

TO: James L. App, City Manager

FROM: Meg Williamson, Assistant City Manager

SUBJECT: Employee Retirement (PERS) Contract Revisions

DATE: March 20, 2012

NEEDS: For City Council to amend the Public Employees' Retirement System (PERS) retirement contracts for all labor units to include a Second Tier level of benefit for newly hired employees and modify the Local 4148 I.A.F.F. (Fire Employees) benefit.

- FACTS:
1. City employees accrue retirement benefits under a contract between the City of Paso Robles and the State Public Employees' Retirement System (PERS).
 2. The City's contract with PERS contains differing retirement structures for Police, Fire, and "Miscellaneous" (other than public safety) employees.
 3. All employee groups agreed to less costly "Second Tier" retirement plan formulas that reduce benefits for, and assign responsibility to pay a portion of the premium cost to, newly hired employees.
 4. Additionally, the contract with the I.A.F.F. Local 4148 (Fire Safety Employees) included modification to a 3% @ 55 retirement plan formula by March 1, 2010. Fire employees deferred this change until 2012, resulting in \$154,000 payroll cost savings.
 5. Current and proposed PERS retirement plan formulas are as follows:

	Current Formula	2012 Change (Current Employees)	2 nd Tier Formula (Future Employees)
Miscellaneous	2.5% @ 55 / single highest year calculation		2% @ 60/3-year final compensation; employee pays
Police Safety	3% @ 50 / single highest year calculation		3% @ 55 / 3-year final compensation ; employee pays
Fire Safety	2% @ 50 / single highest year calculation	3% @ 55 / single highest year calculation	3% @ 55 / 3-year final compensation; employee pays

6. PERS provides the fiscal impacts associated with retirement plan contract amendments (see the Fiscal Impact section of this report).
7. To implement the PERS contract changes, the City must:
 - a. Adopt a Resolution of Intent to amend the contract (attached);
 - b. Disclose the cost impacts of the contract amendments;
 - c. Have an Actuary from PERS available in person or by telephone to answer questions and participate as necessary to ensure that costs of the contract amendments are understood;
 - d. Adopt an Ordinance to implement the contract amendment (attached) with "introduction" and "adoption" steps occurring over the span of two meetings.

ANALYSIS &
CONCLUSION:

All employee units have agreed to a less costly second tier retirement structure for, and portions of plan premiums to be paid by, newly hired employees that will assist in controlling payroll costs over the long term.

The City's employment contract with the Fire Safety unit required implementation of a new retirement formula two years ago, but agreement was reached to defer implementation as a measure to assist in the City's financial recovery during the recession.

A series of actions, as prescribed by the Public Employees' Retirement System, is presented to implement agreed upon contract modifications.

POLICY
REFERENCE:

California Government Code, Municipal Code Secs. 2.40.030(c) and 20474, CC Resolution 06-202 (I.A.F.F.), and CC Resolution 11-119 (All groups).

FISCAL
IMPACT:

The actuarial analysis conducted by PERS has identified and requires the following disclosure of fiscal impacts associated with the respective contract amendments.

Miscellaneous Group - Decreases in the miscellaneous employer rate will occur as employees are hired into the Second Tier. The employer rate will drop from approximately 18% to 6.6% for all new second tier employees.

City estimates the potential future savings for the miscellaneous group (at some future date when all employees have been hired under the 2nd tier plan) would be approximately \$440,000 per year.

Police Unit - The employer contribution rate will be 20.308% of reportable earnings for local police members entering membership for the first time in the police classification after the effective date of this amendment to contract.

City estimates the potential future savings for the police safety group (at some future date when all employees have been hired under the 2nd tier plan) would be approximately \$120,000 per year.

Fire Unit - Two changes are occurring simultaneously; one to modify the contract for current employees, and a second tier for future employees.

The contract amendment for current employees has the following impact:

1) Change in the Present Value of Benefits	\$1,025,405
2) Change in the Accrued Liability	\$ 568,200
3) Change in the Total Employer Rate	3.705%

In May 2012, after the PERS contract amendment is complete, the City's payroll costs for Fire personnel will increase by 3.705% percentage points. The accrued liability ("cost") of the formula change is covered by this rate increase.

