



CITY COUNCIL AGENDA REPORT

MEETING DATE: JUNE 17, 2008

ITEM NUMBER: Item Number

SUBJECT: ORDINANCE AUTHORIZING AMENDMENT TO CONTRACT BETWEEN CALPERS AND THE CITY OF COSTA MESA – [2.5%@55](#) FORMULA (MISCELLANEOUS EMPLOYEES)

DATE: JUNE 5, 2008

FROM: ADMINISTRATIVE SERVICES DEPARTMENT/HUMAN RESOURCES DIVISION

PRESENTATION BY: TERRI L. CASSIDY, HUMAN RESOURCES MANAGER

FOR FURTHER INFORMATION CONTACT: TERRI L. CASSIDY (714) 754-5115

RECOMMENDATION:

- 1) Introduce and give first reading to Ordinance No. _____ (Attachment I), which authorizes an amendment to the contract between the Board of Administration of the California Public Employees' Retirement System (CalPERS) and the City Council of the City of Costa Mesa in order to implement the [2.5%@55](#) retirement formula for eligible Miscellaneous employees.
- 2) Waive further reading of the Ordinance.

BACKGROUND:

On May 20, 2008, the City Council adopted a Resolution of Intention to approve an Amendment to the Contract between the Board of Administration of CalPERS and the City of Costa Mesa to begin implementation of the [2.5%@55](#) retirement formula for eligible Miscellaneous employees.

This Ordinance is being presented to the City Council for first reading contingent upon approval of this amendment via employee elections in accordance with Government Code Section 20474. The election period was established and held June 4, 2008 through June 11, 2008. Results of the election will be tabulated in advance of this June 17, 2008 City Council meeting and a verbal update will be provided if requested by City Council.

ANALYSIS:

This CalPERS contract amendment was a key provision of the negotiated agreement between the City and the Costa Mesa City Employees Association (CMCEA) adopted by the City Council on November 13, 2007. The parties to this agreement considered a wide variety of issues in the context of good faith negotiations in accordance with Government Code Section 3500 et seq. (Meyers-Milias-Brown Act). It was also a request made by the City's Unrepresented, Confidential and CalPERS eligible part time employees and referenced in their City Council adopted salary/benefit resolutions.

CalPERS requires that clearly defined procedures be followed for contract amendments. The following guidelines provided by CalPERS are necessary in order to complete the contract amendment process to implement the changes by the October 1, 2008 date. The next steps in the process subsequent to this City Council meeting will be:

- A final reading of the Ordinance (July 1, 2008 Council Meeting) and a City Council vote must take place. If adopted, the ordinance may take effect no less than 30 days later. The effective date of the ordinance will be August 1, 2008.
- The effective date of the contract amendment must be the first day of a payroll period and may not be earlier than the day after the effective date of the Ordinance. Per the extended CMCEA MOU Article 6.2 and other salary resolutions, the agreed upon effective date for the retiree formula ([2.5%@55](#)) shall be the first day of the payroll period containing October 1 (or September 28, 2008).

Employees who retire after October 1, 2008 will immediately be eligible for the [2.5%@55](#) factor in their retirement calculations. All prior years of City of Costa Mesa service will be converted. This will be used in addition to age and years of service in calculating their pension benefit amount. It will not affect any retirees or former employees of the City of Costa Mesa.

ALTERNATIVES CONSIDERED:

Requirements of Meet and Confer as referenced in Government Code Section 3500 et seq. (Meyers-Milias-Brown Act) and Meet and Consult have been fulfilled. If CalPERS adoption requirements are met, no other alternatives are being considered. If the employees reject the enhancement by the necessary majority, the status quo ([2%@55](#) retirement formula) remains in place.

FISCAL REVIEW:

All employees eligible for this benefit will pay the entire cost of the contract amendment (based upon the most current actuarial information prior to adoption of the CalPERS contract amendment). In preparation, early salary reduction of 1% for all miscellaneous employees was implemented on September 1, 2007. An additional 2.52% salary reduction will occur as of September 1, 2008 for miscellaneous employees eligible for CalPERS retirement. Any administrative costs will not be known until changes are implemented.

LEGAL REVIEW:

Legal has reviewed the Ordinance and approved it as to form.

CONCLUSION:

Staff recommends that the City Council introduce, give first reading and waive further reading for Ordinance No. _____, which authorizes an amendment to the contract between the Board of Administration of the California Public Employees' Retirement System and the City Council of the City of Costa Mesa in order implement the [2.5%@55](#) retirement formula for eligible Miscellaneous employees.

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City Attorney

DISTRIBUTION: City Manager
City Attorney
City Clerk
Director of Finance

ATTACHMENTS: | [Ordinance and Exhibit Amendment to Contract](#)

File Name

Date

Time