23, 2004, City Council meeting, the City also had its first reading of the Ordinance that is now included in this report for adoption.

NOTIFICATION/FOLLOWUP:

The necessary paperwork will be provided to PERS to complete the contract amendment process.

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. [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](#)

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SUPPORTING DOCUMENTS:

None.

ACTION DOCUMENT A

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