

COUNCIL COMMUNICATION

TO: THE CITY COUNCIL
FROM: THE CITY MANAGER'S OFFICE

COUNCIL MEETING DATE
DECEMBER 20, 1989

SUBJECT: AMEND CITY OF LODI CONTRACT WITH THE STATE OF CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

PREPARED BY: Assistant City Manager

RECOMMENDED ACTION: The City Council approve a resolution of intention to amend the contract between the Public Employees' Retirement System (PERS) and the City of Lodi as follows:

- To provide the third level of 1959 Survivor Benefits for local safety members and local police members.
- Introduce an ordinance to amend our contract.
- Authorize the release of 1959 survivor benefit assets into the 1959 survivor benefit pool.

BACKGROUND INFORMATION: The 1959 Survivor Benefit member is structured to provide a monthly benefit for those workers and their families who died prior to retirement. It is geared to follow the survivor benefits under social security.

Sometime later an increase to the base benefit was authorized and is included in our present contract. In April 1989 the Board of Administration authorized a third level of benefits.

	<u>Per Month</u>
▪ Spouse age 62 or older, or one child alone	\$350
▪ Spouse with one child or two children alone	\$700
▪ Spouse with two or more children or three children alone	\$840

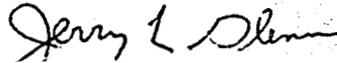
We have adequate reserves in the fund to pay for this additional benefit for 22 years.

AMEND PEKS CONTRACT
December 20, 1989
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The City negotiated this benefit with the Lodi Police Officers' Association. In return the Police Association agreed to modify their health insurance plan. The bargaining units representing non-police and fire employees previously had modified their health insurance plan. The Fire Department unit was offered this plan and at that time refused. It is anticipated that they will be included in our next set of negotiations.

The accompanying resolutions, agreements and ordinance are requirements of the Board of Administration of PERS. Their time requirements do not coincide with ours; therefore, the final action on the ordinance will not be taken until the Council meeting of January 17, 1990.

Respectfully submitted



Jerry L. Glenn
Assistant City Manager

JLG:br

Attachments

RESOLUTION NO. 89-188

RESOLUTION OF INTENTION TO APPROVE AN AMENDMENT TO
CONTRACT BETWEEN THE BOARD OF ADMINISTRATION OF THE
PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE CITY COUNCIL
OF THE CITY OF LODI

=====

BE IT ORDAINED BY THE LODI CITY COUNCIL 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 procedure 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 21382.4 (Third Level of 1959 Survivor Benefits) for local miscellaneous members and local police members only.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the above agency does hereby give notice of intention to approve an amendment to the contract between the said governing body and the Board of Administration of the Public Employees' Retirement System, a COPY of said amendment being attached hereto, as an "Exhibit" and by this reference made a part thereof.

Date: December 20, 1989

I hereby certify that Resolution No. 89-188 was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 20, 1989 by the following vote:

Ayes: Council Members - Hinchman, Olson, Pinkerton and Snider
(Mayor)

Noes: Council Members - None

Absent: Council Members - Reid


Jennifer M. Perrin
Deputy City Clerk

for Alice M. Reimche
City Clerk

Resolution No. 89-188

AGREEMENT AUTHORIZING THE RELEASE OF 1959 SURVIVOR BENEFITS
ASSETS AND LIABILITIES INTO THE THIRD LEVEL 1959 SURVIVOR
BENEFIT POOL BETWEEN THE BOARD OF ADMINISTRATION OF THE PUBLIC
EMPLOYEES' RETIREMENT SYSTEM AND THE CITY COUNCIL OF THE CITY OF LODI

=====

BE IT ORDAINED BY THE LODI CITY COUNCIL AS FOLLOWS:

WHEREAS, the City Council of the City of Lodi has adopted a Resolution of Intention to include in its contract with the Board of Administration, Public Employees' Retirement System, pursuant to Government Code Sections 21380-21387, including Government Code Section 21382.4, the Third Level of 1959 Survivor Benefits for local miscellaneous members and local police members only; and

WHEREAS, Government Code Section 21382.4, requires all assets and liabilities of all contracting agencies subject to this section, and their employees who are covered by this section, to be pooled into a single account;

NOW THEREFORE BE IT AGREED:

Accumulated and/or future contributions required of the City of Lodi and its covered employees are to be released, pursuant to the provisions of Government Code Section 21382.4, to a single account referred to herein as the Third Level 1959 Survivor Benefits Pool.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

CITY COUNCIL
OF THE
CITY OF LODI

BY _____
CHIEF, CONTRACT SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY John R. Snider
JOHN R. (RANDY) SNIDER, MAYOR

Date: _____

Date: December 22, 1959

ATTEST:

Alice M. Reimche
Alice Reimche, City Clerk

PLEASE DO NOT SIGN "EXHIBIT ONLY"

* * * C O P Y * * *

AMENDMENT To CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
OF THE
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
CITY COUNCIL
OF THE
CITY OF LODI

The Board of Administration, Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of above public agency? hereinafter referred to as Public Agency, having entered into a contract effective June 1, 1966, and witnessed April 27, 1966, and as amended effective May 1, 1970, July 1, 1973 and July 1, 1977, which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

A. Paragraphs 1 through 12 are hereby stricken from said contract as executed effective July 1, 1977, and hereby replaced by the following paragraphs numbered 1 through 12 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 60 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 June 1, 1966 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. 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:

**PERSONS COMPENSATED ON AN HOURLY BASIS WHO
ARE HIRED JUNE 1, 1966 OR THEREAFTER; AND
ELECTIVE OFFICIALS.**

b-

Assets heretofore accumulated with respect to members in the local retirement system have been transferred to the Public Employees' Retirement System and applied against the liability for prior service incurred thereunder. That portion of the assets so transferred representing the accumulated contributions (plus interest thereof) required of the employees under said local system has been credited to the individual membership account of each such employee under the Public Employees' Retirement System.

