



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

February 28, 2006

Consent

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: 1) Adopt a Resolution of Intent approving an amendment to Contract No. 89-110 between the Board of Administration of the Public Employees' Retirement System and the City Council of the City of Sacramento; 2) review the Ordinance amending contract 89-1-10 with PERS to provide for the conversion of unused sick leave for service credit at the time of retirement for Fire Safety and Miscellaneous Members; 3) pass for publication of title as required by Sacramento City Charter 32c; and 4) continue to March 21, 2006 for final adoption.

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:

- Pass for publication an ordinance; and
- Adopt the final ordinance at the March 21, 2006 meeting

This is being presented for approval of publication of title pursuant to City Charter Section 32

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.

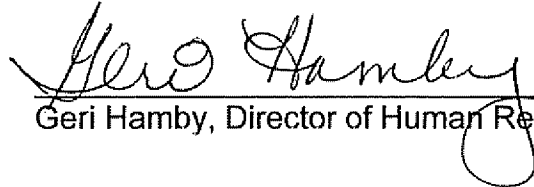
Policy Considerations:

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:



Gerri Hamby, Director of Human Resources

Recommendation Approved:


RAY KERRIDGE
City Manager

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ORDINANCE NO.

Adopted by the Sacramento City Council

**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.

RESOLUTION NO. _____

Adopted by the Sacramento City Council

February 28, 2002

**A RESOLUTION OF INTENTION
TO APPROVE AN AMENDMENT TO CONTRACT NO. 89-110
BETWEEN THE BOARD OF ADMINISTRATION OF THE
PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE
CITY COUNCIL OF THE CITY OF SACRAMENTO**

BACKGROUND

- A. 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
- B. 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 changes proposed in said contract; and
- C. The following is a summary of the proposed amendments to said contract between the City of Sacramento and the Public Employees' Retirement System:

Section 20965 – Conversion of unused sick leave for service credit at the time of retirement for all local Fire members and Miscellaneous members

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The Sacramento City Council, as governing body of the City of Sacramento does hereby give notice of its intention to approve an amendment to the contract between the City of Sacramento 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 hereof.