



# CITY OF CORONADO

## CITY COUNCIL STAFF REPORT

November 7, 2023

{{section.number}}b

**ADOPTION OF “RESOLUTION OF INTENTION TO APPROVE AN AMENDMENT TO CONTRACT BETWEEN THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM AND THE CITY COUNCIL CITY OF CORONADO” AND FIRST READING AND INTRODUCTION OF “AN ORDINANCE OF THE CITY COUNCIL OF CORONADO, CALIFORNIA, AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE CITY COUNCIL OF THE CITY OF CORONADO AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM”**

**RECOMMENDATION:**

Adopt the “Resolution of Intention to Approve an Amendment to Contract Between the Board of Administration California Public Employees’ Retirement System and the City Council, City of Coronado” and conduct the first reading and introduce “An Ordinance of the City Council of Coronado, California, Authorizing an Amendment to the Contract Between the City Council of the City of Coronado and the Board of Administration of the California Public Employees’ Retirement System.”

**BACKGROUND:**

The current Memorandum of Understanding (MOU) for Fiscal Years 2022-23 through 2024-25 between the City of Coronado and the Coronado Police Officers’ Association (CPOA) and Coronado Firefighters’ Association (CFA) was previously approved by the City Council on October 4, 2022, and February 21, 2023, respectively.

One of the changes in the MOUs states for the City to provide eligible members with Fourth Level 1959 Survivor Benefits. Currently, eligible members of the CPOA and CFA are provided with the Second Level 1959 Survivor Benefits.

**ANALYSIS:**

The 1959 Survival Benefit Level change requires the City to amend its CalPERS retirement contract in sequence as listed below. Government Code Section 7507 also requires that the proposed contract amendment’s future annual costs or benefit change be made public at a public meeting, and the adoption of the retirement benefit increase or change cannot be placed on the consent calendar.

**Completed**

1. Provide a statement of the actuarial impact upon future annual costs, including normal cost and any additional accrued liability. These actuarial valuations were conducted by CalPERS and included in Attachment 5.

**For City Council Consideration on November 7, 2023**

2. City Council must take action on the following:
  - a. Adopt Resolution No. 2023-42, included as Attachment 1;
  - b. Authorize execution of Form CON-12, Certification of Governing Body’s Action, included as Attachment 2; and

- c. Authorize execution of Form CON-12A, Certification of Compliance with Government Code Section 7505, included as Attachment 3; and
- d. Introduce Ordinance No. 2023-04, included as Attachment 4

**For City Council Consideration on December 5, 2023**

- 3. Once the City Council adopts the Resolution of Intention, there must be a minimum 20-day period before the adoption of the Ordinance, pursuant to Government Code Section 20471. Accordingly, staff will return with the following for Council action:
  - a. Adoption of Ordinance No. 2023-04; and
  - b. Amended CalPERS retirement contract

Should the required documents be adopted and approved, the effective date of the amended CalPERS retirement contract will be January 4, 2024, thirty (30) days after the adoption of Ordinance No. 2023-04.

**FISCAL IMPACT:**

For the Fourth Level of 1959 Survivor Benefits, the initial employer cost to join the 1959 Survivor program is the payment of the pool's annual employer normal cost, \$5.50 per covered member per month (subject to annual change), for a period of five years. Based on the current actuarial-based excess asset balances of the plan, as shown in the table below, the first year's employer cost will be zero. Agencies will be billed annually and the normal cost will be recalculated each year.

After the first five years, the employer is required to pay the net premium for the Fourth Level pool, which will vary from year to year due to investment returns and experiences by the pool. Eligible members of CPOA and CFA covered by the 1959 Survivor Benefits will continue to contribute \$2 per month.

Disclosure of the Cost of this Contract Amendment for Fourth Level of 1959 Survivor Benefits for local fire members:

We require that the agency disclose the following values identified in the amendment actuarial valuation for the adoption of this plan amendment:

1)	First-Year Employer Normal Cost	\$	1,782
2)	Five-Year Amortization of Unfunded Liability/Excess		
	Asset Payment (fixed for 5 years)	\$	(23,731)
3)	First-Year Total Employer Cost	\$	0

Disclosure of the Cost of this Contract Amendment for Fourth Level of 1959 Survivor Benefits for local police members:

We require that the agency disclose the following values identified in the amendment actuarial valuation for the adoption of this plan amendment:

1)	First-Year Employer Normal Cost	\$	2,904
2)	Five-Year Amortization of Unfunded Liability/Excess		
	Asset Payment (fixed for 5 years)	\$	(38,673)
3)	First-Year Total Employer Cost	\$	0

**ALTERNATIVE:**

City Council may not adopt the proposed resolution or decline to introduce the ordinance.

**CALIFORNIA ENVIRONMENTAL QUALITY ACT:**

Not Applicable.

**PUBLIC NOTICE:**

No notice required.

**ATTACHMENTS:**

1. Resolution 2023-42
2. Form CON-12, Certification of Governing Body's Action
3. Form CON-12A, Certification of Compliance with Government Code Section 7505
4. Ordinance No. 2023-04
5. Amendment Actuarial Valuation Reports as of June 30, 2022 – Police and Fire

Submitted By: Administrative Services Department / John Kim