



Midpeninsula Regional
Open Space District

R-24-74
Meeting 24-16
June 12, 2024

AGENDA ITEM 7

AGENDA ITEM

Adoption of Final Resolution to Approve an Amendment to the Contract Between the California Public Employees' Retirement System (PERS) and the Midpeninsula Regional Open Space District to provide Section 21151, Industrial Disability Retirement for Local Miscellaneous Members

GENERAL MANAGER'S RECOMMENDATION

Adopt the final Resolution to Amend the California Public Employees' Retirement System contract to provide Section 21151, Industrial Disability Retirement for Local Miscellaneous Members.

SUMMARY

California Public Employees Retirement Law (Government Code Section 21151) governs Industrial Disability Retirement for Local Miscellaneous Members through the California Public Employees' Retirement System (PERS). Industrial Disability Retirement is an optional benefit enhancement offered through PERS. Section 21151 provides that an industrially disabled member qualifies for a retirement allowance regardless of age or length of employment. Industrial Disability Retirement (also referred to as IDR) is defined as the inability to perform the usual job duties due to a work-related injury or illness. The IDR allowance is 50% of final compensation unless a member is qualified for service retirement, in which case the member will receive either an IDR benefit or a service retirement benefit, whichever is greater.

DISCUSSION

On October 11, 2023, the Board of Directors (Board) approved a Memorandum of Understanding (MOU) with the Midpeninsula Rangers Peace Officers Association (POA) that included IDR as an added, new benefit for the represented Rangers starting in Fiscal Year 2024-2025. PERS law requires the Midpeninsula Regional Open Space District (District) to enroll all of its employees in the PERS Miscellaneous member category to receive this benefit. All District employees are in the Miscellaneous member category. PERS requires a two-step process for amending its contract with the District to add the IDR benefit. The first step was Board adoption of the Resolution of Intention to add the IDR benefit, which informs the Board and public regarding the future costs of the proposed amendment to the District's PERS contract. The Board adopted the Resolution of Intention on May 22, 2024. The final Board action is adoption of the attached final Resolution. The effective date of the District's PERS contract amendment, including changes in the employee and employer contribution rates, will become effective as of

the first day of a payroll period following the effective date of the final Resolution. If adopted on June 12th, it would be effective June 24, 2024 (pay period 24-14).

FISCAL IMPACT

According to the PERS actuarial analysis of the District's total fiscal year 2024-25 cost for all pension benefits, IDR will cost 0.28% of gross payroll for classic employees (approximately 73 employees) and 0.32% of gross payroll for PEPRA (Public Employees' Pension Reform Act) employees (approximately 109 employees). Under the Public Employees' Pension Reform Act (PEPRA) law, members hired on or after January 1, 2013, are subject to increases or decreases to their member contribution rate each fiscal year based on the CalPERS annual actuarial valuations. By law, the PEPRA member contribution rate is approximately 50% of the total normal cost of the PEPRA member benefits. As such, the contribution rate for PEPRA members will increase by 0.25% offsetting the 0.32% cost noted above, resulting in a net 0.07% Change in the Total Normal Cost to the District.

The estimated annual payroll for Fiscal Year 2024-25 (FY25) is approximately \$22,363,421. The total incremental additional annual cost for Section 21151 IDR for FY25 is approximately \$67,498. The total cost is estimated at \$28,454 for classic employees and \$39,044 for PEPRA employees. However, approximately \$30,504 of that cost is offset by the increased employee contributions for employees classified as CalPERS PEPRA members. The net cost to the District is estimated at \$36,994.

Additionally, the following information has been identified in the PERS actuarial analysis:

Classic Miscellaneous Plan (i.e., Classic Members) (Attachment 3):

1. Change in the Present Value of Benefits	\$198,654
2. Change in the Total Normal Cost	0.28%
3. Change in Total Unfunded Accrued Liability (UAL) Payment	\$0

New Miscellaneous Plan (i.e., PEPRA Members) (Attachment 3):

1. Change in the Present Value of Benefits	\$248,496
2. Change in the Total Normal Cost	0.07%
3. Change in Total Unfunded Accrued Liability (UAL) Payment	\$0

PRIOR BOARD AND COMMITTEE REVIEW

October 11, 2023: The Board approved a Memorandum of Understanding (MOU) with the Midpeninsula Rangers Peace Officers Association (POA) that included IDR. ([R-23-115, meeting minutes](#))

May 22, 2024: The Board approved a Resolution of Intention to Approve an Amendment to the Contract Between the California Public Employees' Retirement System (PERS) and the Midpeninsula Regional Open Space District to provide Section 21151, Industrial Disability Retirement for Local Miscellaneous Members. ([R-24-14](#))

PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

CEQA COMPLIANCE

This item is not a project subject to the California Environmental Quality Act.

