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**CITY OF SACRAMENTO  
CALIFORNIA**

November 28, 2001

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Mayor and City Councilmembers  
Sacramento, California

Honorable Members In Session:

SUBJECT: CALLING AND GIVING NOTICE OF THE SUBMISSION TO THE VOTERS  
OF A QUESTION RELATING TO A PROPOSED CITY CHARTER AMENDMENT  
TO BE INCLUDED WITH THE CONSOLIDATED PRIMARY MUNICIPAL  
ELECTION OF MARCH 5, 2002.

LOCATION AND COUNCIL DISTRICT:

All Districts.

RECOMMENDATION:

Adopt the attached Resolution calling the measure to the March 5,  
2002 ballot.

CONTACT PERSON: Robert Hardcastle, Elections Coordinator

FOR COUNCIL MEETING OF: December 4, 2001

SUMMARY

This report requests adoption of the attached resolution calling for  
and giving notice of the submission of a question to the voters  
relating to a proposed City Charter Amendment, with such question to  
be included on the Consolidated Primary Municipal Election ballot of  
March 5, 2002.

BACKGROUND INFORMATION

On November 27, 2001, the City Council approved the placement of a  
measure pertaining to a proposed City Charter Amendment on the March  
5, 2002 Primary Municipal Election ballot.

City Council  
Re: Calling and Noticing Question to Ballot  
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FINANCIAL CONSIDERATIONS

The County has estimated that there is no additional cost to the City for placing this question on the ballot.

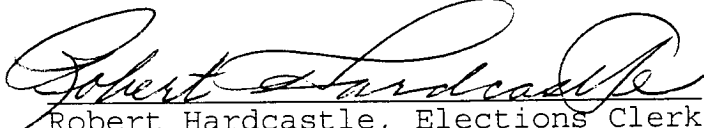
POLICY CONSIDERATIONS

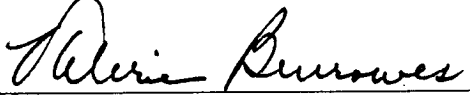
The staff recommendations are consistent with California Elections Code.

ESBD CONSIDERATIONS:

No impact.

Respectfully Submitted,

  
Robert Hardcastle, Elections Clerk

  
Valerie Burrowes, City Clerk

**RESOLUTION NO.** 7401.800

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO, CALIFORNIA, CALLING AND GIVING NOTICE OF THE SUBMISSION TO THE VOTERS OF A QUESTION RELATING TO A PROPOSED CITY CHARTER AMENDMENT AS REQUIRED BY THE PROVISIONS OF THE LAWS OF THE STATE OF CALIFORNIA RELATING TO CHARTER CITIES

WHEREAS, under the provisions of the laws relating to Charter Cities in the State of California, a Primary Municipal Election shall be held on March 5, 2002, for the purpose of submitting a question to the voters pertaining to a proposed City Charter Amendment; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SACRAMENTO, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

Section 1: That the City Council, pursuant to its right and authority, does order submitted to the voters at the Primary Municipal Election the following question:

Shall the provisions of the Charter of the City of Sacramento that govern the Sacramento City Employees Retirement System be amended to change the definition of "final compensation" from a three year average to a single highest paid year formula; to allow employer payment of required employee contributions; to allow the City Council to change the age and years of service formula by ordinance; to allow the City Council to appropriate "Excess Funding" in the system to other specified municipal public purposes; and to allow the City Council to enact ordinances to clarify or implement these amendments?

YES \_\_\_\_\_

NO \_\_\_\_\_

**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

Section 2: That the proposed measure submitted to the voters is attached as Exhibit A.

Section 3: That the ballots to be used at the election shall be in form and content as required by law.

Section 4: That the City Clerk is authorized, instructed and directed to procure and furnish any and all official ballots, notices, printed matter and all supplies, equipment and paraphernalia that may be necessary in order to properly and lawfully conduct the election.

Section 5: That the polls for the election shall be open at 7:00 o'clock a.m. of the day of the election and shall remain open continuously from that time until 8:00 o'clock p.m. of the same day when the polls shall be closed, except as provided in Section 14301 of the Elections Code of the State of California.

Section 6: That in all particulars not recited in this resolution, the election shall be held and conducted as provided by law for holding municipal elections.

Section 7: That notice of the time and place of holding the election is given and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.

Section 8: That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

Reso.Meas.Called.030502.frm

FOR CITY CLERK USE ONLY

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

## CHARTER AMENDMENT PROVISIONS

**Section 1.** Section 402 is added to the Sacramento City Charter, to read as follows:

**Section 402 Definition of Final Compensation.** The provisions of this section shall apply only to employees of the City of Sacramento who are active members of the Sacramento City Employees Retirement System as of April 6, 2002. For all purposes associated with Article XVII of this Charter and Title 2, Chapter 2.124 of the Sacramento City Code, the term "final compensation" shall mean the compensation paid to an employee during the twelve highest paid consecutive months of employment. The City Council shall enact by ordinance amendments to the provisions of the Sacramento City Code, Title 2, Chapter 2.124 to implement or clarify the provisions of this section.

