

# STAFF REPORT

## City of Lancaster

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10/09/12
MVB

Date: October 9, 2012

To: Mayor Parris and City Council Members

From: Geri K. Bryan, CMC, City Clerk

Subject: **Consideration of adoption of Ordinance No. 982**

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### **Recommendation:**

Adopt **Ordinance No. 982**, an ordinance of the City Council of the City of Lancaster, California authorizing an amendment to the contract between the City Council of the City of Lancaster and the Board of Administration of the California Public Employees' Retirement System.

### **Fiscal Impact:**

The financial impact of the conversion of the City's current 2.7% retirement plan which is a combined CalPERS 2.0% and PARS 0.7% plan to a single CalPERS 2.7% plan increases the annual CalPERS employer rate by 6.687% and employee rate by 1%. This is offset by a decrease in the PARS rate of 9.6% for a projected savings of nearly \$335,000 in Fiscal Year 2012-2013. The cost of the recommended plan is based on rates provided by CalPERS.

### **Background:**

As part of the City's Meet and Confer process, agreements were reached between the City and its employees for a new three year benefit package. These agreements were approved by the City Council at its meeting of June 26, 2012. The agreements require the City to contract with CalPERS for the 2.7% at age 55 benefit option to replace the current 2.0% at age 55 benefit option and .7% PARS supplement. In exchange, employees agreed to pay a portion of the City's cost for providing that benefit starting in January 2013 with a salary deduction of 2.5% and increasing in January 2014 to 3.5% and in July 2014 to a full 4% deduction. (This change does not increase the retirement benefit for employees but it does require employees to pay a portion of their pension costs.)

At the September 11, 2012 meeting, the City Council approved the introduction of Ordinance No. 982 by the following vote:

AYES: Council Members: Crist, Johnson, Vice Mayor Smith  
NOES: None  
ABSTAIN: None  
ABSENT: Council Member: Mann, Mayor Parris

### **Attachment:**

Ordinance No. 982