NEXT STEPS

If approved, the General Manager or designee will execute the agreements, forms, and acknowledgements required by PERS for implementation of the IDR benefit. HR staff will work with CalPERS to complete the contract amendment process, including changes in the employee and employer contribution rates, effective June 24, 2024 (pay period 24-14).

Attachment(s)

1. Final Resolution to Approve an Amendment to the Contract Between the California Public Employees' Retirement System (PERS) and the Midpeninsula Regional Open Space District to provide Section 21151, Industrial Disability Retirement for Local Miscellaneous Members
2. Amendment to Contract Between the Board of Administration California Public Employees' Retirement System and the Board of Directors Midpeninsula Regional Open Space District.
3. Final Resolution Letter from CalPERS dated May 30, 2024
4. Certification of Final Action of Governing Body
5. Acknowledgement in Compliance with Government Code Section 7507(d)

Responsible Department Head:

Candice Basnight, Human Resources Manager

Prepared by:

Rebecca Wolfe, Human Resources Supervisor

Contact person:

Candice Basnight, Human Resources Manager

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
RESOLUTION
AUTHORIZING AN AMENDMENT TO THE CONTRACT

No. _____

WHEREAS, the Board of Administration of the California Public Employees' Retirement System and the Board of Directors of the Midpeninsula Regional Open Space District entered into a contract effective on December 31, 1973, providing for the participation of said public agency in the California Public Employees' Retirement System; and

WHEREAS, it is now desirable to take advantage of certain benefits provided under said Retirement System and not included in said contract;

NOW, THEREFORE, BE IT RESOLVED, that said governing body authorized, and it does hereby authorize, an amendment to said contract, a copy of said amendment attached hereto and by such reference made a part hereof as though herein set out in full; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the presiding officer of said governing body is hereby authorized, empowered and directed to execute said amendment for and on behalf of said public agency.

Adopted this _____ day of _____, _____.

Presiding Officer

Attest:

Clerk/Secretary


**EXHIBIT**

California
Public Employees' Retirement System



AMENDMENT TO CONTRACT

Between the
Board of Administration
California Public Employees' Retirement System
and the
Board Of Directors
Midpeninsula Regional Open Space District



The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective December 31, 1973, and witnessed November 14, 1973, and as amended effective April 4, 1977, June 26, 1997, October 9, 2006, and August 4, 2014, which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 13 are hereby stricken from said contract as executed effective August 4, 2014, and hereby replaced by the following paragraphs numbered 1 through 14 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for classic local miscellaneous members and age 62 for new local miscellaneous members.

2. Public Agency shall participate in the Public Employees' Retirement System from and after December 31, 1973, making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.
3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorney fees that may arise as a result of any of the following:
 - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
 - (b) Any dispute, disagreement, claim, or proceeding (including without limitation arbitration, administrative hearing, or litigation) between Public Agency and its employees (or their representatives) which relates to Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than such employees' existing retirement benefits, provisions or formulas.
 - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
 - a. Employees other than local safety members (herein referred to as local miscellaneous members).
5. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:
 - a. **SAFETY EMPLOYEES.**

6. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local miscellaneous member in employment before and not on or after October 9, 2006, shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Full).
7. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local miscellaneous member in employment on or after October 9, 2006, shall be determined in accordance with Section 21354.4 of said Retirement Law (2.5% at age 55 Full).
8. The percentage of final compensation to be provided for each year of credited prior and current service as a new local miscellaneous member shall be determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Full).
9. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Section 20042 (One-Year Final Compensation) for classic members only.
 - b. Section 21574.5 (Indexed Level of 1959 Survivor Benefits).
 - c. Section 21151 (Industrial Disability Retirement for Local Miscellaneous Members).
10. Public Agency, in accordance with Government Code Section 20790, ceased to be an "employer" for purposes of Section 20834 effective on April 4, 1977. Accumulated contributions of Public Agency shall be fixed and determined as provided in Government Code Section 20834, and accumulated contributions thereafter shall be held by the Board as provided in Government Code Section 20834.
11. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members of said Retirement System.
12. Public Agency shall also contribute to said Retirement System as follows:
 - a. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.

- b. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.
- 13. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.
- 14. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the _____ day of _____, _____.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF DIRECTORS
MIDPENINSULA REGIONAL OPEN
SPACE DISTRICT

BY _____
MELODY BENAVIDES, CHIEF
PENSION CONTRACTS AND PREFUNDING
PROGRAMS DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest: _____

Clerk

PLEASE DO NOT SIGN "EXHIBIT ONLY"

PLEASE DO NOT SIGN "EXHIBIT ONLY"

California Public Employees' Retirement System
Financial Office | Pension Contracts & Prefunding Programs Division
P.O. Box 942715, Sacramento, CA 94229-2715

www.calpers.ca.gov
888 CalPERS (or 888-225-7377)
TTY: (877) 249-7442



Candice Basnight
Human Resources Manager
Midpeninsula Regional Open Space District
5050 El Camino Real
Los Altos, CA 94022-1530

CalPERS ID 2857159579

May 30, 2024

Dear Candice Basnight,

Thank you for returning the Resolution of Intention to amend your CalPERS retirement contract to provide Section 21151 (Industrial Disability Retirement for Local Miscellaneous Members).