**Section 2.** Section 403 is added to the Sacramento City Charter, to read as follows:

**Section 403 Employer payment or pick up of employee contributions.** Notwithstanding any other provision of Article XVII of this Charter or of Title 2, Chapter 2.124 of the Sacramento City Code, the City Council may by ordinance, resolution or motion provide for payment of required employee contributions to the Sacramento City Employees Retirement System by the city through an employer pick up plan or through any other legally appropriate mechanism. The City Council shall enact by ordinance amendments to the provisions of the Sacramento City Code, Title 2, Chapter 2.124 to implement or clarify the provisions of this section.

**Section 3.** Section 404 is added to the Sacramento City Charter, to read as follows:

**Section 404 Amendments to P.E.R.S. contract age and years of service formula for miscellaneous P.E.R.S. members: amendments to corresponding provisions of the Sacramento City Employees Retirement System.** The provisions of this section shall apply only to employees of the City of Sacramento who are active members of the Sacramento City Employees Retirement System as of the date that the City Council takes the action specified herein to change the Sacramento City Employees Retirement System age and service formula; provided, however, that this section shall not apply to employees who are active members of the Equal Shares Plan under former (1976) Charter sections 302, et seq. as of said date. Notwithstanding any other provision of Article XVII of this Charter or of Title 2, Chapter 2.124 of the Sacramento City Code, if the City Council adopts amendments to the contract between the City of Sacramento and the Board of Administration of the Public Employees Retirement System providing for benefits for city miscellaneous employees, which amendments have the effect of improving the age and years of service formula under said contract, the City Council may by ordinance adopt the same age and years of service formula for active members of the Sacramento City Employees Retirement System. The City Council shall enact by ordinance amendments to the provisions of the Sacramento City Code, Title 2, Chapter 2.124 to implement or clarify the provisions of this section.

**Section 4.** Section 405 is added to the Sacramento City Charter, to read as follows:

**Section 405 Excess funding.**

(a) The actuary for the system shall annually conduct an actuarial valuation to determine as of June 30 of each fiscal year, commencing June 30, 2002, whether Excess Funding exists in the system. For purposes of this section, "Excess Funding" means assets of the system in excess of the liabilities of the system. In conducting the actuarial valuation, the actuary shall employ the procedures set forth in section 384 of this Charter, together with any applicable rules, resolutions, regulations or policies established, adopted or published by the board. The assets of the system shall be determined in conformity with prudent accounting and actuarial principles generally accepted in the United States of

America. The actuary may combine the analysis required hereunder with any other report which it prepares for or on behalf of the board. In preparing the valuation the actuary may utilize such other reports that the actuary has issued with respect to the liabilities or assets of the system.

(b) The actuary shall present the valuation report to the board at a regular board meeting within 120 days following the end of the fiscal year for which the report was prepared. The board shall, based upon the report and any other information presented to the board in connection with the report, make determinations as to whether Excess Funding exists in the system, and if so the amount of the Excess Funding. The board's determinations shall be set forth in a resolution adopted by the board. The board shall have sole and exclusive jurisdiction to make these determinations, and the board's decision shall be final.

(c) If the board determines that there is Excess Funding in the system, subject to the limitations specified herein the City Council may by resolution direct the City Treasurer to transfer some or all of the Excess Funding to the city general fund. The City Council may by resolution appropriate the Excess Funding for the following limited purposes, in the following priority order:

(1) To fund retiree health insurance contributions that would otherwise be paid by the city, pursuant to collective bargaining agreements between the city and its several bargaining units, and pursuant to resolutions theretofore adopted by the City Council.

(2) To the extent that Excess Funding remains after funding the contributions specified in subsection (c)(1) above, to recover all usual, normal and reasonable costs of administering the retirement system incurred or paid by the city including but not limited to the costs of services provided pursuant to section 393 of this Charter, services related to retirement payroll processing, insurance benefits and administration, benefit planning, actuarial services, disability medical examinations, hearing representation and review costs.

(3) To the extent that Excess Funding remains after funding the contributions and costs specified in subsections (c)(1) and (2) above, to reimburse the city for its payment of retirement-related benefits for all city employees, including but not limited to any city-paid employee retirement contributions pick-up plans or other similar programs.

(4) To the extent that Excess Funding remains after funding the contributions, costs and reimbursements specified in subsections (c)(1), (2) and (3) above, and after retention of a reasonable and prudent reserve equal to the greater of the annual payment required to retirees and beneficiaries or the actual annual income of the system for the fiscal year covered by the valuation report, to use up to fifty percent (50%) of the remaining Excess Funding to fund any project which has a public purpose. For purposes of this section, the "actual annual income of the system" shall mean the interest and income on the assets of the system.

The City Council shall enact by ordinance amendments to the provisions of the Sacramento City Code, Title 2, Chapter 2.124 to implement or clarify the provisions of this section.