The City estimates the 3.705% employer rate change will cost approximately \$77,000 per year. NOTE: One-time savings totaling \$154,000 were experienced as a result of the Fire Safety's two (2) year deferral of the plan change. The change in cost has been accounted for in the City's operating budget in anticipation of this obligated formulation change.

The contract change for new employees' employer contribution rate will be 20.057% of reportable earnings for local fire members entering membership for the first time in the fire classification after the effective date of this amendment to contract.

City estimates the potential future savings for the fire safety group (at some future date when all employees have been hired under the 2nd tier plan) would be approximately \$116,000 per year.

Each of these disclosures (and City estimates) represents a projected long term savings associated with the retirement contract amendment. The savings will not be experienced until the City hires new employees under the 2nd tier plans; and then, precise savings are difficult to project. However, the City's payroll costs for new hires are expected to be reduced by 11.4% (for Miscellaneous employees), by 12.49% (for Police) and by 5.85% (for Fire).

A PERS actuary will be available at the March 20, 2012 City Council meeting to answer any questions and assure the City Council's understanding of existing and future costs. In addition, the City's Administrative Services Director and City Manager have a command of the current and future cost of the retirement benefits determined by the actuary and can assist in conveying this to the public.

OPTIONS:

For the City Council to:

- (1) Adopt "Resolution of Intention" No. 12-xxx establishing the City Council's intention to approve an amendment to the Contract between the Board of Administration of the California Public Employees' Retirement System and the City of Paso Robles; and
- (2) Authorize the City Manager to provide in writing to PERS his statement of understanding of the current and future cost of the retirement benefit as determined by the actuary; and
- (3) Introduce for first reading by title only Ordinance No. XXX N.S. authorizing an amendment to the Contract between the City of El Paso de Robles and the Board of Administration of the California Public Employees' Retirement System; and set April 17, 2012, for second and final reading of said ordinance.

Attachments:

1. Resolution of Intention to approve an amendment to PERS Contract
2. Ordinance No. XXX N.S. authorizing an amendment to the PERS Contract

RESOLUTION NO. 12-XXX

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

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 20475 (Different Level of Benefits). Section 21353 (2% @ 60 Supplemental formula) and Section 20037 (Three-Year Final Compensation) are applicable to local miscellaneous members entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract;

Section 21363.1 (3% @ 55 Supplemental formula) for local fire members.

Section 20475 (Different Level of Benefits). Section 20037 (Three-Year Final Compensation) is applicable to local fire members entering membership for the first time in the fire classification after the effective date of this amendment to contract; and

Section 20475 (Different Level of Benefits). Section 21363.1 (3% @ 55 Supplemental formula) and Section 20037 (Three-Year Final Compensation) are applicable to local police members entering membership for the first time in the police classification after the effective date of this amendment to contract

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.

ADOPTED by the City council of the City of El Paso de Robles at a regular meeting of said Council held on the 20th day of March, 2012 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk




EXHIBIT

California
Public Employees' Retirement System



AMENDMENT TO CONTRACT

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



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 March 1, 1974, and witnessed January 28, 1974, and as amended effective July 1, 1983, November 6, 1984, October 30, 1988, February 2, 1991, January 1, 1998, February 17, 2001, June 6, 2001, October 14, 2001, March 27, 2005 and January 21, 2007 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 16 are hereby stricken from said contract as executed effective January 21, 2007, and hereby replaced by the following paragraphs numbered 1 through 19 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 entering membership in the miscellaneous classification on or prior to the effective date of this amendment to contract, age 60 for local miscellaneous members entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract, age 50 for local police members entering membership in the police classification on or prior to the effective date of this amendment to contract, age 55 for those local police members entering membership for the first time in the police classification after the effective date of this amendment to contract and for local fire members.

2. Public Agency shall participate in the Public Employees' Retirement System from and after March 1, 1974 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. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorneys fees that may arise as a result of any of the following:
 - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
 - (b) Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than existing retirement benefits, provisions or formulas.
 - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
 - (d) Public Agency's election to file for bankruptcy under Chapter 9 (commencing with section 901) of Title 11 of the United States Bankruptcy Code and/or Public Agency's election to reject this Contract with the CalPERS Board of Administration pursuant to section 365, of Title 11, of the United States Bankruptcy Code or any similar provision of law.
 - (e) Public Agency's election to assign this Contract without the prior written consent of the CalPERS' Board of Administration.
 - (f) The termination of this Contract either voluntarily by request of Public Agency or involuntarily pursuant to the Public Employees' Retirement Law.