Also provided are the following documents necessary to complete the proposed amendment:

1. Amendment to Contract, two original sets.
2. Resolution, Form CON-13. This Resolution must be adopted by affirmative vote of a majority of the members of the governing body no earlier than twenty days after the adoption of the Resolution of Intention. Failure to comply may result in the delay of the anticipated effective date of the amendment.
3. Certification of Final Action of Governing Body, Form CON-5.
4. Acknowledgement in Compliance with Government Code Section 7507(d), Form CON-12D.

Your agency adopted the Resolution of Intention on May 22, 2024, therefore, the earliest date the final Resolution may be adopted is June 11, 2024, pursuant to Government Code Section 20471. There are no exceptions to this law.

Effective January 1, 2009, Government Code Section 7507 requires the following:

- A local public agency's chief executive officer acknowledge in writing that he or she understands the current and future cost of the retirement benefit as determined by the actuary.
- Adoption of any retirement benefit not be placed on the consent calendar.

The agency is to certify compliance on the enclosed Acknowledgement in Compliance with Government Code Section 7507(d), Form CON-12D.

Midpeninsula Regional Open Space District

May 30, 2024

The effective date of this amendment cannot be earlier than the first day of a payroll period following the adoption of the final Resolution. Please insert the effective date on the last page of the Amendment to Contract.

The following documents must be submitted through myCalPERS and the original documents must be returned to this office by mail. ORIGINAL SIGNATURES ARE REQUIRED ON ALL CONTRACTS.

1. Amendment to Contract, two original executed sets.
2. Resolution, Form CON-13.
3. Certification of Final Action of Governing Body, Form CON-5.
4. Acknowledgement in Compliance with Government Code Section 7507(d), Form CON-12D.

Please notify your personnel/payroll staff and any others who submit payroll or membership documents to CalPERS on behalf of the agency, such as county courts and port districts, of the following information as of the effective date of the amendment to the contract.

The employer contribution rate will be 14.35% of reportable earnings for classic local miscellaneous members.

The employer contribution rate will be 7.75% of reportable earnings for new local miscellaneous members.

Please do not retype the Amendment to Contract and/or agreement documents. Only documents provided by this office will be accepted. If you have any questions regarding any documents, please contact this office prior to presenting to your governing body for adoption. Another contract amendment cannot be started until this amendment is completed or cancelled.

A copy of the contract will be returned for your records after it has been executed by CalPERS.

We are here to assist you. If you have any questions or would like additional information, please visit our website www.calpers.ca.gov, or you may contact us toll free at **888 CalPERS** or **(888-225-7377)**.

Sincerely,



Tommy Pacheco

Pension Contracts Analyst

Financial Office | Pension Contracts & Prefunding Programs Division

TP:jc

Enclosures



California Public Employees' Retirement System
Financial Office | Pension Contracts and Prefunding Programs Division
P.O. Box 942703, Sacramento, CA 94229-2703
888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

CERTIFICATION
OF
FINAL ACTION OF GOVERNING BODY

I hereby certify that the _____ of the
(governing body)

(public agency)

considered and adopted on _____, _____, by an affirmative vote of a
(date)

majority of the members of said Governing Body, Ordinance/Resolution No. _____
approving the attached contractual agreement between the Governing Body of said Agency and
the Board of Administration of the California Public Employees' Retirement System, a certified
copy of said Ordinance/Resolution in the form furnished by said Board of Administration being
attached hereto.

Adoption of the retirement benefit increase/change was not placed on the consent calendar.

Clerk/Secretary

Title

Date _____



**ACKNOWLEDGEMENT IN COMPLIANCE WITH
GOVERNMENT CODE SECTION 7507(d)**

I am the Chief Executive Officer of _____,
(name of public agency)

(Public Agency). As required by Government Code section 7507(d), in connection with a change in retirement benefits or other post employment benefits proposed to be adopted, Public Agency secured the services of a CalPERS Actuary who prepared a statement of the actuarial impact upon future annual costs, including normal cost and any additional accrued liability.

Public Agency at a public meeting on _____ adopted the
(date)

change in retirement benefits or other post employment benefits for which the actuary prepared the statement of actuarial impact.

I have read said statement of actuarial impact concerning the benefit adopted by Public Agency and hereby acknowledge that I understand the current and future cost of the benefit as determined by the actuary.

Adoption of the retirement benefit increase was not placed on the consent calendar.

Printed Name

Signature

Date