Sacramento Public Library Authority

October 22, 2009 **Agenda Item 9.0: Settlement of CalPERS One-Year Highest Compensation Contract Issue**

TO: **Sacramento Public Library Authority Board Members**

FROM: **Rick Teichert, Deputy Director, Administrative Services**

RE: **Settlement of CalPERS One-Year Highest Compensation Contract Issue**

RECOMMENDED ACTIONS:

1. **Approve** an offer to settle the CalPERS One-Year Highest Compensation contract issue with 15 retired Sacramento Public Library employees, in accordance with the actuarial calculations completed, in an amount not to exceed $54,000.

2. **Authorize** the Library Director to implement the required settlement offers and related actions.

REASON FOR RECOMMENDATION

Staff presented three California Public Employees Retirement System (CalPERS) benefit areas that were inconsistent between the CalPERS contract and the existing labor agreements. After careful study of the issues and impacts, the Authority Board amended the CalPERS contract in June 2008 to be consistent with existing labor agreements. Subsequent to this action, Library staff has worked with CalPERS staff to determine the impact to retirees in the areas of one-year compensation, industrial disability and survivor continuance benefits. The only area that had any retirees impacted was the one-year highest compensation benefit, where 15 retirees retired under a three-year highest compensation benefit, while the labor agreement required a one-year highest compensation benefit.

Staff retained the services of a professional actuary to recalculate the benefits of these affected retirees. The additional lump sum cost to make these retirees whole at the one-year highest compensation benefit level is a total of $53,502.

Staff is recommending approval by the Authority Board to offer lump sum settlements to these individuals to resolve this outstanding issue.

Fiscal Impact

Staff has retained a professional actuary to determine the amount of the retirement calculations that would have resulted with highest one-year final compensation criteria. These calculations were completed using the PERS actuarial assumptions and a one year highest final compensation formula. These recalculated amounts total $53,502. The Library Board approved $60,000 in the September Final Budget for FY 2009/10 to cover this settlement action.