



## LODI CITY COUNCIL

Carnegie Forum  
305 West Pine Street, Lodi

## "SHIRTSLEEVE" SESSION

Date: September 10, 2013

Time: 7:00 a.m.

For information regarding this Agenda please contact:

**Randi Johl-Olson**

**City Clerk**

**Telephone: (209) 333-6702**

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### **Informal Informational Meeting**

**A. Roll Call by City Clerk**

**B. Topic(s)**

B-1 Receive Report on California Public Employee Retirement System (CM)

**C. Comments by Public on Non-Agenda Items**

**D. Adjournment**

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

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Randi Johl-Olson  
City Clerk



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# CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Receive Report on California Public Employee Retirement System (CalPERS)  
**MEETING DATE:** September 10, 2013  
**PREPARED BY:** Deputy City Manager

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**RECOMMENDED ACTION:** Receive report on California Public Employee Retirement System (CalPERS).

**BACKGROUND INFORMATION:** The City contracts with CalPERS for its retirement benefits. Staff will provide a report on the status of the current benefit programs, funding status and current and projected employer rates and costs for this benefit.

**FISCAL IMPACT:** Costs for funding retirement programs are projected to increase. Amounts can be estimated, but are not firm.

**FUNDING AVAILABLE:** Funding will need to be determined each year during the budgetary process.

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Jordan Ayers  
Deputy City Manager

JA/ja

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APPROVED: \_\_\_\_\_  
Konradt Bartlam, City Manager

# CalPERS Update

Shirtsleeve Session

September 10, 2013

# Agenda

- Current Programs
- Funding
- Rates and Costs

# Current Programs

- Retirement Benefit Calculation
  - Service Credit X Benefit Factor X Final Compensation
    - Service Credit = number of years in the system
    - Benefit Factor = % of pay received as a pension payment
      - Dependent upon age
    - Final Compensation = average monthly pay over 12 or 36 months (depending upon formula)

# Current Programs – Miscellaneous Employees

- “Classic”
  - 2% @ 55
  - Highest 36 months
  - Employee share of 7%
- PEPRA (effective 1/1/13)
  - 2% @ 62
  - Highest 36 months
  - Employee share of 6.75%

# Current Programs – Safety Employees

- “Classic”
  - 3% @ 50
  - Highest 12 months
  - Employee share of 9%
- “Classic” 2<sup>nd</sup> Tier
  - 3% @ 55
  - Highest 36 months
  - Employee share of 9%
- PEPRA (effective 1/1/13)
  - 2.7% @ 57
  - Highest 36 months
  - Employee share of 11.25%

# Funded Status

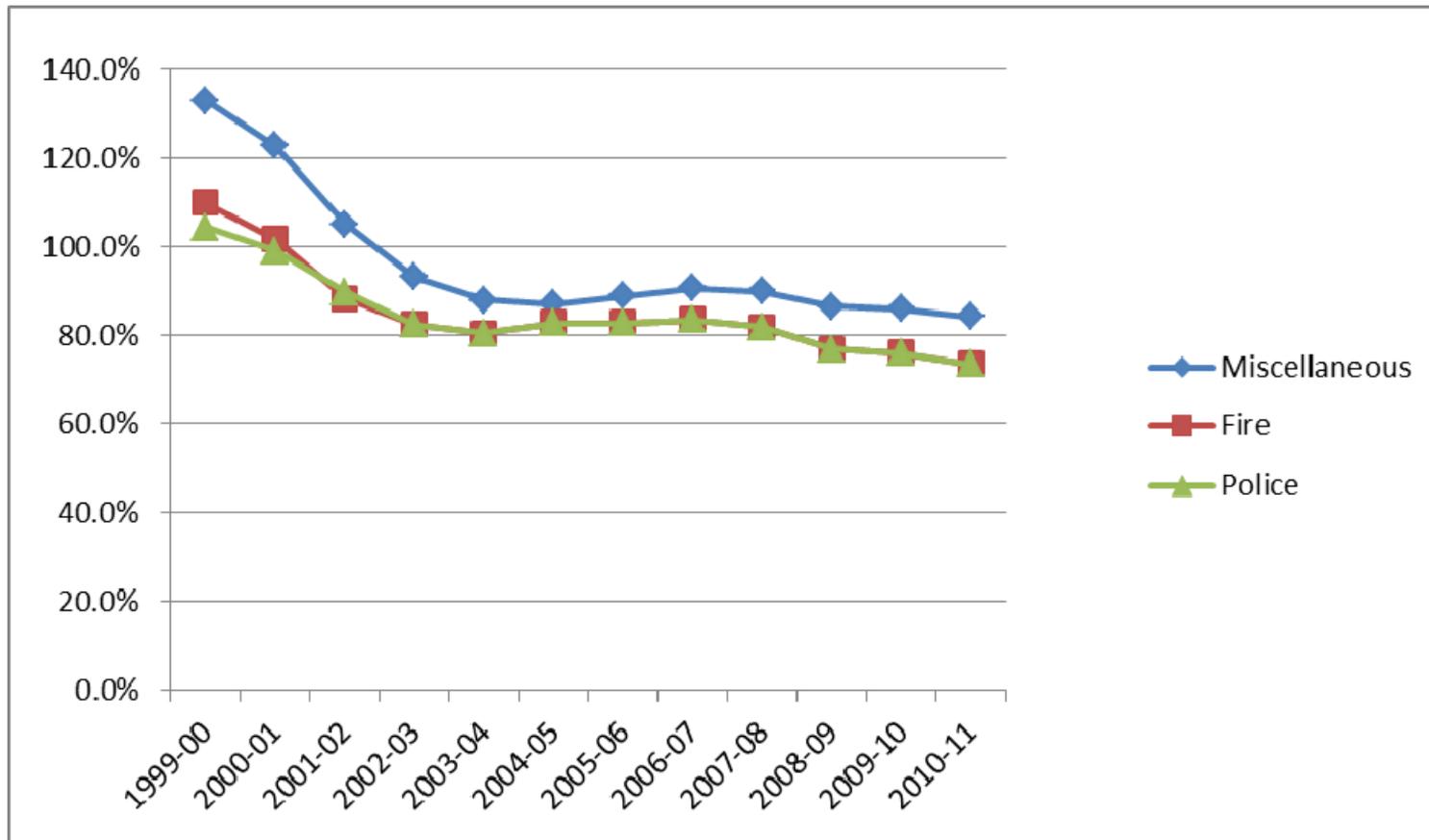
<b>Plan</b>	<b>Accrued Liability</b>	<b>Available Assets</b>	<b>Unfunded Liability</b>	<b>Funded Ratio</b>
<b>Safety</b>	\$132,266,539	\$97,287,024	\$34,979,515	73.60%
<b>Miscellaneous</b>	\$142,607,697	\$120,202,713	\$22,404,984	84.30%
Based upon 6/30/2011 actuarial report				