**Section 5.** Section 393 of the Sacramento City Charter is amended to read as follows:

"Subject to the provisions of section 405 of this Charter, all usual, normal and reasonable costs of administering the retirement system, including actuarial fees and costs, shall be borne by the city. When an agreement is entered into by the board with professional financial advisors, such as investment counsel, trust companies, or trust department of banks in regard to the management and investment of the funds in the system, any fee stipulated in such agreement to be paid to such financial advisors shall not be considered a cost of administration but shall be considered as a charge against the assets of the retirement system to apportioned among the fund of funds of the retirement system as determined by the

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board. In addition, any other ordinary costs incurred in regard to the management and investment of the funds in the system, including, but not limited to, brokers' fees, attorneys' fees, insurance, taxes, and property management fees, shall not be considered a cost of administration but shall be considered as a charge against the assets of the retirement system to be apportioned among the fund or funds of the retirement system as determined by the board."

**Section 6.** Section 386 of the Sacramento City Charter is amended to read as follows:

"Subject to the provisions of section 405 of this Charter, as nearly as practicable, the accounting system for the retirement system shall conform to generally accepted accounting principles. The board shall cause the funds of the retirement system to be accounted for according to membership in, and funds contributed to, each plan in the system. Accumulated contributions of members shall be accounted for according to individual members' accounts. In accounting for contributions under this plan and the "equal shares retirement plan" created by former (1976) Charter section 302, the city's contributions for safety members and for miscellaneous members shall be accounted separately by group. The accounting system shall account separately for accumulated contributions of all retired and deceased members held for payment of annuities to or on account of such members and city contributions held for payment of pensions to or on account of such members."

**Section 7.** Section 385 of the Sacramento City Charter is amended to read as follows:

"It shall be the policy of the board to set rates which shall:

- (a) Cause the city to pay the unfunded city costs of the system as of January 1, 1977, based upon an actuarial evaluation as of June 30, 1976, over a period ending on June 30, 2007;
- (b) Cause the city to amortize any increases or decreases in the estimated city costs of the system which occurs after June 30, 1976, over periods of time ending on the latter of June 30, 2007, or ten (10) years after the dates such increases or decreases incurred;
- (c) Cause the city to make such city contributions as may be required to amortize liabilities described in (a) or (b) preceding as a level percentage of total payroll;
- (d) Cause the city to begin to make the city contributions described in Subparagraph (a) beginning on January 1, 1983, and to make contributions beginning on January 1, 1977, such that the city contributions for the six (6) succeeding calendar years will be expected to increase each year uniformly as a percentage of total payroll from the amount actually contributed by the city in fiscal year 1976-77 to that estimated as required under Subparagraph (c) for the calendar year following January 1, 1983, and later; and,
- (e) Cause the city to comply with any applicable federal law relating to minimum funding of this system, notwithstanding any provision in this section to the contrary.

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In addition to the duties prescribed in this section, the actuary shall perform the duties specified in section 405 of this Charter.

**Section 8.** Section 383 of the Sacramento City Charter is amended to read as follows:

"Subject to the provisions of section 405 of this Charter, the board shall have exclusive control of the administration of such fund or funds as may come into the possession of the system, provided that all investments shall be investments permissible by law for investment of trust funds (as provided in section 16040 of the California Probate Code) and shall conform to general investment standards approved by the city council. The board shall adopt general investment standards which the city council shall either approve or disapprove. The board shall employ and obtain advice and services from professional financial advisors, expert in their respective fields, such as investment counsel, trust companies or trust departments of banks, in regard to the management and investment of the funds in the system. Nothing contained in this article shall be construed to prevent the board from administering, managing and investing the funds of the system as a single fund."

**Section 9.** Section 382 of the Sacramento City Charter is amended to read as follows:

"Subject to the provisions of sections 388 and 391, and in addition to the duties specified in section 405 of this Charter, the board shall have full authority under the Charter and such general ordinances as may be lawfully adopted by the city council to maintain and manage retirement plans of this system, including, but not limited to the adoption of investment standards, the fixing of contribution rates, the administration and investment of funds, the selection of investment advisors, the crediting of interest, any action required of it by the Charter and any action relating to the fiscal management of the system except those matters directly pertaining to claims for benefits and claims for refunds under former (1989) Charter section 436, filed with the retirement system manager.

All references to the "retirement board" or "board" in former (1976) Charter sections 167 to 175.29, inclusive (and ordinances enacted to maintain and implement the retirement plans created by said sections) and former (1976) Charter sections 290 to 367, inclusive (and ordinances enacted to maintain and implement the retirement plans created by said sections) shall mean the Administration, Investment and fiscal Management Board; provided, however, nothing herein shall divest the Retirement Hearing Commission of the appellate powers granted to it by section 388 of this Charter; and when said commission has jurisdiction by virtue of an appeal having been lawfully taken to the commission, all references to the "retirement board" or "board" in such former Charter sections and ordinances shall mean the Retirement Hearing Commission. It is further provided that nothing herein shall divest the retirement system manager of the powers granted to him or her by section 391 of this Charter; and when said manager has jurisdiction by reason of a claim for benefits having been lawfully filed with him or her, all references to the "retirement board" or "board" in such former (1976) Charter sections and ordinances shall mean the retirement system manager.

The board may adopt rules and regulations consistent with this article to implement and carry out its provisions."

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