

# REPORT

To the Honorable Mayor and City Council  
From the City Manager

March 8, 2004

## Subject

Resolution of intention to amend the contract between the City of Redwood City and the Public Employees Retirement System and introduction of Ordinance approving and authorizing execution of the amendment to the contract with the Public Employees Retirement System to provide Government Code 21362.2, "3% @ 50 Full Formula" for Redwood City Police Officers Association and Redwood City Police Sergeants Association members effective on June 28, 2004.

## Recommendation

That the City Council, initiate a contract amendment with the Public Employees Retirement System to provide for Government Code, Section 21362.2, 3% @ 50 Full Formula for the Redwood City Police Officers Association and Police Sergeants Association members by adopting a resolution of intention, and that the City Council introduce the ordinance approving and authorizing the contract amendment with the Public Employees Retirement System to provide for Government Code, Section 21362.2, 3% @ 50 Full Formula for the members of both Associations effective on June 28, 2004.

## Background

During the most recent negotiations with the Redwood City Police Officers Association and the Police Sergeants Association the City agreed to provide, Government Code Section 21362.2, 3% @ 50 Full Formula.

During the 1999 Legislative Session, Senate Bill 400 (SB 400) added two optional service retirement formulas to the menu available to public agency safety members one of the options is the 3% @ 50. Currently, the contract between the Public Employees' Retirement System and the City provides Section 21362, of the Government Code, "2% @ 50" to the Redwood City Police Officers Association and Police Sergeants Association members. Under the Public Employees Retirement System, the formula "3% @ 50" will be used to calculate the retirement allowance. There are three components used to calculate this allowance: years of service, benefit factor, and final compensation. The benefit factor, "3% @ 50", is the percent of pay to which a retiree is entitled for each year of service. Of the seven comparable cities that we use for survey information for POA & PSA, all seven currently offer the 3% @ 50 retirement formula.

## Alternative

Staff cannot recommend an alternative, as Council has already adopted the increase in this benefit. This action is simply to amend the City's existing contract with the Public Employees Retirement System.

## Fiscal Impact

The estimated cost to provide Government Code, Section 21362.2, 3% @ 50 is \$3,361,868. This amount will be included in the 2004/2005 budget.

5.2A.2



Maria Rivera-Peña  
Director, Human Resources



Ed Everett  
City Manager

**Attachment**  
Resolution

**RESOLUTION OF INTENTION  
TO APPROVE AN AMENDMENT TO CONTRACT  
BETWEEN THE  
BOARD OF ADMINISTRATION  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
AND THE  
CITY COUNCIL  
CITY OF REDWOOD CITY**

WHEREAS, 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

WHEREAS, 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 change proposed in said contract; and

WHEREAS, the following is a statement of the proposed change:

To provide Section 21362.2 (3% @ 50 Full formula) for local police members only.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the above agency does hereby give notice of intention to approve an amendment to the contract between said public agency 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.

By: \_\_\_\_\_  
Presiding Officer

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date adopted and approved

5.2A-4



**EXHIBIT**

California  
Public Employees' Retirement System

"A"

---

**AMENDMENT TO CONTRACT**

Between the  
Board of Administration  
California Public Employees' Retirement System  
and the  
City Council  
City of Redwood City

---

The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective July 1, 1941, and witnessed July 11, 1941, and as amended effective July 1, 1954, August 1, 1959, January 1, 1967, April 1, 1969, July 1, 1971, September 1, 1971, September 28, 1973, December 1, 1975, November 1, 1976, July 1, 1979, February 1, 1980, March 13, 1989, August 23, 1990, February 13, 1992, January 14, 1993, June 22, 1998, October 14, 1999, November 21, 2001, May 6, 2002 and July 14, 2003 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 13 are hereby stricken from said contract as executed effective July 14, 2003, and hereby replaced by the following paragraphs numbered 1 through 12 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for local miscellaneous members and age 50 for local safety members.

