



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
[www.CityofSacramento.org](http://www.CityofSacramento.org)

CONSENT  
March 21, 2006

Honorable Mayor and  
Members of the City Council

**Subject:** Ordinance Amending Contract No. 89-110 With Public Employees  
Retirement System (PERS)

**Location/Council District:** Citywide

**Recommendation:** Adopt an Ordinance amending Contract 89-110 with PERS  
to provide for the conversion of unused sick leave for service credit at the time of  
retirement for all local Fire members and Miscellaneous members.

**Contact:** Geri Hamby, Director of Human Resources, 808-7173; Marti Flores,  
Support Services Manager, 808-8566

**Presenters:** Geri Hamby, Director of Human Resources, 808-7173; Marti Flores,  
Support Services Manager, 808-8566

**Department:** Human Resources

**Division:** Administration

**Organization No:** 1511

**Summary:**

Pursuant to the negotiated settlement with the City of Sacramento's Local 522  
which represents the Fire Department and in accordance with the negotiated  
labor agreements for Miscellaneous employees (includes all City employees  
except Safety), the PERS contract shall be amended to provide credit for unused  
sick leave, effective April 29, 2006.



To accomplish this amendment to the PERS contract, the City Council is required to adopt the final ordinance at the March 21, 2006 meeting. This Ordinance was passed for publication at the Council meeting of February 28, 2006.

**Committee/Commission Action:** None.

**Background Information:**

During the 2005 labor negotiations with the Fire Department and with the other non-safety bargaining units, the City agreed to amend the PERS contract to provide for the conversion of unused sick leave at the time of retirement to service credit.

The actuarial valuation impacts for the adoption of the plan amendment for Safety will take the Estimated Employer Rate for Safety from 22.709% to 22.947% for 2006-2007.

1) Change in the present Value of Benefits	\$2,094,162
2) Increase in Actuarial Value of Assets	\$0
3) Change in the Unfunded Accrued Liability	\$1,320,629
4) Change in the Total Employer Rate	0.238%

The actuarial valuation impacts for the adoption of the plan amendment for Miscellaneous will take the Estimated Employer Rate for Miscellaneous from 10.996% to 11.278% for 2006-2007.

1) Change in the present Value of Benefits	\$3,623,226
2) Increase in Actuarial Value of Assets	\$0
3) Change in the Unfunded Accrued Liability	\$2,359,163
4) Change in the Total Employer Rate	0.282%

**Financial Considerations:**

The amendment to the PERS contract implements a portion of the new labor contracts, specifically the elimination of sick leave payoff and the implementation of the conversion of sick leave to PERS service credit. The implementation of this portion of the contract will result in no additional cost to the City in FY06 as the cost of the conversion to service credit is offset by the elimination of sick leave payoff at the time of retirement. In FY07, the estimated PERS rate for Safety was 0.238% higher and .282% higher for Miscellaneous than the rate that was estimated prior to this amendment.

**Environmental Considerations:**

There are no applicable environmental concerns.

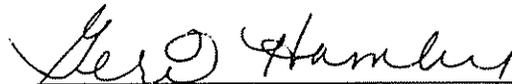
**Policy Considerations:**

This retirement enhancement is consistent with the City's Strategic Planning goal of recruiting and retaining a qualified diverse work force and the adoption of the Ordinance will be in compliance with the negotiated labor agreement and the personnel resolution.

**Emerging Small Business Development (ESBD):**

No goods or services are being purchased under this report.

Respectfully Submitted by:

  
\_\_\_\_\_  
Geri Hamby, Director of Human Resources

Recommendation Approved:

  
\_\_\_\_\_  
RAY KERRIDGE  
City Manager

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ORDINANCE NO. \_\_\_\_\_

Adopted by the Sacramento City Council

March 21, 2005

**AN ORDINANCE AUTHORIZING AN AMENDMENT TO  
CONTRACT NO. 89-110 BETWEEN THE CITY COUNCIL  
OF THE CITY OF SACRAMENTO AND THE BOARD OF  
ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES'  
RETIREMENT SYSTEM**

**BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:**

**Section 1.**

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

**Section 2.**

The Mayor of the City of Sacramento is hereby authorized, empowered, and directed to execute said amendment for and on behalf of City of Sacramento.

**Section 3.**

This Ordinance shall take effect April 29, 2006 or thirty (30) days after the date of its adoption, whichever is later.

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**EXHIBIT**

California  
Public Employees' Retirement System

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## **AMENDMENT TO CONTRACT**

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

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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 January 29, 1977, and witnessed January 25, 1977, and as amended effective June 1, 1978, March 17, 1988, December 30, 1989, June 26, 1991, February 21, 1992, May 29, 1996, November 20, 1996, December 19, 1997, July 1, 2000, June 30, 2001, September 22, 2001, June 29, 2002 and November 26, 2005 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 November 26, 2005, and hereby replaced by the following paragraphs numbered 1 through 17 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, age 55 for local fire members and age 50 for local police members.
  2. Public Agency shall participate in the Public Employees' Retirement System from and after January 29, 1977 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.