City has always paid its Annual Required Contribution timely.

# Funding History

<b>Year</b>	<b>Miscellaneous</b>	<b>Fire</b>	<b>Police</b>
<b>1999-00</b>	132.9%	110.0%	104.5%
<b>2000-01</b>	122.8%	101.8%	99.0%
<b>2001-02</b>	105.2%	88.3%	89.8%
<b>2002-03</b>	93.1%	82.4%	82.4%
<b>2003-04</b>	88.0%	80.6%	80.6%
<b>2004-05</b>	87.2%	82.8%	82.8%
<b>2005-06</b>	88.9%	82.8%	82.8%
<b>2006-07</b>	90.6%	83.6%	83.6%
<b>2007-08</b>	90.0%	82.0%	82.0%
<b>2008-09</b>	86.5%	76.9%	76.9%
<b>2009-10</b>	86.1%	76.0%	76.0%
<b>2010-11</b>	84.3%	73.6%	73.6%

# Funding History



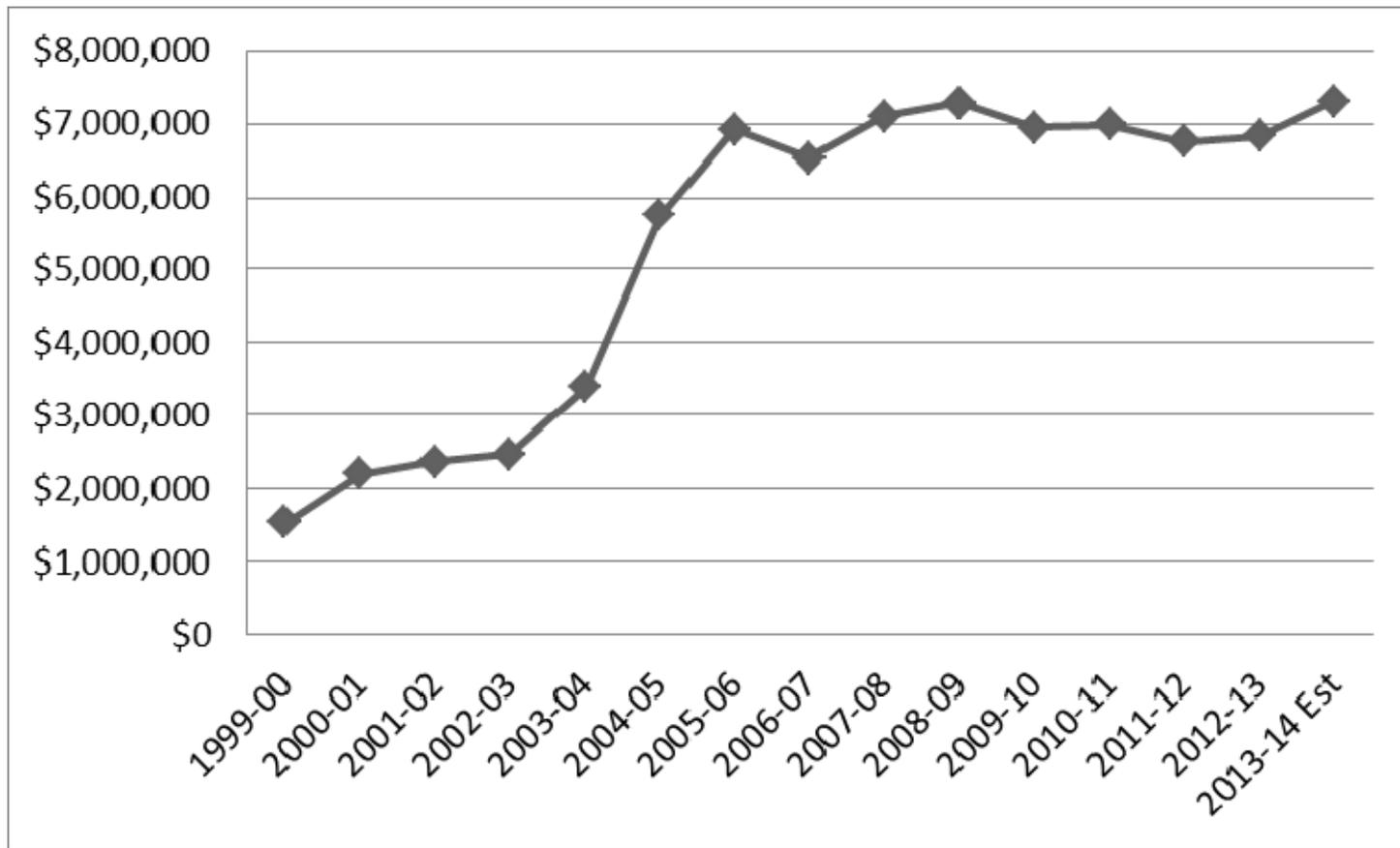
# City Paid Funding

- Prior to July 2011, City paid both Employer and Employee share of cost
- All employees (except IBEW) will be paying the full employee share by 1/1/14

# City Paid Funding

<b>Year</b>	<b>Amount</b>
1999-00	\$1,544,999
2000-01	\$2,201,619
2001-02	\$2,375,872
2002-03	\$2,472,758
2003-04	\$3,387,173
2004-05	\$5,744,680
2005-06	\$6,922,958
2006-07	\$6,530,427
2007-08	\$7,096,652
2008-09	\$7,282,527
2009-10	\$6,946,315
2010-11	\$6,978,865
2011-12	\$6,755,376
2012-13	\$6,829,921
2013-14 Est	\$7,301,780

# City Paid Funding



# Historical Employer Rates

Year	Miscellaneous	Fire	Police
1999-00	0.000%	0.000%	0.613%
