

- 8F.** City Manager – Approve Amendment to City of Torrance PARS Retirement Enhancement Plan.
Expenditure: None.
Recommendation of the City Manager that City Council approve amendment to the City of Torrance PARS Retirement Enhancement Plan.



Date: January 14, 2025

To: Honorable Mayor and Members of the City Council

From: Aram Chaparyan, City Manager

By: Ian Dailey, Deputy City Manager | IDailey@TorranceCA.gov

Subject: City Manager – Approve Amendment to City of Torrance PARS Retirement Enhancement Plan. Expenditure: None.

RECOMMENDATION

Recommendation of the City Manager that City Council approve amendment to the City of Torrance PARS Retirement Enhancement Plan.

FUNDING

None Required.

DISCUSSION

The City of Torrance established the PARS Retirement Enhancement Plan on July 1, 2005 for employees that were part of the Torrance Professional and Supervisory Association (TPSA) and the Engineers and Torrance Fiscal Employees Association (TFEA) through the negotiations process. This supplemental pension plan provided an additional benefit beyond the CalPERS pension plan in the amount of 0.46951% for each year of service when a member of the plan. This supplemental pension plan has since been amended and restated effective July 1, 2011 in its current form. Additionally, as a result of the Public Employees' Pension Reform Act (PEPRA) on January 1, 2013 this supplemental pension plan became a closed plan no longer available to new employees and grandfathered current employees into the Plan.

As a result of the negotiations process with TPSA and TFEA in 2024, the groups have agreed to freeze this plan. By freezing the plan, this means current employees who will receive a benefit upon retirement will no longer accrue additional years of service. Additionally, the period for determining the highest annual compensation for these prospective retirees will not extend beyond September 8, 2024 for TPSA members or October 20, 2024 for TFEA members. It is important to note that freezing the plan has zero effect on those who have already retired from the system before these dates. The action of freezing the plan will mitigate increases in the plan's liabilities prospectively for the City allowing for the existing Unfunded Accrued Liability to be addressed in a reasonable timeframe, while PARS beneficiaries remain employees of the City. This will accelerate the funded status of the plan and ensure its long-term viability for current retirees and those eligible to receive the benefit upon retirement from the City. With the labor groups having approved the plan freeze during the negotiations process, Council must approve the attached contract amendment to officially make the change.

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ATTACHMENT

1. Amendment to City of Torrance PARS Retirement Enhancement Plan

**AMENDMENT TO THE
CITY OF TORRANCE
PARS RETIREMENT ENHANCEMENT PLAN**

WHEREAS, the City of Torrance (the “Employer”) has previously adopted the City of Torrance PARS Retirement Enhancement Plan, amended and restated effective July 1, 2011 (the “Plan”); and

WHEREAS, the Employer has the right to amend said Plan in accordance with Section 5.3 of the Plan; and

WHEREAS, the Employer, the Torrance Professional Supervisory Association (TPSA), and the Engineers Association/Torrance Fiscal Employees Association (TFEA) Bargaining Units have entered into agreements to modify certain terms and provisions of the Plan, which include freezing Benefit Service and Final Pay, effective as of September 8, 2024, for TPSA Bargaining Unit Member Employees and effective as of October 20, 2024, for Engineer and Fiscal Bargaining Unit Member Employees; and

WHEREAS, in coordination with the successor agreements to the Memorandums of Understanding for TPSA and TFEA in effect for Employees covered under the Plan, the Employer hereby amends the Plan.

NOW, THEREFORE, the Plan is hereby amended as follows:

1. The definition of **Benefit Service** under Article VII, Section 7.1, is hereby amended and restated to read:

“Benefit Service” for TPSA Bargaining Unit Member Employees hired on or before January 25, 2004, means at termination of employment with the Employer, the total number of years of CalPERS credited service based on actual employment with the Employer prior to January 25, 2004, and the total number of years of CalPERS credited service based on actual employment with the Employer as a TPSA Bargaining Unit Member Employee through September 8, 2024.

Benefit Service for Engineer, or Fiscal Bargaining Unit Member Employees hired on or before January 25, 2004, means at termination of employment with the Employer, the total number of years of CalPERS credited service based on actual employment with the Employer prior to January 25, 2004, and the total number of years of CalPERS credited service based on actual

employment with the Employer as an Engineer, or a Fiscal Bargaining Unit Member Employee of the Employer through October 20, 2024.

Benefit Service for Employees hired after January 25, 2004, and Benefit Service for Employees who promote into an eligible classification as described in Section 1.1(a) after January 25, 2004, means at termination of employment with the Employer, the total number of years of CalPERS credited service based on actual employment with the Employer as a TPSA Bargaining Unit Member Employee of the Employer through September 8, 2024, or the total number of years of CalPERS credited service based on actual employment with the Employer as an Engineer, or a Fiscal Bargaining Unit Member Employee of the Employer through October 20, 2024.

Benefit Service shall not include any purchased CalPERS service credit with the Employer.

2. The definition of **Final Pay** under Article VII, Section 7.1, is hereby amended and restated to read:

“**Final Pay**” means the highest annual compensation subject to CalPERS deductions, plus 7% EPMC CalPERS deductions, paid to an Employee during any twelve consecutive months of employment with the Employer through September 8, 2024, for a TPSA Bargaining Unit Member Employee, or through October 20, 2024, for an Engineer, or Fiscal Bargaining Unit Member Employee.

3. All other terms and conditions of the Plan shall remain in full force and effect.

IN WITNESS THEREOF, this Amendment is hereby adopted this ____ day of _____, 2024.

CITY OF TORRANCE

By: _____
Timothy Goodrich

Its: City Treasurer _____

Date: _____

APPROVED AS TO FORM:
PATRICK Q. SULLIVAN
CITY ATTORNEY

By _____
Tatia Y. Strader
Assistant City Attorney