- (g) Changes sponsored by Public Agency in existing retirement benefits, provisions or formulas made as a result of amendments, additions or deletions to California statute or to the California Constitution.
- 4. 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).
- 5. 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:
 - a. **ELECTED OFFICIALS.**
- 6. Prior to January 1, 1975, those members who were hired by Public Agency on a temporary and/or seasonal basis not to exceed 6 months were excluded from PERS membership by contract. Government Code Section 20336 superseded this contract provision by providing that any such temporary and/or seasonal employees are excluded from PERS membership subsequent to January 1, 1975. Legislation repealed and replaced said Section with Government Code Section 20305 effective July 1, 1994.
- 7. Assets heretofore accumulated with respect to members in the local retirement system have been transferred to the Public Employees' Retirement System and applied against the liability for prior service incurred thereunder. That portion of the assets so transferred which represent the accumulated contributions (plus interest thereof) required of the employees under said local system has been credited to the individual membership account of each such employee under the Public Employees' Retirement System.
- 8. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment before and not on or after March 27, 2005 shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Supplemental to Federal Social Security).

9. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment on or after March 27, 2005 and not entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract shall be determined in accordance with Section 21354.4 of said Retirement Law (2.5% @ 55 Supplemental to Federal Social Security).
10. The percentage of final compensation to be provided for each year of credited current service as a local miscellaneous member entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract shall be determined in accordance with Section 21353 of said Retirement Law (2% at age 60 Supplemental to Federal Social Security).
11. The percentage of final compensation to be provided for each year of credited prior and current service as a local police member entering membership in the police classification on or prior to the effective date of this amendment to contract shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50), Supplemental to Federal Social Security.
12. The percentage of final compensation to be provided for each year of credited current service as a local police member entering membership for the first time in the police classification after the effective date of this amendment to contract shall be determined in accordance with Section 21363.1 of said Retirement Law (3% at age 55), Supplemental to Federal Social Security.
13. The percentage of final compensation to be provided for each year of credited prior and current service as a local fire member shall be determined in accordance with Section 21363.1 of said Retirement Law (3% at age 55), supplemental to Federal Social Security.
14. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Section 21536 (Local System Service Credit Included in Basic Death Benefit).
 - b. Section 20965 (Credit for Unused Sick Leave).
 - c. Section 21024 (Military Service Credit as Public Service) for local miscellaneous members and local police members only.

- d. Section 20042 (One-Year Final Compensation) for those local miscellaneous members and local safety members entering membership on or prior to the effective date of this amendment to contract.
- e. Section 21547.7 (Alternate Death Benefit for Local Fire Members Credited with 20 or More Years of Service).
- f. Section 20475 (Different Level of Benefits). Section 21353 (2% @ 60 Supplemental formula) and Section 20037 (Three-Year Final Compensation) are applicable to local miscellaneous members entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract.

Section 20037 (Three-Year Final Compensation) is applicable to local fire members entering membership for the first time in the fire classification after the effective date of this amendment to contract.

Section 21363.1 (3% @ 55 Supplemental formula) and Section 20037 (Three-Year Final Compensation) are applicable to local police members entering membership for the first time in the police classification after the effective date of this amendment to contract.

- 15. Public Agency, in accordance with Government Code Section 20790, ceased to be an "employer" for purposes of Section 20834 effective on July 1, 1983. Accumulated contributions of Public Agency shall be fixed and determined as provided in Government Code Section 20834, and accumulated contributions thereafter shall be held by the Board as provided in Government Code Section 20834.
- 16. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members and local safety members of said Retirement System.
- 17. Public Agency shall also contribute to said Retirement System as follows:
 - a. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
 - b. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.

- 18. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.
- 19. 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 PASO ROBLES

BY _____
KAREN DE FRANK, CHIEF
CUSTOMER ACCOUNT SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest:

Clerk

ORDINANCE NO. XXX N.S.