2000-01	0.000%	0.000%	12.186%
2001-02	0.000%	0.000%	12.186%
2002-03	0.000%	0.000%	11.371%
2003-04	0.000%	15.399%	15.386%
2004-05	6.920%	30.152%	24.608%
2005-06	11.550%	30.058%	30.058%
2006-07	12.221%	24.108%	24.108%
2007-08	12.233%	23.509%	23.509%
2008-09	12.058%	24.128%	24.128%
2009-10	11.727%	23.838%	23.838%
2010-11	12.081%	25.016%	25.016%
2011-12	13.680%	30.380%	30.380%
2012-13	14.411%	31.335%	31.335%
2013-14	16.203%	35.657%	35.657%

# Approved Changes

- PERS Board approved changes in March 2013
  - Asset Smoothing
    - Reduced from 15 years to 5 years
  - Amortization Period
    - Changed from 30 year rolling to 30 year fixed
  - Effective for us in FY 2015/16

# Projected Changes

- PERS Chief Actuary plans to propose changes in March 2014
  - Mortality Table changes
  - Discount Rate changes
  - Effective for us in FY 2016/17

# Employer Rates and Costs

Year	Miscellaneous	Safety	Total Employer Cost
2013/14	16.203%	35.657%	\$7.1M
2014/15 Est	17.800%	37.500%	\$7.8M
<b>Projected-Adopted Changes</b>			
2015/16	19.400%	39.940%	\$8.7M
2019/20	25.040%	51.190%	\$12.5M
<b>Projected-Upcoming Changes</b>			
2016/17	24.570%	53.780%	\$11.7M
2019/20	32.240%	71.010%	\$16.9M

# Wrap Up

- Employer costs going up
- Challenge to fund increasing costs

Questions?