

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: 10/17/11

Reviewed by: BP

SUBJECT: Ordinance #2011-04 to amend the contract between the City of Albany and the California Public Employees' Retirement System to provide the "Different Level of Benefits" provision (§20475) for local miscellaneous members – Second Reading

FROM: Aaron Walker, Human Resources Manager
Beth Pollard, City Manager

STAFF RECOMMENDATION

Approve Ordinance #2011-04, an ordinance of the Albany City Council authorizing an amendment to the contract between the City of Albany and the Board of Administration of the California Public Employees' Retirement System, to provide a lower, second-tier of benefits for new employees – Second Reading - Pass to print.

BACKGROUND AND DISCUSSION

The California Public Employees' Retirement System (CalPERS) has multiple retirement formulas available that public agencies can select from for miscellaneous employees (non-safety). These include 3%@60, 2.7%@55, 2.5%@55, 2%@55, and 2%@60. Each formula provides a percentage multiplier that is applied to the number of years of service at the designated retirement age. Currently, the City provides the 2.5%@55 retirement formula to its miscellaneous, non-safety employees for the years worked in Albany. This formula was contracted for in 2006, replacing the 2%@55 formula that was in place since 1999.

CalPERS permits a covered agency to amend its contract to provide a different level of benefits for employees hired after a certain date. The proposed "second-tier" benefit before the Council is the lower 2%@60 retirement formula. This is the formula the City of Albany had in place prior to amending its contract in 1999. Most other municipal agencies continue to contract for a higher retirement formula, but the City is taking active steps to reduce expenditures. This includes implementing this second-tier benefit for employees hired on or after November 28, 2011, and having current and future employees make contributions to CalPERS (enacted in July 2011).

Ordinance #2011-04 was introduced for first reading at the City Council meeting of September 19, 2011.

SUSTAINABILITY

N/A

FINANCIAL IMPACT

The cost savings for the second-tier retirement plan will depend upon what positions are hired in the future. The employer rate under this second-tier plan currently is 7.73% of wages, as opposed to the current employer rate under the first-tier plan of 13.71%

Attachments:

1. Ordinance #2011-04
2. CalPERS Contract pages