

AGENDA ITEM 2 B  
Action Item

**MEMORANDUM**

**DATE:** June 4, 2020

**TO:** El Dorado County Transit Authority

**FROM:** Julie Petersen, Finance Manager

**SUBJECT:** California Public Employees' Retirement System (CalPERS)  
Resolution of Intent to Amend contract to include Section 20903 (Two Years Additional Service Credit)

**REQUESTED ACTION:**  
**BY MOTION,**

1. **Adopt Resolution No. 20-16 of Intention to Approve an Amendment to Contract to include Section 20903**
2. **Authorize the Chair to Certify Compliance with Government Code Section 20903**
3. **Authorize the Executive Director or Designee to Certify Compliance with Government Code Section 7507**
4. **Adopt Resolution No. 20-17 Designating the period from July 10, 2020 through October 9, 2020 for Section 20903 eligibility**

**BACKGROUND**

The El Dorado County Transit Authority (El Dorado Transit) contracts with the California Public Employees' Retirement System (CalPERS) under authority of Resolution No. 94-10, adopted August 4, 1994, to provide retirement benefits to its employees.

El Dorado Transit has amended the contract with CalPERS from time to time as needed to comply with new laws and add retirement options to said contract.

**DISCUSSION**

Section 20903 (Two Years Additional Service Credit) of the California Public Employees Retirement Law (PERL) allows for those employers who contract for this section to provide two (2) years additional service credit to members who retire during a designated period if member eligibility requirements are met. Offering this option requires that El Dorado Transit amend its contract with CalPERS through a multistage public process that commences with the recommended actions and certifications herein.

Certification of Compliance with Government Code Section 20903 requires the El Dorado

Transit Board to confirm the following circumstances apply, leading to the need for a contract amendment:

- The best interests of the agency will be served by granting additional service credit *“because of an impending curtailment of, or change in the manner of performing service.”*
- The added cost to the retirement fund for all eligible employees who retire during the designated window period will be included in the agency’s employer contribution rate for the fiscal year that begins two years after the end of the designated period;
- It has elected to become subject to section 20903 because of impending mandatory transfers, demotions, or layoffs that constitute at least one percent (1%) of the organization, as designated by the governing body, resulting from the curtailment of, or change in the manner of performing, its services;
- Its intension at the time Section 20903 becomes operative is to keep at least one vacancy in any position in any department or other organizational unit permanently unfilled thereby resulting in an overall reduction in the work force.

El Dorado Transit expects significant and possibly long-term deficits in major revenue sources that will require substantial reductions in expenditures across all major operating budget categories. As a result, the FY 2020/21 Personnel Allocation Table, proposed elsewhere in this agenda, includes a reduction of the equivalent of eighteen (18) full-time staff positions including operations and administrative personnel. In the interest of achieving the maximum number of staffing reductions by way of voluntary attrition, staff recommends approval of the actions noted above, necessary to initiate a revision to El Dorado Transit’s contract with CalPERS to offer two (2) years of additional service credit to eligible members.

### **FISCAL IMPACT**

Providing the additional service credit to eligible members does not immediately impact the budget but it does have an associated cost. The added cost to the retirement fund for all eligible members who elect to retire during the designated period will be included in El Dorado Transit’s employer contribution rate for the fiscal year that begins two (2) years after the end of the designated period. Certification of Compliance with Government Code Section 7507 requires the El Dorado Transit Board to confirm *“...the future annual costs as determined by the California Public Employees’ Retirement System for the increase or change in retirement benefit(s) have been made public.”*

To comply with this certification staff has utilized the format provided by CalPERS to calculate the maximum costs for all eligible employees. There are currently twenty-six (26) employees that are considered eligible including all those that have a minimum of five (5) years of service credit and have also reached the minimum age for retirement under the applicable formulas. Based on the CalPERS methodology, the future annual contributions for all twenty-six (26) eligible members are estimated at \$826,844. The actual costs for El Dorado Transit’s employer contribution rate starting in FY 2022/23 will depend on the number of employees, if any, that elect to retire during the designated period and their individual circumstances.

**RESOLUTION OF INTENTION  
TO APPROVE AN AMENDMENT TO CONTRACT  
BETWEEN THE  
BOARD OF ADMINISTRATION  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
AND THE  
BOARD OF DIRECTORS  
EL DORADO COUNTY TRANSIT AUTHORITY**

WHEREAS, the Public Employees' Retirement Law permits the participation of public agencies and their employees in the Public Employees' Retirement System by the execution of a contract, and sets forth the procedure by which said public agencies may elect to subject themselves and their employees to amendments to said Law; and

WHEREAS, one of the steps in the procedures to amend this contract is the adoption by the governing body of the public agency of a resolution giving notice of its intention to approve an amendment to said contract, which resolution shall contain a summary of the change proposed in said contract; and

WHEREAS, the following is a statement of the proposed change:

To provide Section 20903 (Two Years Additional Service Credit)  
for local miscellaneous members.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the above agency does hereby give notice of intention to approve an amendment to the contract between said public agency and the Board of Administration of the Public Employees' Retirement System, a copy of said amendment being attached hereto, as an "Exhibit" and by this reference made a part hereof.