AN ORDINANCE OF THE CITY OF EL PASO DE ROBLES
AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE CITY OF
EL PASO DE ROBLES AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

WHEREAS, California's Public Employee's Retirement Law permits public agencies and their employees to participate in the Public Employees Retirement System (PERS); and

WHEREAS, the City holds a contract with PERS covering retirement structures for Police and Fire "Public Safety" Employees, and for "Miscellaneous" employees (employees other than public safety); and

WHEREAS, the labor contract with the I.A.F.F. Local 4148 (Fire Safety Employees) approved by City Council Resolution No. 06-202 in April 2006 included an agreement to modify the Fire Safety PERS retirement to a 3% @ 55 formula by March 1, 2010; and

WHEREAS, the Fire Safety Employees willingly offered to defer implementation of the contractually agreed upon PERS contract modification for a cumulative two (2) year period, resulting in some payroll cost savings to the City; and

WHEREAS, all employees (Public Safety and Miscellaneous) have suspended wage and benefit adjustments contractually due to them since April 2009 to June and July 2012 respectively; and

WHEREAS, all employees (Public Safety and Miscellaneous) have agreed to implement a less costly second tier retirement plan formula for future employees; and

WHEREAS, the City has acquired an actuarial analysis of the fiscal impacts associated with the contractually agreed upon PERS contract amendments, and the projected costs for the change in value of benefit have been reported out in the Fiscal Impact Analysis section of the City Council report presented at the March 20, 2012 City Council meeting; and

WHEREAS, the City Council adopted a "Resolution of Intention" to approve an amendment to the PERS contract at their regular meeting of March 20, 2012; and

WHEREAS, the first reading and introduction of this Ordinance took place at the regular City Council meeting of March 20, 2012; and

WHEREAS, second reading of and adoption of this Ordinance must be a minimum of twenty (20) days after the date of City Council's adoption of the "Resolution of Intention"; and

The City Council of the City of El Paso de Robles does hereby ordain as follows:

SECTION 1. An amendment to the contract between the City Council of the City of El Paso de Robles and the Board of Administration, California Public Employees' Retirement System is hereby authorized, a copy of said amendment is attached hereto marked "Exhibit" and by such reference made a part hereof and thus herein set out in full.

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

SECTION 3. Severability. If any section, subsection, sentence, clause, or phrase of the Ordinance is, for any reason, found to be invalid or unconstitutional, such finding shall not affect the remaining portions of this Ordinance.

The City Council hereby declares that it would have passed this ordinance by section, subsection, sentence, clause, or phrase irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases are declared unconstitutional.

SECTION 4. Inconsistency. To the extent that the terms or provisions of this Ordinance may be inconsistent or in conflict with the terms or conditions of any prior City ordinance(s), motion, resolution, rule, or regulation governing the same subject matter thereof and such inconsistent and conflicting provisions of prior ordinances, motions, resolutions, rules, and regulations are hereby repealed.

SECTION 5. This ordinance shall take effect thirty (30) days after the date of its adoption.

SECTION 6. The City Clerk is hereby directed to cause publication of this ordinance within 15 days from its passage in a newspaper of general circulation in the City of El Paso de Robles in accordance with Section 36933 of the Government Code, and thenceforth and thereafter the same shall be in full force and effect.

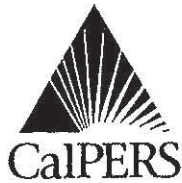
Adopted and approved at this regular meeting of the City Council held on April 17, 2012 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk




EXHIBIT

California
Public Employees' Retirement System



AMENDMENT TO CONTRACT

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



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 March 1, 1974, and witnessed January 28, 1974, and as amended effective July 1, 1983, November 6, 1984, October 30, 1988, February 2, 1991, January 1, 1998, February 17, 2001, June 6, 2001, October 14, 2001, March 27, 2005 and January 21, 2007 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 16 are hereby stricken from said contract as executed effective January 21, 2007, and hereby replaced by the following paragraphs numbered 1 through 19 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 entering membership in the miscellaneous classification on or prior to the effective date of this amendment to contract, age 60 for local miscellaneous members entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract, age 50 for local police members entering membership in the police classification on or prior to the effective date of this amendment to contract, age 55 for those local police members entering membership for the first time in the police classification after the effective date of this amendment to contract and for local fire members.

