



Council Agenda Report

From: Marlaine Sanders, Administrative Services Director

Subject: Employee Retirement Contract: Amending the California Public Employees' Retirement System Retirement Contract for Local Police Safety Members, Local Fire Safety Members, Second Tier Classic Local Miscellaneous Members and New Local Miscellaneous Members

Date: May 15, 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 "Police 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 POA calls for POA "Police Safety" members to contribute additional amounts toward retirement contract costs pursuant to Section 20516 – Employees Sharing Additional Costs, which requires a CalPERS contract amendment. Police Safety members began contributing an additional three percent (3%) effective December 17, 2017, and are to begin contributing another three percent (3%) effective July 1, 2018, toward their retirement contract costs.
3. The current CalPERS contract for the "Miscellaneous" members (all employees other than safety police and safety fire) 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 POA calls for POA non-sworn members (dispatchers) to contribute additional amounts toward retirement contract costs. POA non-sworn members (dispatchers) began contributing an additional three percent (3%) effective December 17, 2017, and are to begin contributing another three percent (3%) effective July 1, 2018, toward their retirement contract costs. For second tier classic and third tier new "Miscellaneous" members, these contributions will be pursuant to Section 20516 – Employees Sharing Additional Costs and requires a CalPERS contract amendment.
4. 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 additional amounts toward retirement contract costs pursuant to Section 20516 – Employees Sharing Additional Costs, which requires a CalPERS contract amendment. Fire Safety members began contributing an additional three percent (3%) effective March 11, 2018, and are to begin contributing another three percent (3%) effective July 1, 2018, toward their retirement contract costs.
5. The Memoranda of Understanding and Agreements between the City of Paso Robles and these employee groups calls for the additional cost sharing pursuant to Section 20516 to begin on July 1, 2018, which requires an amendment to the CalPERS Retirement Contract. It is imperative that the City conclude all necessary contract amendment actions prior to the agreed upon July 1, 2018 deadline.
6. The City and the Service Employee International Union (SEIU) continue to meet and confer over their labor agreement, and the City continues its discussions with the Unrepresented, Confidential, Professional & Management (MGMT) group regarding their agreement. When agreements are

reached these groups, they will be presented to City Council and any associated CalPERS Contract changes necessary to effectuate those agreements will follow a separate schedule.

7. 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 May 15, 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 CalPERS 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 June 19, 2018, establishing a contract amendment date of July 1, 2018 (first day of pay period following the June 20, 2018 effective date of the ordinance).
 - c. ***Hold an Employee Election***

When employees agree to share additional costs pursuant to Section 20516 a secret ballot election of the effected employee group(s) must be conducted. This election is scheduled to conclude May 30, 2018 and certified results will be presented to CalPERS.
8. The schedule for taking these noted action steps is very specific and time critical for achieving the contract amendment by the scheduled July 1, 2018 payroll date. This schedule will allow the City to honor contracts and agreements reached with POA and IAFF.

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 "Police Safety" POA members, "Fire Safety" IAFF members and second-tier classic and third-tier new "Miscellaneous" POA members (non-sworn dispatchers).
3. Provide alternative direction.

Analysis and Conclusions

The Memoranda of Understanding and respective agreements between the City of Paso Robles and the POA and IAFF groups calls for members to contribute an additional three percent (3%) toward retirement contract costs on July 1, 2018, pursuant to Section 20516 – Employees Sharing Additional Costs, which requires a CalPERS contract amendment. The City was not able to initiate this contract amendment sooner because it was processing contract amendments for these and other labor groups for additional retirement cost sharing that went into effect on December 17, 2017 and March 11, 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 Memorandums of Understanding with POA and 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

Adopt "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 members in the following classes: "Police Safety" POA sworn and "Miscellaneous" POA non-sworn second-tier classic and third-tier new, and "Fire Safety" IAFF 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 an additional 3% for local fire members in the Paso Robles Professional Firefighters IAFF, Local 4148; an additional 3% for local police members in the Paso Robles Police Officers Association; and an additional 3% for second tier classic local miscellaneous members and new local miscellaneous members in the Paso Robles Police Officers Association.

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

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 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 _____

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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 employees have agreed in writing to the following:

Section 20516 (Employees Sharing Additional Cost) of an additional 3% for local fire members in the Paso Robles Professional Firefighters IAFF, Local 4148; an additional 3% for local police members in the Paso Robles Police Officers Association; and an additional 3% for second tier classic local miscellaneous members and new local miscellaneous members in the Paso Robles Police Officers Association.

Signature

Title

Witness

Date

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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