## PLEASE DO NOT SIGN "EXHIBIT ONLY"

2. Public Agency shall participate in the Public Employees' Retirement System from and after July 1, 1941 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.
3. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
  - a. Local Fire Fighters (herein referred to as local safety members);
  - b. Local Police Officers (herein referred to as local safety members);
  - c. Employees other than local safety members (herein referred to as local miscellaneous members).
4. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:

**NO ADDITIONAL EXCLUSIONS**

5. 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 (2% at age 55 Full).
6. The percentage of final compensation to be provided for each year of credited prior and current service as a local safety member shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full).
7. Public Agency elected and elects to be subject to the following optional provisions:
  - a. Section 21573 (Third Level of 1959 Survivor Benefits).
  - b. Sections 21624 and 21626 (Post-Retirement Survivor Allowance) for local safety members only.

5.2 A.6

PLEASE DO NOT SIGN "EXHIBIT ONLY"

- c. Section 20425 ("Local Police Officer" shall include employees of a police department who were employed to perform identification or communication duties on August 4, 1972 and who elected to be local safety members).
- d. Section 21222.1 (One-Time 5% Increase - 1970). Legislation repealed said Section effective January 1, 1980.
- e. Section 21222.2 (One-Time 5% Increase - 1971). Legislation repealed said Section effective January 1, 1980.
- f. Section 21325 (One-Time 3% to 15% Increase For Local Miscellaneous Members and Local Safety Members Who Retired or Died Prior to January 1, 1974). Legislation repealed said Section effective January 1, 2002.
- g. Section 21326 (One-Time 1% to 7% Increase For Local Miscellaneous Members and Local Safety Members Who Retired or Died Prior to July 1, 1974). Legislation repealed said Section effective January 1, 2002.
- h. Section 21317 (One-Time 15% Increase for Certain Local Safety Members Who Retired for Service Retirement). Legislation repealed said Section effective January 1, 2002.
- i. Section 21319 (One-Time 15% Increase for Local Miscellaneous Members Who Retired or Died Prior to July 1, 1971). Legislation repealed said Section effective January 1, 2002.
- j. Section 20042 (One-Year Final Compensation).
- k. Section 20903 (Two Years Additional Service Credit).
- l. Section 20965 (Credit for Unused Sick Leave) for local fire members only.
- m. Section 21024 (Military Service Credit as Public Service), Statutes of 1976.
- n. Section 20434 ("Local Fire Fighter" shall include any officer or employee of a fire department employed to perform firefighting, fire prevention, fire training, hazardous materials, emergency medical services, or fire or arson investigation services as described in Government Code Section 20434).



5.2A-8

12. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

BOARD OF ADMINISTRATION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

CITY COUNCIL  
CITY OF REDWOOD CITY

BY \_\_\_\_\_  
KENNETH W. MARZION, CHIEF  
ACTUARIAL & EMPLOYER SERVICES DIVISION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_  
PRESIDING OFFICER

\_\_\_\_\_  
Witness Date

Attest:

\_\_\_\_\_  
Clerk

DO NOT SIGN EXHIBIT ONLY

PLEASE DO NOT SIGN "EXHIBIT ONLY"

ORDINANCE NO. \_\_\_\_\_

**ORDINANCE AMENDING CONTRACT BETWEEN THE BOARD OF  
ADMINISTRATION OF CALIFORNIA PUBLIC EMPLOYEES'  
RETIREMENT SYSTEM AND THE CITY COUNCIL OF THE CITY OF  
REDWOOD CITY**

**THE COUNCIL OF REDWOOD CITY DOES ORDAIN AS FOLLOWS:**

**SECTION 1.** That an amendment to the contract between the City Council of the City of Redwood City and the Board of Administration, California Public Employees' Retirement System is hereby authorized, a copy of said amendment being attached hereto, marked Exhibit A, and by such reference made a part hereof as though herein set out in full.

**SECTION 2.** The Mayor of the City of Redwood City is hereby authorized, empowered, and directed to execute said amendment for and on behalf of the City Council of the City of Redwood City.

