

**TRUCKEE TAHOE AIRPORT DISTRICT
BOARD OF DIRECTORS AGENDA ITEM SUMMARY**

Topic:	Amendment To The Contract Between CalPERS And The Truckee Tahoe Airport District To Include Provisions Pursuant To Government Code Section 20475 In Order To Implement The 2%@60 Retirement Formula (Miscellaneous Group)			
Purpose	Information:	Guidance:	Decision:	X
Recommendation	<p>1) Adopt a <i>Resolution Authorizing an Amendment to the Contract</i> (Attachment 1) to approve an Amendment to the Contract (Attachment 2) between the Board of Administration of the California Public Employees' Retirement System (CalPERS) and the Truckee Tahoe Airport District (Attachment 2) in order to implement the lower-level retirement formula of 2%@60 for Miscellaneous employees hired after July 29, 2012.</p> <p>2) Authorize Staff to execute required CalPERS Certification of Governing Body's Action – PERS-CON-5 (Attachment 3).</p>			
Last Action	<p>The District's CalPERS contract was last amended in September of 2003 when the 2.7% @ 55 formula was put into place. A review of the District's pension program was presented as a staff report at the April 28, 2011 Board meeting.</p> <p>The <i>Resolution of Intention</i> to amend the contract was passed at the June 28, 2012 board meeting – the requisite twenty day time period has passed between that meeting and the current presentation of the <i>Resolution Authorizing an Amendment to the Contract</i>.</p>			
Discussion	<p>The effective date of the contract amendment must be the first day of a payroll period. Therefore, the effective date of the contract amendment will be July 29, 2012. Employees hired on July 30, 2012 or later would fall into the second tier of pension benefits as outlined in Attachment 7.</p>			
Fiscal Impact	<p>The immediate fiscal impact is zero; due to fact that the 2@60 benefit will only be given to new employees. However, over the long term, because the 2@60 benefit is less expensive there will be cost savings.</p> <p>Based on the District's current employee demographic, in 15 years one half of the employee population will have reached age 65 and more than likely will have retired/been replaced. At that time, (according to the CalPERS valuation prepared for this contract amendment), <i>assuming the same payroll expense as the current budget – and half of the payroll expense at the lower contribution rate</i>; the savings would be approximately \$50,000 per year.</p>			
Communication Strategy	<p>All employees have been made aware of this change to the pension program – although it does not affect their benefit. New employees will be briefed on their pension benefits upon hire. The addition of the second tier will be briefly discussed in the budget, although there will not be any effect as no vacancies are anticipated. The Employee handbook has been reviewed to ensure the it is reflective of the</p>			

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amendment.

Attachments

Attachment 1 – Resolution Authorizing an Amendment to the Contract

Attachment 2 - Amendment to the Contract between the Board of Administration of the California Public Employees' Retirement System (CalPERS) and the Truckee Tahoe Airport District

Attachment 3 - Certification of Governing Body's Action