



AGENDA REPORT

SAN CLEMENTE CITY COUNCIL MEETING
Meeting Date: August 19, 2014

Agenda Item 6J


Approvals:

City Manager PJ

Dept. Head ES

Attorney JD

Finance JV

Department: Human Resources
Prepared By: Sam Penrod, Human Resources Manager 

Subject: *ADOPT CALPERS RESOLUTION AMENDING THE CONTRACT BETWEEN CALPERS AND THE CITY OF SAN CLEMENTE TO PROVIDE FOR THE REQUIRED 1959 SURVIVOR BENEFIT*

Fiscal Impact: No new funds are required to adopt the required resolution. There is a cost of \$5.70 per covered employee per month to add this required amendment. The City currently has nine (9) employees that are covered by this provision, for a total annual cost of approximately \$616. This cost will be absorbed into existing department and division budgets for FY15.

Background: As part of the City's transition from Great-West Retirement Services to the California Public Employees' Retirement System (CalPERS), CalPERS provided a contract that outlined the specific provisions involved in the transfer. CalPERS recently informed the City that a review of the contract revealed that a mandatory provision that should have been included with the original contract was not included, so they have provided the attached resolution to properly amend the City's contract.

The required provision is referred to as the 1959 Survivor Benefit. This benefit provides a basic death benefit to eligible dependents if the employee dies at any time while being employed with the City and only applies to staff who are CalPERS members, but who do not participate in Social Security, because they do not work the required number of hours (over 1040 hours per fiscal year) with the City to be covered by Social Security. Part-time employees working half-time or less are not covered by Social Security. In-lieu of participation in Social Security, the state law requires that these excluded employees who are CalPERS members must be enrolled in the 1959 Survivor Benefit. There is one caveat, and that is that current employees who are subject to the 1959 Survivor Benefit provision *may choose* through an election process to be covered by this provision, while all new employees who are covered by the provision *must* be automatically enrolled. The cost of this benefit is two dollars (\$2) per month for the employee and five-dollars-seventy-cents (\$5.70) per month for the employer.

If approved, the required election, which involves approximately nine (9) employees, would begin tomorrow (August 20) and would be overseen by the City Clerk's Office. Staff has communicated to all affected employees regarding this matter and prior to the election, they will be supplied with a number of documents that detail the 1959 Survivor Benefit.

Additionally, because the City has CalPERS-covered employees who participate in Social Security, as well as CalPERS-covered employees who are not subject to Social Security, a minor revision to the City's CalPERS contract is required to note that the City's 2% @ 55 formula covers both "Modified" employees (those who are subject to Social Security) and "Full" employees (those who are excluded from Social Security).

Although the San Clemente City Employees' Association does not represent the part-time staff, the provisions of this recommended contract amendment have been discussed with SCCEA representatives.

Recommended

Action:

STAFF RECOMMENDS THAT the City Council:

1. Adopt Resolution No. ____ RESOLUTION AUTHORIZING A CORRECTION TO THE AMENDMENT TO CONTRACT BETWEEN THE BOARD OF ADMINISTRATION CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM AND THE CITY COUNCIL CITY OF SAN CLEMENTE

Attachment:

1. Resolution approving the amended CalPERS contract

Notification:

San Clemente City Employees' Association

**RESOLUTION
AUTHORIZING A CORRECTION TO THE
AMENDMENT TO CONTRACT BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
CITY COUNCIL
CITY OF SAN CLEMENTE**

WHEREAS, the City Council of the City of San Clemente hereinafter referred to as Public Agency, and the Board of Administration of the Public Employees' Retirement System entered into a contract effective March 13, 1972 providing for the participation of Public Agency in the Public Employees' Retirement System; and

WHEREAS, said contract was amended effective June 9, 2014; and

WHEREAS, due to an inadvertence, paragraph "9." read:

The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member shall be determined in accordance with Section 21354 of said Retirement Law subject to the reduction provided therein for Federal Social Security (2% at age 55 Modified); and

WHEREAS, Section 20472 of the Government Code provides that corrections may be made through amendments approved by the adoption of suitable resolutions by the contracting parties;

NOW, THEREFORE, BE IT RESOLVED that said governing body of Public Agency authorizes, and it does hereby authorize, a correction to the amendment to contract effective June 9, 2014 as follows:

A. Paragraph 9 of said contract shall be changed as follows:

“The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member shall be determined in accordance with Section 21354 of said Retirement Law subject to the reduction provided therein for Federal Social Security (2% at age 55 Modified and Full).”; and

B. Paragraph 14. a. of said contract shall be added as follows:

- "a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21574 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 survivors of all local miscellaneous members excluded from social security.
- C. Paragraph numbers "14. a. and b."; shall be renumbered paragraph numbers "14. b. and c."

BE IT FURTHER RESOLVED, that the presiding officer of the governing body of Public Agency is hereby authorized, empowered, and directed to execute said amendment for and on behalf of Public Agency.

Adopted this _____ day of _____, _____.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

CITY COUNCIL
CITY OF SAN CLEMENTE

BY _____
RENEE OSTRANDER,
ACTING DIVISION CHIEF
CUSTOMER ACCOUNT SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Attest:

Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF SAN CLEMENTE)

I, JOANNE BAADE, City Clerk of the City of San Clemente, California, do hereby certify that Resolution No. _____ was adopted at a regular meeting of the City Council of the City of San Clemente held on the _____ day of _____, 2014 by the following vote:

AYES:

NOES:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of San Clemente, California, this _____ day of _____, 2014.

CITY CLERK of the City of
San Clemente, California

Approved as to form:

City Attorney