**SECTION 3.** This Ordinance shall be effective thirty (30) days from the date of its adoption.

\* \* \*

5.2A-10



**EXHIBIT**

California  
Public Employees' Retirement System

"A"

---

**AMENDMENT TO CONTRACT**

Between the  
Board of Administration  
California Public Employees' Retirement System  
and the  
City Council  
City of Redwood City

---

The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective July 1, 1941, and witnessed July 11, 1941, and as amended effective July 1, 1954, August 1, 1959, January 1, 1967, April 1, 1969, July 1, 1971, September 1, 1971, September 28, 1973, December 1, 1975, November 1, 1976, July 1, 1979, February 1, 1980, March 13, 1989, August 23, 1990, February 13, 1992, January 14, 1993, June 22, 1998, October 14, 1999, November 21, 2001, May 6, 2002 and July 14, 2003 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 13 are hereby stricken from said contract as executed effective July 14, 2003, and hereby replaced by the following paragraphs numbered 1 through 12 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for local miscellaneous members and age 50 for local safety members.

## PLEASE DO NOT SIGN "EXHIBIT ONLY"

2. Public Agency shall participate in the Public Employees' Retirement System from and after July 1, 1941 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.
3. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
  - a. Local Fire Fighters (herein referred to as local safety members);
  - b. Local Police Officers (herein referred to as local safety members);
  - c. Employees other than local safety members (herein referred to as local miscellaneous members).
4. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:

**NO ADDITIONAL EXCLUSIONS**
5. 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 (2% at age 55 Full).
6. The percentage of final compensation to be provided for each year of credited prior and current service as a local safety member shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full).
7. Public Agency elected and elects to be subject to the following optional provisions:
  - a. Section 21573 (Third Level of 1959 Survivor Benefits).
  - b. Sections 21624 and 21626 (Post-Retirement Survivor Allowance) for local safety members only.

5.2 A-12

PLEASE DO NOT SIGN "EXHIBIT ONLY"

- c. Section 20425 ("Local Police Officer" shall include employees of a police department who were employed to perform identification or communication duties on August 4, 1972 and who elected to be local safety members).
- d. Section 21222.1 (One-Time 5% Increase - 1970). Legislation repealed said Section effective January 1, 1980.
- e. Section 21222.2 (One-Time 5% Increase - 1971). Legislation repealed said Section effective January 1, 1980.
- f. Section 21325 (One-Time 3% to 15% Increase For Local Miscellaneous Members and Local Safety Members Who Retired or Died Prior to January 1, 1974). Legislation repealed said Section effective January 1, 2002.
- g. Section 21326 (One-Time 1% to 7% Increase For Local Miscellaneous Members and Local Safety Members Who Retired or Died Prior to July 1, 1974). Legislation repealed said Section effective January 1, 2002.
- h. Section 21317 (One-Time 15% Increase for Certain Local Safety Members Who Retired for Service Retirement). Legislation repealed said Section effective January 1, 2002.
- i. Section 21319 (One-Time 15% Increase for Local Miscellaneous Members Who Retired or Died Prior to July 1, 1971). Legislation repealed said Section effective January 1, 2002.
- j. Section 20042 (One-Year Final Compensation).
- k. Section 20903 (Two Years Additional Service Credit).
- l. Section 20965 (Credit for Unused Sick Leave) for local fire members only.
- m. Section 21024 (Military Service Credit as Public Service), Statutes of 1976.
- n. Section 20434 ("Local Fire Fighter" shall include any officer or employee of a fire department employed to perform firefighting, fire prevention, fire training, hazardous materials, emergency medical services, or fire or arson investigation services as described in Government Code Section 20434).



5.2A-14

- 12. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

BOARD OF ADMINISTRATION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

CITY COUNCIL  
CITY OF REDWOOD CITY

BY \_\_\_\_\_  
KENNETH W. MARZION, CHIEF  
ACTUARIAL & EMPLOYER SERVICES DIVISION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_  
PRESIDING OFFICER

\_\_\_\_\_  
Witness Date

Attest:

\_\_\_\_\_  
Clerk

PLEASE DO NOT SIGN "EXHIBIT ONLY"

PLEASE DO NOT SIGN "EXHIBIT ONLY"