



## COUNCIL REPORT

**DATE:** May 23, 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 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.

Staff initially brought forward a resolution to reduce the employee cost-share amount for Unrepresented Safety Employees on April 11, 2023. However, through the CalPERS approval process to initiate the contract amendment, staff was made aware of discrepancies between the resolution and current CalPERS records for the cost-share amounts related to Unrepresented Police and Fire Manager members in the PEPRA formula. To align the resolution with CalPERS records and to reinstate the contract amendment process for Unrepresented PEPRA members, a new resolution is required by CalPERS.

**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 (AB) 2310 was passed, which revised Government Code Section 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 to be made are as follows:

| <b>Unrepresented Police Managers PEPRA</b> | <b>Employee Normal Contribution</b> | <b>Employee Share of Employer Contribution</b> | <b>Total Paid by Employee</b> |
|--|-------------------------------------|--|-------------------------------|
| 2022-23                                    | 11.25%                              | 3.548%*  | 14.798%                       |
| 2023-24                                    | 12%                                 | 2.798%*  | 14.798%                       |

| <b>Unrepresented Fire Managers PEPRA</b> | <b>Employee Normal Contribution</b> | <b>Employee Share of Employer Contribution</b> | <b>Total Paid by Employee</b> |
|--|-------------------------------------|--|-------------------------------|
| 2022-23                                  | 11.25%                              | 3.116%**                                       | 14.366%                       |
| 2023-24                                  | 12%                                 | 2.366%**                                       | 14.366%                       |

| <b>Unrepresented Safety Hourly PEPRA</b> | <b>Employee Normal Contribution</b> | <b>Employee Share of Employer Contribution</b> | <b>Total Paid by Employee</b> |
|--|-------------------------------------|--|-------------------------------|
| 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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Attachment: 1. Resolution