By: \_\_\_\_\_  
Presiding Officer

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date adopted and approved



**EXHIBIT**

California  
Public Employees' Retirement System

---

**AMENDMENT TO CONTRACT**

**Between the  
Board of Administration  
California Public Employees' Retirement System  
and the  
Board of Directors  
El Dorado County Transit Authority**

---

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 August 6, 1994, and witnessed August 29, 1994, and as amended effective November 11, 2006 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 10 are hereby stricken from said contract as executed effective November 11, 2006, and hereby replaced by the following paragraphs numbered 1 through 12 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.

PLEASE DO NOT SIGN "EXHIBIT ONLY"

2. Public Agency shall participate in the Public Employees' Retirement System from and after August 6, 1994 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. **MEMBERS OF THE GOVERNING BODY; AND**
  - b. **SAFETY MEMBERS.**

6. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local miscellaneous member 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 new local miscellaneous member shall be determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Full).
8. 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 20938 (Limit Prior Service to Members Employed on Contract Date).
  - c. Sections 21624 and 21626 (Post-Retirement Survivor Allowance).
  - d. Section 20903 (Two Years Additional Service Credit).
9. 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.
10. Public Agency shall also contribute to said Retirement System as follows:
  - a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21573 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members.
  - b. 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.
  - c. 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.

11. 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.
12. 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  
EL DORADO COUNTY TRANSIT  
AUTHORITY

BY \_\_\_\_\_  
ARNITA PAIGE, CHIEF  
PENSION CONTRACTS AND PREFUNDING  
PROGRAMS DIVISION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_  
PRESIDING OFFICER

\_\_\_\_\_  
Witness Date

Attest:

\_\_\_\_\_  
Clerk



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](http://www.calpers.ca.gov)

**CERTIFICATION OF COMPLIANCE WITH  
 GOVERNMENT CODE SECTION 20903**

In accordance with Government Code Section 20903 and the contract between the Public Employees' Retirement System, the Board of Directors of the El Dorado County Transit Authority hereby certifies that:

1. Because of an impending curtailment of, or change in the manner of performing service, the best interests of the agency will be served by granting such additional service credit.
2. The added cost to the retirement fund for all eligible employees who retire during the designated window period will be included in the contracting agency's employer contribution rate for the fiscal year that begins two years after the end of the designated period.
3. It has elected to become subject to Section 20903 because of impending mandatory transfers, demotions, and layoffs that constitute at least 1 percent of the job classification, department or organizational unit, as designated by the governing body, resulting from the curtailment of, or change in the manner of performing, its services.
4. Its intention at the time Section 20903 becomes operative is to keep all vacancies created by retirements under this section or at least one vacancy in any position in any department or other organizational unit permanently unfilled thereby resulting in an overall reduction in the work force of such department or organizational unit.

THEREFORE, the Board of Directors of the El Dorado County Transit Authority hereby elects to provide the benefits of Government Code Section 20903 to all eligible members who retire within the designated period, July 10, 2020 through October 9, 2020.

BOARD OF DIRECTORS  
 OF THE  
 EL DORADO COUNTY TRANSIT AUTHORITY

By: \_\_\_\_\_  
 Presiding Officer

Attest:

\_\_\_\_\_  
 Clerk/Secretary

\_\_\_\_\_  
 Date





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](http://www.calpers.ca.gov)

---

## Certification of Compliance with Government Code Section 7507

I hereby certify that in accordance with Government Code section 7507, the future annual costs as determined by the California Public Employees' Retirement System for the increase or change in retirement benefit(s) have been made public at a public meeting of the Board of Directors of the El Dorado County Transit Authority on June 4, 2020 which is at least two weeks prior to the adoption of the Resolution / Ordinance.

Adoption of the retirement benefit increase or change will not be placed on the consent calendar.

\_\_\_\_\_  
Clerk/Secretary

\_\_\_\_\_  
Title

Date \_\_\_\_\_

**Board of Directors  
of The  
El Dorado Transit Authority  
Resolution  
To  
Grant Another Designated Period  
For  
Two Years Additional Service Credit**

WHEREAS, the Board of Directors of the El Dorado Transit Authority is a contracting Public Agency of the Public Employees' Retirement System; and

WHEREAS, said Public Agency desires to provide another designated period for Two Years Additional Service Credit, Section 20903, based on the contract amendment included in said contract which provided for Section 20903, Two Years Additional Service Credit, for eligible members;

NOW, THEREFORE, BE IT RESOLVED, that said Board of Directors does seek to add another designated period, and does hereby authorize this Resolution, indicating a desire to add a designated period from July 10, 2020 through October 9, 2020 for eligible miscellaneous members in the El Dorado County Transit Authority.

Adopted and approved this 4th day of June, 2020.

BOARD OF DIRECTORS  
OF THE  
EL DORADO TRANSIT AUTHORITY

BY \_\_\_\_\_  
Presiding Officer

Attest:

\_\_\_\_\_  
Clerk/Secretary