



COUNCIL REPORT

DATE: April 25, 2023

CATEGORY: New Business

DEPT.: Human Resources

TITLE: **Adopt a Resolution Governing Compensation Related to CalPERS Cost-Share for All Unrepresented Safety PEPRAs Employees**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View to Modify CalPERS Cost-Share Contributions for All Unrepresented Safety Public Employees' Pension Reform Act Employees, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

City employee pensions are governed by contracts the City has with the California Public Employees' Retirement System (CalPERS). The 2022 CalPERS actuarial valuation reports set the required contributions for public agency employers and members for Fiscal Year 2023-24. In addition to the normal employee contributions set forth in the CalPERS valuation reports, all City employees contribute to a cost-share, in which employees pay a portion of the employer contribution.

Based on the valuation report, the normal employee contributions for safety Public Employees' Pension Reform Act (PEPRA) employees will increase by 0.75%, from 11.25% to 12% in Fiscal Year 2023-24. The required increase in the normal employee contribution results in a total employee contribution (normal cost plus cost-share) that exceeds the maximum employee contributions as set forth in Council Resolutions for Unrepresented Safety Employees. Therefore, the employee cost-share amount will be reduced through this resolution and a subsequent CalPERS contract amendment, in compliance with Government Code Section 20516.

ANALYSIS

Government Code Section 20516 allows for contracting agencies and their employees to agree to share the costs of the employer pension contribution. On August 27, 2018, Assembly Bill (AB) 2310 was passed, which revised Government Code 20516 to allow memoranda of understanding (MOU) to effectuate cost-sharing without CalPERS contract amendments. The cost-share amounts for represented safety PEPRA members—POA and MVFF—have already been adjusted by side-letter agreements. For unrepresented safety groups which do not have an MOU, CalPERS

requires that a contract amendment be initiated for the affected unrepresented groups in order to update the cost-share contributions. The first step to initiate a contract amendment is for a resolution regarding cost-share contributions to be adopted. With City Council approval of the resolution amendment brought forth today, the City can submit a request to CalPERS to begin the contract amendment. If the City’s request is approved by CalPERS, staff will return to Council for a Resolution of Intention and first and second readings of an ordinance to amend the CalPERS contract as required by CalPERS law (in essence, this item will be on the Council agenda in three meetings).

The current cost-share contributions for unrepresented safety PEPRA employees for Fiscal Year 2022-23 and the updates for Fiscal Year 2023-24 to be made are as follows:

Unrepresented Police Managers PEPRA	Employee Normal Contribution	Employee Share of Employer Contribution	Total Paid by Employee
2022-23	11.25%	2.898%*	14.148%
2023-24	12%	2.148%*	14.148%

Unrepresented Fire Managers PEPRA	Employee Normal Contribution	Employee Share of Employer Contribution	Total Paid by Employee
2022-23	11.25%	2.366%**	13.616%
2023-24	12%	1.616%**	13.616%

Unrepresented Safety Hourly PEPRA	Employee Normal Contribution	Employee Share of Employer Contribution	Total Paid by Employee
2022-23	11.25%	2.898%*	14.148%
2023-24	12%	2.148%*	14.148%

* Includes 0.148% for survivor benefit.
 **Includes 0.366% for survivor benefit.

For purposes of cost-share only, Fire Managers includes the Fire Chief, and Police Managers includes the Police Chief.

FISCAL IMPACT—There is no fiscal impact associated with this resolution.

ALTERNATIVES

1. Direct staff to provide additional information.
2. Provide other direction.

PUBLIC NOTICING—Agenda posting and a copy of report to CalPERS.

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AC-LB/2/CAM
036-04-25-23CR
202843

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Attachment: 1. Resolution