6. The percentage of final compensation to be provided for local miscellaneous members for each year of credited prior and current service shall be determined in accordance with Section 21251.13 of said Retirement Law subject to the reduction provided therein for service prior to June 30, 1977, termination of Social Security, for members whose service has been included in Federal Social Security (2% at age 60 Full and Modified).
7. The percentage of final compensation to be provided for each year of credited prior and current service as a local safety member shall be determined in accordance with Section 21252.01 of said Retirement Law (2% at age 50 Full).
8. The following additional provisions of the Public Employees' Retirement Law, which apply only upon election of a contracting agency, shall apply to the Public Agency and its employees:
- a. Section 21361.5 (Local System Service Credit).
 - b. Section 21222.1 (Special 5% Increase - 1970). Legislation repealed said Section effective January 1, 1980.
 - c. Sections 21263 and 21263.1 (Post-Retirement Survivor Allowance) for local miscellaneous members only.
 - d. Sections 21380 - 21387 (1959 Survivor Benefits) excluding Section 21382.2 (Increased 1959 Survivor Benefits) and Section 21382.4 (Third Level of 1959 Survivor Benefits) for local fire members only.
 - e. Sections 21380 - 21387 (1959 Survivor Benefits) including Section 21382.2 (Increased 1959 Survivor Benefits) and Section 21382.4 (Third Level of 1959 Survivor Benefits) for local miscellaneous members only.

PLEASE DO NOT SIGN "EXHIBIT"
"ALT"

- f. Sections 21380 - 21387 (1959 Survivor Benefits; including Section 21382.4 (Third Level of 1959 Survivor Benefits) for local police members only.
- g. Section 21298 (Increased Non-Industrial Disability Allowance) for local miscellaneous members only.
- 9. Public Agency, in accordance with Government Code Section 20740, ceased to be an "employer" for purposes of Section 20759 effective on July 1, 1977. Accumulated contributions of Public Agency shall be fixed and determined as provided in Government Code Section 20759, and accumulated contributions thereafter shall be held by the Board as provided in Government Code Section 20759.
- 10. Public Agency shall contribute to said Retirement System as follows:
 - a. With respect to local miscellaneous members, the agency shall contribute the following percentages of salaries earned as members of said Retirement System:
 - (1) 0.876 percent until June 30, 2000 on account of the liability for prior service benefits. (Subject to annual change.)
 - (2) 7.339 percent until June 30, 2000 on account of the liability for current service benefits. (Subject to annual change.)
 - b. With respect to local safety members, the agency shall contribute the following percentages of salaries earned as members of said Retirement System:
 - (1) 4.664 percent until June 30, 2000 on account of the liability for prior service benefits. (Subject to annual change.)
 - (2) 13.056 percent until June 30, 2000 on account of the liability for current service benefits. (Subject to annual change.)
 - c. Public Agency shall contribute \$2.50 per employee, per month on account of the liability for the 1959 Survivor Benefits provided under Section 21382.4 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 beneficiaries of all local miscellaneous members and local police members.

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- d. 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.
- e. 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.

11. 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.

12. 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 _____ 19____

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT

CITY COUNCIL
OF THE
CITY OF LODI

BY _____
CHIEF, CONTRACT SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
Presiding Officer

Witness Date _____

Attest: _____

Clerk

PLEASE DO NOT SIGN EXCEPT ONLY



JERRY L. GLENN

CITY OF LODI

HALL, 221 WEST PINE STREET
CALL BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 334-5634

THOMAS A. PETERSON
City Manager

ALICE M. REIMCHE
City Clerk

BOB McNATT
City Attorney

ASSISTANT CITY MANAGER
CITY OF LODI
(209) 333-6700

ALICE M. REIMCHE
CITY CLERK
CITY OF LODI

January 2, 1990

Cynthia L. Alameda
Retirement Specialist
Public Agency Contract Services
Contract Services Division
California Public Employees' Retirement System
Lincoln Plaza-4GG "P" Street, Room 1120
P. O. Box 922709
Sacramento, CA 94229-2709

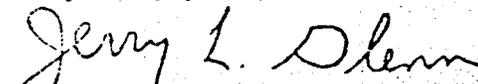
Dear Ms. Alameda:

Attached for signature are executed copies of the Agreement between PERS and the City of Lodi as well as a copy of the City's Resolution No. 89-188. Please return two copies to our office.

Per your instructions, City of Lodi Ordinance 1473 is on the City Council agenda for the meeting of January 17, 1990. A copy of that ordinance will be sent to you by City Clerk Alice Reimche.

Should you have any questions, please don't hesitate to give me a call.

Very truly yours,


Jerry L. Glenn
Assistant City Manager

JLG:br

Attachment

cc: City Clerk

ACMLT153