



Council Agenda Report

From: Marlaine Sanders, Administrative Services Director

Subject: Employee Retirement Contract: Amending the California Public Employees' Retirement System Retirement Contract for Local Fire Members.

Date: February 6, 2018

Facts

1. Full-time City employees accrue retirement benefits under a contract between the City of Paso Robles and the California Public Employees' Retirement System (CalPERS).
2. The current CalPERS contract for "Fire Safety" members has 3 retirement tiers with benefit formulas that are dependent upon factors such as year of service or vested enrollment. The Memorandum of Understanding between the City of Paso Robles and the IAFF calls for IAFF "Fire Safety" members to contribute an additional three percent (3%) pursuant to Section 20516 towards retirement contract costs.
3. The Memoranda of Understanding and Agreement between the City of Paso Robles and the IAFF calls for an amendment to the CalPERS Retirement Contract as soon as practicable. However, it is imperative that the City conclude all necessary actions by March 2018, so that another contract change for additional agreed-upon retirement cost sharing can be initiated in time to meet a July 1, 2018 deadline.
4. There are three main steps that the City must undertake to complete the contract amendment with CalPERS:
 - a. Approve a Resolution of Intention to amend the contract*

The resolution of intention is scheduled for approval at this February 6, 2018, City Council meeting and will be sent to CalPERS immediately upon adoption to initiate preparation of the Final Contract Amendment for signatures and execution. Accompanying the Resolution of Intention are also requisite certifications that confirm the City's compliance with Government Codes as they relate to the CalPERS Contract amendment. These certifications will also be sent to CalPERS upon completion.
 - b. Adopt an Urgency Ordinance*

The Urgency Ordinance is the City's instrument authorizing the Mayor to execute the Contract amendment on behalf of the City. The ordinance will be presented as an Urgency Ordinance because of minimum PERS timelines separating adoption of the final ordinance by a minimum of 20 days from approval of the Resolution of Intention. The first and final reading of the Urgency Ordinance is scheduled for March 6, 2018, establishing a contract amendment date of March 11, 2018 (first day of pay period following the March 6, 2018 effective date of the ordinance).
 - c. Hold an Employee Election*

When employee contribution rates change a secret ballot election of the effected employee group must be conducted. This election is scheduled to conclude February 21, 2018 and certified results will be presented to CalPERS.
5. The schedule for taking these noted action steps is very specific and time critical for achieving the contract amendment by the scheduled March 11, 2018 payroll date. This schedule will allow the City to honor contracts and agreements reached with IAFF for 2018, and an agreement reached with POA that will require an additional PERS Contract change by a July 1, 2018 deadline.

Options

1. Take no action.
2. Adopt a “Resolution of Intention” with requisite accompanying certifications, establishing the City Council’s intention to approve an amendment to the Contract between the Board of Administration of the California Public Employees’ Retirement System and the City of El Paso de Robles for its “Fire Safety” unit
3. Provide alternative direction as may be appropriate.

Analysis and Conclusions

The Memorandum of Understanding and respective agreements between the City of Paso Robles and the IAFF group calls for an amendment to the CalPERS Retirement Contract as soon as practicable. The contract amendment will allow for this employee group to begin contributing an additional three percent (3%) towards retirement contract costs. The scheduled March 11, 2018 implementation date will provide adequate time to initiate another contract change for additional retirement cost sharing that is to go into effect on July 1, 2018.

Fiscal Impact

The cost savings associated with employees picking up an additional 3% of retirement contract costs were factored into the negotiation of the Memorandum of Understanding with IAFF. The CalPERS Contract amendment will transfer costs currently incurred by the City to employees who will have the opportunity to vote under Section 20516 to have those additional contributions credited to their member accounts as normal contributions.

Recommendation

Approve “Resolution of Intention” No. 18-XXX with requisite certifications, establishing the City Council’s intention to approve an amendment to the Contract between the Board of Administration of the California Public Employees’ Retirement System and the City of El Paso de Robles for all “Fire Safety” members.

Attachments

1. Resolution of Intention to approve an amendment to the CalPERS Contract with accompanying exhibits and certifications

**RESOLUTION OF INTENTION
TO APPROVE AN AMENDMENT TO CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
CITY COUNCIL
CITY OF PASO ROBLES**

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 20516 (Employees Sharing Additional Cost) of 3% for local fire 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

(Amendment)
CON-302 (Rev. 3/9/2016 rc)

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Financial Office | Pension Contract Management
Services & Prefunding Programs
P.O. Box 942703 Sacramento, CA 94229-2703
888 CalPERS (or 888-225-7377)
TTY: (877) 249-7442 | Fax: (916) 795-4673
www.calpers.ca.gov

CERTIFICATION OF GOVERNING BODY'S ACTION

I hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the

_____ of the
(governing body)

(public agency)

on _____.
(date)

Clerk/Secretary

Title

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**CERTIFICATION OF COMPLIANCE WITH
GOVERNMENT CODE SECTION 20516**

I hereby certify that in accordance with Section 20516 of the Government Code, City of Paso Robles and its local fire employees have agreed in writing to the following:

Section 20516 (Employees Sharing Additional Cost) of 3% for local fire members.

Signature

Title

Witness

Date

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**CERTIFICATION OF COMPLIANCE WITH
GOVERNMENT CODE SECTION 7507**

I hereby certify that in accordance with Section 7507 of the Government Code the ~~future~~
~~annual costs as determined by the System Actuary for the increase/~~change in retirement
Benefit(s) have been made public at a public meeting of the _____
(governing body)

of the _____ on _____
(public agency) (date)

which is at least two weeks prior to the adoption of the ~~Resolution /~~ Ordinance.

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

Clerk/Secretary

Title

Date _____