

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: Deborah S. Traffenstedt, Administrative Services Director/City Clerk *DST*
Prepared by: Teri Davis, Senior Management Analyst *(Signature)*

DATE: September 22, 2010 (CC Meeting of 10/6/10)

SUBJECT: Consider an Ordinance of the City of Moorpark (City), California Amending Section 2.04.055, Compensation and Benefits, of Chapter 2.04, City Council, of Title 2, Administration and Personnel, of the Moorpark Municipal Code (Code)

BACKGROUND

Section 2.04.055 of the Code states that Councilmembers are entitled to the same California Public Retirement System (CalPERS) retirement benefits afforded the City's competitive service employees. The Code also provides an alternative retirement benefit to a sitting Councilmember who is not permitted to receive a CalPERS contribution from the City due to participating in CalPERS through employment with another public agency. The Code states that such a Councilmember would be entitled to the same retirement benefit provided to the City's temporary part-time employees.

The City offers its part-time, seasonal, and temporary (temporary part-time employees) an alternate retirement system in compliance with Federal requirements (FICA taxes) for which Public Agency Retirement Services (PARS) is currently appointed as Trust Administrator.

At the May 19, 2010, regular meeting, the City's contribution for the alternate retirement system was revised from 7.5% to 3.75%. This no longer provides for a sitting Councilmember ineligible for CalPERS retirement an equitable retirement contribution in comparison to what other members of the Council receive.

DISCUSSION

At the time the City last amended Section 2.04.055 of the Code, the City-paid 7.5% contribution for the alternate temporary part-time employee retirement plan was considered generally equivalent to the City-paid 7% CalPERS retirement plan employee contribution. The revision to the temporary part-time employee retirement plan system (now PARS), decreased the City paid contribution to 3.75% and requires a deduction of a 3.75%

employee-paid PARS contribution from employee paychecks. The temporary part-employee PARS retirement plan can no longer be considered equivalent to the City-paid CalPERS employee contribution (currently 7.0% of base salary) and a Councilmember who is not eligible for CalPERS will not receive equal benefits. If the contribution to PARS is increased for any Councilmember who is not eligible for CalPERS, to an amount equal to the City-paid CalPERS employee contribution for competitive service employees, and such Councilmember is required to contribute any additional amount required for a social security equivalent retirement system plan, in compliance with Federal requirements, the retirement benefits would again be considered generally equivalent for all Councilmembers.

Staff is recommending a change to the language in Section 2.04.055 of the Code to permit a sitting Councilmember who is not eligible for CalPERS retirement to instead receive an alternative benefit equivalent to the City-paid employee contribution retirement benefit afforded the City's competitive service employees. The contribution would be made to PARS. A PARS payroll deduction of 0.5% will also be implemented to equal the difference between the City-paid employee contribution and the required PARS retirement service contribution.

Changes in Council compensation cannot be effective during the current term of office; therefore, regardless of the effective date of the ordinance, no change in compensation will be implemented until the next Council term of office begins.

The City Attorney's Office reviewed the Draft Ordinance.

FISCAL IMPACT

The proposed ordinance is intended to provide benefit clarification and would not result in a fiscal impact.

STAFF RECOMMENDATION

Introduce Ordinance No. _____ for first reading, waive full reading, and direct staff to schedule second reading for October 20, 2010.

Attachment: Draft Ordinance

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, AMENDING SECTION 2.04.055, COMPENSATION AND BENEFITS, OF CHAPTER 2.04, CITY COUNCIL, OF TITLE 2, ADMINISTRATION AND PERSONNEL OF THE MOORPARK MUNICIPAL CODE

WHEREAS, Section 2.04.055 of the Moorpark Municipal Code (Code) provides to a councilmember who is ineligible for California Public Employees Retirement System (CalPERS) retirement contributions the same retirement benefits afforded to the City of Moorpark's temporary part-time employees; and

WHEREAS, prior to May 22, 2010, the City paid the entire retirement contribution required for the temporary part-time employee alternate retirement system in compliance with Federal requirements, or 7.5%, to Nationwide Retirement Solutions, Inc. (NRS), a retirement plan provider; and

WHEREAS, as of May 22, 2010, the City terminated NRS and appointed Public Agency Retirement Services (PARS) as Trust Administrator of the alternate retirement system in compliance with Federal requirements; and

WHEREAS, as of June 1, 2010, the City revised the alternate retirement system consistent with Federal requirements, so that employees pay 3.75% of the retirement contribution while the City pays the remaining 3.75%; and

WHEREAS, the current CalPERS City-paid competitive service employee contribution is currently 7%; and

WHEREAS, the City-paid alternate retirement system for temporary part-time employees no longer provides an equitable contribution for a councilmember who is ineligible for CalPERS; and

WHEREAS, on May 19, 2010, the City Council of the City of Moorpark directed staff to amend Section 2.04.055 of the Code changing the alternate retirement system for a councilmember ineligible for the CalPERS retirement plan.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES ORDAIN AS FOLLOWS:

SECTION 1. Section 2.04.055 of the Moorpark Municipal Code is hereby amended to read in its entirety as follows:

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"2.04.055 Compensation and benefits.

The compensation of each city councilmember shall be six hundred dollars (\$600.00) per month.

All sitting councilmembers shall be entitled to the same health insurance and life insurance benefits afforded the city's competitive service employees, and as such may be amended from time to time for the city's competitive service employees, with the exception that councilmembers are not eligible for a cash-back payment in lieu of health insurance.

All sitting councilmembers shall be entitled to the same California Public Employees Retirement System (CalPERS) benefits afforded the city's competitive service employees, and as such may be amended from time to time for the city's competitive service employees. If a sitting councilmember is not eligible to receive a CalPERS retirement contribution, such councilmember will receive the same retirement benefit afforded the city's temporary part-time employees. shall receive a contribution to the city's alternate retirement system plan in compliance with Federal requirements, and that contribution shall be equivalent to the city-paid competitive service employee contribution to CalPERS and shall not include the CalPERS employer contribution. If the CalPERS employee contribution amount is less than the total minimum contribution required for the alternate retirement system plan, in compliance with Federal requirements, such councilmember shall pay the portion of the Federally mandated minimum retirement contribution that exceeds the City-paid retirement contribution."

SECTION 2. If any section, subsection, sentence, clause, phrase, part or portion of this Ordinance is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council declares that it would have adopted this Ordinance and each section, subsection, sentence, clause, phrase, part or portion thereof, irrespective of the fact that any one or more section, subsections, sentences, clauses, phrases, parts or portions be declared invalid or unconstitutional.

SECTION 3. This Ordinance shall become effective thirty (30) days after its passage and adoption. Any change in retirement contribution for a seated member of the City Council shall not become effective until the beginning of that member's change in term of office.

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SECTION 4. The City Clerk shall certify to the passage and adoption of this Ordinance; shall enter the same in the book of original ordinances of said City; shall make a minute of the passage and the adoption thereof in the records of the proceedings of the City Council at which the same is passed and adopted; and shall, within fifteen (15) days after the passage and adoption thereof, cause the same to be published once in the Ventura County Star a newspaper of general circulation, as defined in Section 6008 of the Government Code, for the City of Moorpark, and which is hereby designated for that purpose.

PASSED AND ADOPTED this _____ day of _____, 2010.

Janice S. Parvin, Mayor

ATTEST:

Deborah S. Traffenstedt, City Clerk