



DATE: January 28, 2020

CATEGORY: New Business

DEPT.: City Manager's Office

TITLE: **Amendment to CalPERS Contract for All 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 (CalPERS), and the City Council of the City of Mountain View, for All 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 to the Contract Between the City Council of the City of Mountain View and the Board of Administration of the California Public Employees' Retirement System (CalPERS), to be read in title only, further reading waived, and set second reading for March 24, 2020 (Attachment 2 to the Council report).

BACKGROUND

City employee pensions are governed by one of three contracts the City has with the California Public Employees' Retirement System (CalPERS): a contract for sworn Fire employees, a contract for sworn Police employees, and a contract for all nonsworn or miscellaneous employees.

City employee pensions are funded by contributions from the employer and the employee. Since 2003, sworn Police and Fire employees began paying a portion of the employer contribution, also known as cost-share, as part of the agreement to provide enhanced retirement benefits. Represented miscellaneous members, which include SEIU, EAGLES, and nonsworn Police employees, began paying cost-share in 2006, and unrepresented employees began paying cost-share in 2007. CalPERS credits employee contributions to the employee's CalPERS account, while employer contributions,

whether paid by the employer or by an employee as a cost-share, have historically been credited to the employer’s account.

Starting in 2011, for represented Fire employees in the “Classic” pension plan, and subsequently for all remaining bargaining units, the City agreed to pursue the contract amendment process with CalPERS to allow for cost-share amounts paid by all employees to be credited to their individual employee CalPERS account, in compliance with Government Code Section 20516.

The current cost-share contributions for each collective bargaining unit are as follows:

Represented Miscellaneous Members	Employee Contribution		
	Employee Normal Contribution	Cost-Sharing	Total Paid by Employee
EAGLES			
Classic (2.7 @ 55)	8.00%	3.50%	11.50%
PEPRA (2.0 @ 62)	6.25%	4.25%	10.50%
POA (Nonsworn)			
Classic (2.7 @ 55)	8.00%	3.70%	11.70%
PEPRA (2.0 @ 62)	6.25%	4.45%	10.70%
SEIU			
Classic (2.7 @ 55)	8.00%	3.50%	11.50%
PEPRA (2.0 @ 62)	6.25%	4.25%	10.50%

Unrepresented Miscellaneous Members	Employee Contribution		
	Employee Normal Contribution	Cost-Sharing	Total Paid by Employee
Classic (2.7 @ 55)	8.00%	3.50%	11.50%
PEPRA (2.0 @ 62)	6.25%	4.25%	10.50%

Unrepresented Hourly Employees	Employee Contribution		
	Employee Normal Contribution	Cost-Sharing	Total Paid by Employee
Miscellaneous Hourly Classic (2.7 @ 55)	8.00%	3.50%	11.50%
	PEPRA (2.0 @ 62)	4.25%	10.50%
Sworn Police Hourly Classic (3.0 @ 50)	9.0%	6.148%	15.148%
	PEPRA (2.7 @ 57)	2.898%	13.398%

Represented Safety Members	Employee Contribution		
	Employee Normal Contribution	Cost-Sharing	Total Paid by Employee
MVFF Classic (3.0 @ 50)	9.00%	8.366%	17.366%
	PEPRA (2.7 @ 57)	2.366%	12.866%
POA (Sworn) Classic (3.0 @ 50)	9.00%	6.148%	15.148%
	PEPRA (2.7 @ 57)	2.898%	13.398%

Unrepresented Safety Members	Employee Contribution		
	Employee Normal Contribution	Cost-Sharing	Total Paid by Employee
Fire Managers Classic (3.0 @ 50)	9.00%	6.366%	15.366%
	PEPRA (2.7 @ 57)	3.116%	13.616%
Police Managers Classic (3.0 @ 50)	9.00%	6.798%	15.798%
	PEPRA (2.7 @ 57)	3.548%	14.048%

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, AB 2310 was passed, which revised Government Code 20516 to allow memoranda of understanding to effectuate cost-sharing without contract amendments. Under the Public Employees’ Retirement Law (PERL), the City must amend its contract with CalPERS for AB 2310 to apply.

Upon successful completion of the amendment process, prospective cost-share amounts paid by employees will be credited to their individual employee CalPERS account and will be refundable to an employee if they separate from CalPERS-covered employment and elect to withdraw their contributions, or in the event of their preretirement death resulting in employee contributions being paid out to one or more beneficiaries.

Fire members went through a contract amendment in 2011, and Classic plan members currently have cost-share amounts being credited to their individual employee CalPERS accounts, but the contract needs to be amended to be in compliance with Section 20516.

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 of an Ordinance authorizing the amendment are the next required steps in the CalPERS amendment process. After adoption of the resolution and ordinance, staff will conduct an election for all members (EAGLES, MVFF, POA (Sworn), POA (Nonsworn), SEIU, Unrepresented Miscellaneous Members, Unrepresented Hourly Employees, Fire Managers, and Police Managers) who are affected by this amendment. Staff will return with a recommendation to Council to adopt the final ordinance on March 24, 2020. The effective date of the amendments will be April 23, 2020. The changes in the member contributions for purposes of CalPERS will be effective beginning May 3, 2020.

FISCAL IMPACT

The contract amendment allows the cost-share paid by employees to be credited to the employee's (or member's) CalPERS account. The fiscal impact cannot be determined as there would only be an impact if an employee were to separate from the City and withdraw funds from CalPERS.

ALTERNATIVES

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

PUBLIC NOTICING

Agenda posting and a copy of report to CalPERS.

Prepared by:

Ada Chang
Senior Human Resources Analyst

Sue C. Rush
Human Resources Manager

Approved by:

Audrey Seymour Ramberg
Assistant City Manager/
Chief Operating Officer

Max Bosel
Interim City Manager/Police Chief

AC-SCR/6/CAM
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Attachments: 1. Resolution of Intention
2. Introduction Ordinance
3. Exhibit – Amendment to Contract