2. Public Agency shall participate in the Public Employees' Retirement System from and after March 1, 1974 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. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorneys fees that may arise as a result of any of the following:
 - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
 - (b) Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than existing retirement benefits, provisions or formulas.
 - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
 - (d) Public Agency's election to file for bankruptcy under Chapter 9 (commencing with section 901) of Title 11 of the United States Bankruptcy Code and/or Public Agency's election to reject this Contract with the CalPERS Board of Administration pursuant to section 365, of Title 11, of the United States Bankruptcy Code or any similar provision of law.
 - (e) Public Agency's election to assign this Contract without the prior written consent of the CalPERS' Board of Administration.
 - (f) The termination of this Contract either voluntarily by request of Public Agency or involuntarily pursuant to the Public Employees' Retirement Law.

- (g) Changes sponsored by Public Agency in existing retirement benefits, provisions or formulas made as a result of amendments, additions or deletions to California statute or to the California Constitution.
- 4. 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).
- 5. 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:
 - a. **ELECTED OFFICIALS.**
- 6. Prior to January 1, 1975, those members who were hired by Public Agency on a temporary and/or seasonal basis not to exceed 6 months were excluded from PERS membership by contract. Government Code Section 20336 superseded this contract provision by providing that any such temporary and/or seasonal employees are excluded from PERS membership subsequent to January 1, 1975. Legislation repealed and replaced said Section with Government Code Section 20305 effective July 1, 1994.
- 7. Assets heretofore accumulated with respect to members in the local retirement system have been transferred to the Public Employees' Retirement System and applied against the liability for prior service incurred thereunder. That portion of the assets so transferred which represent the accumulated contributions (plus interest thereof) required of the employees under said local system has been credited to the individual membership account of each such employee under the Public Employees' Retirement System.
- 8. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment before and not on or after March 27, 2005 shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Supplemental to Federal Social Security).

9. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment on or after March 27, 2005 and not entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract shall be determined in accordance with Section 21354.4 of said Retirement Law (2.5% @ 55 Supplemental to Federal Social Security).
10. The percentage of final compensation to be provided for each year of credited current service as a local miscellaneous member entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract shall be determined in accordance with Section 21353 of said Retirement Law (2% at age 60 Supplemental to Federal Social Security).
11. The percentage of final compensation to be provided for each year of credited prior and current service as a local police member entering membership in the police classification on or prior to the effective date of this amendment to contract shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50), Supplemental to Federal Social Security.
12. The percentage of final compensation to be provided for each year of credited current service as a local police member entering membership for the first time in the police classification after the effective date of this amendment to contract shall be determined in accordance with Section 21363.1 of said Retirement Law (3% at age 55), Supplemental to Federal Social Security.
13. The percentage of final compensation to be provided for each year of credited prior and current service as a local fire member shall be determined in accordance with Section 21363.1 of said Retirement Law (3% at age 55), supplemental to Federal Social Security.
14. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Section 21536 (Local System Service Credit Included in Basic Death Benefit).
 - b. Section 20965 (Credit for Unused Sick Leave).
 - c. Section 21024 (Military Service Credit as Public Service) for local miscellaneous members and local police members only.

- d. Section 20042 (One-Year Final Compensation) for those local miscellaneous members and local safety members entering membership on or prior to the effective date of this amendment to contract.
- e. Section 21547.7 (Alternate Death Benefit for Local Fire Members Credited with 20 or More Years of Service).
- f. Section 20475 (Different Level of Benefits). Section 21353 (2% @ 60 Supplemental formula) and Section 20037 (Three-Year Final Compensation) are applicable to local miscellaneous members entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract.

Section 20037 (Three-Year Final Compensation) is applicable to local fire members entering membership for the first time in the fire classification after the effective date of this amendment to contract.

Section 21363.1 (3% @ 55 Supplemental formula) and Section 20037 (Three-Year Final Compensation) are applicable to local police members entering membership for the first time in the police classification after the effective date of this amendment to contract.

- 15. Public Agency, in accordance with Government Code Section 20790, ceased to be an "employer" for purposes of Section 20834 effective on July 1, 1983. Accumulated contributions of Public Agency shall be fixed and determined as provided in Government Code Section 20834, and accumulated contributions thereafter shall be held by the Board as provided in Government Code Section 20834.
- 16. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members and local safety members of said Retirement System.
- 17. Public Agency shall also contribute to said Retirement System as follows:
 - a. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
 - b. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.

- 18. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.
- 19. 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 PASO ROBLES

BY _____
KAREN DE FRANK, CHIEF
CUSTOMER ACCOUNT SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest:

Clerk