

ORDINANCES & RESOLUTIONS

**CITY COUNCIL
July 23, 2002**

To: Mayor and City Council
From: George J. Rodericks, City Manager

SUBJECT: RESOLUTION NO. 2002-2631 RESOLUTION OF INTENT AND ORDINANCE NO. 2002-486; AMENDING PERS CONTRACT

BACKGROUND

Each year, management meets and confers with City employees to review salary, benefits, work environment, and safety issues. One of the benefits authorized by the City Council was the pursuit of an enhancement to the City's CalPERS retirement plan. CalPERS offers many enhanced retirement benefit plans for public employees that include 3% at 50, 2.7% at 55, 2.5% at 55, 2% at 55, and 2% at 60. The City is currently contracted at CalPERS' lowest level retirement plan - 2% at 60.

For retirement plans, local agencies and employees pay into an agency specific retirement fund based on rates established by a CalPERS actuarial analysis. The City is currently superfunded with CalPERS. Due to our superfunded status, the City's current contribution rate is 0% of payroll.

FINDINGS

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 stipulates the procedure by which a City may amend the contract. The first step in the amendment process is the adoption of a Resolution of Intent to approve an amendment to the contract. Resolution No. 2002-2631 is attached to satisfy this first step.

Based on the actuarial analysis by CalPERS, the following table reflects the impact of the enhanced retirement benefit.

| | |
|---|-----------|
| Change in the Present Value of Benefits | \$107,398 |
| Increase in the Actuarial Value of Assets | \$0 |
| Change in the Unfunded Accrued Liability | \$67,735 |
| Change or Impact on the Total Employer Rate | 0% |

Because the City is superfunded with CalPERS, the City's employer contribution rate remains 0% of payroll. The second step in the CalPERS contract

amendment process is the adoption of an Ordinance authorizing the amendment to contract. Ordinance No. 2002-486 satisfies this step.

FISCAL IMPACT

The above benefit changes impact the City's funded status under the CalPERS actuarial analysis as described in the above table. However, the change does not have a fiscal impact on the City's Operating Budget and the City remains superfunded with CalPERS. The City's employer contribution rate remains 0% of payroll.

RECOMMENDATION

It is recommended that the City Council:

- 1) Adopt Resolution No. 2002-2631, a Resolution of the City Council of the City of Villa Park giving Notice 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 Villa Park; and,
- 2) Introduce for first reading Ordinance No. 2002-486, an Ordinance of the City of Villa Park authorizing an amendment to the contract between the City Council of the City of Villa Park and the Board of Administration of the California Public Employees' Retirement System.