



DATE: August 25, 2020

CATEGORY: New Business

DEPT.: Human Resources

TITLE: **Amendment to CalPERS Contract for All Unrepresented Miscellaneous PEPRA Employees – Adopt a Resolution of Intention and Introduce an Ordinance**

RECOMMENDATION

1. Adopt a Resolution of Intention to Approve an Amendment to the Contract Between the Board of Administration, California Public Employees' Retirement System, and the City Council of the City of Mountain View for All Unrepresented Miscellaneous Public Employees' Pension Reform Act Employees, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Introduce an Ordinance of the City Council of the City of Mountain View Authorizing an Amendment of the Contract Between the City Council of the City of Mountain View and the Board of Administration of the California Public Employees' Retirement System, to be read in title only, further reading waived, and set second reading for September 22, 2020 (Attachment 2 to the Council report).

BACKGROUND

City employee pensions are governed by contracts the City has with the California Public Employees' Retirement System (CalPERS). In the 2018 CalPERS valuation reports, CalPERS set the required contributions for public agency employers and certain members for Fiscal Year 2020-21.

Based on the valuation report, the employee contributions for miscellaneous Public Employees' Pension Reform Act (PEPRA) employees increased by 0.75 percent, from 6.25 percent to 7 percent. All City employees also contribute to a cost-share in addition to their normal employee contribution in which employees pay a portion of the employer contribution. The increase in the CalPERS normal employee contribution results in the total contribution employees pay for their pension benefit exceeding the maximum total deductions for CalPERS as set forth in Council Resolutions for Unrepresented Employees. Therefore, the employee cost-share amount will be reduced through this contract amendment.

The current pension contributions for unrepresented PEPRA employees for Fiscal Year 2020-21, reflecting the CalPERS 0.75 percent increase in the normal cost and the commensurate decrease in the cost share, are as follows:

Unrepresented Miscellaneous Members	Employee Contribution		
	Employee Normal Contribution	Cost-Sharing	Total Paid by Employee
PEPRA (2.0 @ 62)	7.00%	3.5%	10.50%

Unrepresented Hourly Employees	Employee Contribution		
	Employee Normal Contribution	Cost-Sharing	Total Paid by Employee
Miscellaneous Hourly PEPRA (2.0 @ 62)	7.00%	3.5%	10.50%

ANALYSIS

Government Code Section 20516 allows for contracting agencies and their employees to agree to share the costs of the employer contribution. On August 27, 2018, Assembly Bill 2310 (AB 2310) was passed, which revised Government Code 20516 to allow memoranda of understanding (MOU) to effectuate cost-sharing without contract amendments. The cost-share amounts for represented miscellaneous PEPRA members (EAGLES, POA nonsworn, and SEIU) have already been adjusted based on their MOUs. For unrepresented groups, CalPERS requires that another contact amendment be initiated for the affected unrepresented groups in order to update the cost-share contributions.

CalPERS has provided the required Resolution of Intention (Attachment 1) and Amendment to Contract (Exhibit), which cannot be altered. Adoption of the Resolution of Intention and Introduction Ordinance authorizing the amendment is the first step in the CalPERS amendment process. After adoption of the resolution and ordinance, staff will wait the required 20 days, per CalPERS requirements, and will return with a recommendation to Council to adopt the final ordinance on September 22, 2020. The effective date of the amendments will be October 22, 2020. The changes in the member contributions for purposes of CalPERS will be effective beginning November 1, 2020.

FISCAL IMPACT

The estimated fiscal impact of the reduced cost share is \$163,800 for all funds and \$112,400 for the General Operating Fund. This has been incorporated into the Adopted Budget.

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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- Attachments:
1. Resolution of Intention
 2. Introduction Ordinance
 3. Exhibit – Amendment to Contract