PLEASE DO NOT SIGN "EXHIBIT C"

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:
  - a. **ALL MISCELLANEOUS EMPLOYEES WHO WERE IN EMPLOYMENT PRIOR TO JANUARY 29, 1977; AND**
  
  - b. **ALL PERSONS WHO ARE PARTICIPANTS (AS THAT TERM IS DEFINED IN THE ACT HEREINAFTER REFERRED TO AND ANY REGULATIONS PROMULGATED THEREUNDER) UNDER THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT OF 1973, AS AMENDED.**
  
5. Assets heretofore accumulated with respect to members in the local retirement system who entered membership in this system on December 30, 1989 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 which represent 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. This contract shall be a continuation of the fire function of the Pacific Fire Protection District, hereinafter referred to as "Former Agency". The accumulated contributions, assets and liability for prior and current service under the Former Agency's contract with respect to the fire function shall be merged pursuant to Section 20508 of the Government Code. Such merger occurred December 28, 1991.
  - a. All benefits provided under this contract shall apply to all past service for former employees of the Pacific Fire Protection District.

PLEASE DO NOT SIGN "EXHIBIT ONE"

7. The percentage of final compensation to be provided for local miscellaneous members for each year of credited prior service is 0% and the percentage of final compensation to be provided for each year of credited current service is 100%, and determined in accordance with Section 21354, subject to the reduction provided therein for service on or after January 29, 1977, for members whose service has been included in Federal Social Security (2% at age 55 Full and Modified).
8. The percentage of final compensation to be provided for local police members who entered membership in this System on or after January 29, 1977 and prior to December 30, 1989 for each year of credited prior service is 0% and the percentage of final compensation to be provided for each year of credited current service is 100% and for those local police members who entered membership after December 30, 1989 for each year of credited current service is 100% and determined in accordance with Section 21362.2 of said Retirement Law (3% @ age 50 Full).
9. The percentage of final compensation to be provided for local fire members who entered membership in this System on or after January 29, 1977 and prior to December 30, 1989 for each year of credited prior service is 0% and the percentage of final compensation to be provided for each year of credited current service is 100% and for those local fire members who entered membership after December 30, 1989 for each year of credited current service is 100% and determined in accordance with Section 21363.1 of said Retirement Law (3% @ age 55 Full).
10. The percentage of final compensation to be provided for each year of credited prior and current service for local police members who transferred from the local system and entered membership in this System on December 30, 1989 shall be determined in accordance with Section 21362.2 of said Retirement Law (3% @ 50 Full).
11. The percentage of final compensation to be provided for each year of credited prior and current service for local fire members who transferred from the local system and entered membership in this System on December 30, 1989 shall be determined in accordance with Section 21363.1 (3% @ age 55 Full).
12. Public Agency elected and elects to be subject to the following optional provisions:
  - a. Sections 21624 and 21626 (Post-Retirement Survivor Allowance).
  - b. Section 21151 (Industrial Disability Retirement For Local Miscellaneous Members).
  - c. Section 21022 (Public Service Credit for Periods of Lay-Off) for local fire members only.

PLEASE DO NOT SIGN "EXHIBIT C"

- d. Section 21335 (3% Cost-of-Living Allowance, limited pursuant to Section 21252.023 (a) for local safety members who transferred from the local system, entered membership in this System on December 30, 1989 and retired after that date. Legislation repealed said Section effective June 30, 1991.
  - e. Section 21037 (Cancellation of Payment for Optional Service Credit Upon Retirement for Industrial Disability) limited pursuant to Section 21038 for local safety members who transferred from the local system and entered membership in this System on December 30, 1989.
  - f. Section 21536 (Local System Service Credit Included in Basic Death Benefit) for local safety members who transferred from the local system and entered membership in this System on December 30, 1989.
  - g. Section 20042 (One-Year Final Compensation).
  - h. Section 21024 (Military Service Credit as Public Service).
  - i. Section 21023.5 (Public Service Credit for Peace Corps, AmeriCorps VISTA, or AmeriCorps Service) for local miscellaneous members and local fire members only.
  - j. Section 20965 (Credit for Unused Sick Leave).
13. Public Agency, in accordance with Government Code Section 20834, shall not be considered an "employer" for purposes of the Public Employees' Retirement Law. Contributions of the Public Agency shall be fixed and determined as provided in Government Code Section 20834, and such contributions hereafter made shall be held by the Board as provided in Government Code Section 20834.
14. 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.
15. Public Agency shall also contribute to said Retirement System as follows:
- a. 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.

- b. 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.
16. 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.
  17. 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 SACRAMENTO

BY \_\_\_\_\_  
LORI MCGARTLAND, CHIEF  
EMPLOYER SERVICES DIVISION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_  
PRESIDING OFFICER

\_\_\_\_\_  
Witness Date

Attest: \_\_\_\_\_

\_\_\_\_\_  
Clerk