



CITY COUNCIL AGENDA REPORT

MEETING DATE: JULY 1, 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 19, 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) Give second reading and adopt Ordinance No. 08-5 (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.

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.

Employee elections (for all eligible Miscellaneous employees) were held from June 4 through June 11, 2008 in accordance with Government Code Section 20474. The ballots were counted by Human Resources staff and the City Clerk's Office independently. The employees approved the contract amendment with the results of the election as follows:

| | |
|-------------------------------|----------------------------|
| Number of Eligible Employees: | 413 |
| Number of Ballots Cast: | 296 |
| Voter Turn Out: | 71.7% |
| Number of Yes Votes: | 267 (90.2% of total votes) |
| Number of No Votes: | 27 (9.1% of total votes) |
| Number of Blank Ballots: | 2 (0.7% of total votes) |

The results of this election were certified by the City Clerk and the results forwarded to CalPERS. This Ordinance (Attachment I) was presented to the City Council for first reading at the June 17, 2008 City Council Meeting.

ANALYSIS:

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:

- If adopted, 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-Millias-Brown Act) and Meet and Consult have been fulfilled. If CalPERS adoption requirements are met, no other alternatives are being considered.

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 give second reading and adopt Ordinance No. 08-5, 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.

TERRI L. CASSIDY
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STEPHEN N. MANDOKI
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Director of Finance

KIMBERLY HALL BARLOW
City Attorney

DISTRIBUTION: City Manager
City Attorney
City Clerk
Director of Finance

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

File Name

Date

Time