



# COUNCIL REPORT

**DATE:** September 12, 2023

**CATEGORY:** Public Hearing

**DEPT.:** Human Resources

**TITLE:** **CalPERS Contract Amendment for All Unrepresented Safety PEPRA Employees**

## **RECOMMENDATION**

1. Adopt a 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 Mountain View, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Introduce an Ordinance 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, to be read in title only, further reading waived, and set second reading for October 10, 2023 (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 2022 CalPERS valuation reports, CalPERS set the required contributions for public agency employers and certain members for Fiscal Year 2023-24.

Based on the valuation report, the normal employee contributions for safety Public Employees' Pension Reform Act (PEPRA) members increased by 0.75%, from 11.25% to 12%. 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 pension contribution. The CalPERS-required increase in the normal employee contribution results in the total contribution employees pay for CalPERS to exceed the maximum as set forth in Council Resolutions for Unrepresented Safety Employees. Therefore, the employee cost-share amount will be reduced accordingly through this contract amendment.

The current and proposed cost-share contributions for unrepresented safety PEPRA employees 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.

## **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 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 safety PEPRA members (MVFF and POA) have already been adjusted based on their MOUs. For unrepresented groups, CalPERS requires that another contract 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 A to Attachment 2), which cannot be altered. Adoption of the Resolution of Intention and Introduction Ordinance (Attachment 2) authorizing the amendment is the first step in the CalPERS amendment process. Following City Council adoption of the resolution and ordinance, staff will wait the required 20 days, per CalPERS, and will return with a recommendation to Council to adopt the final ordinance on October 10, 2023. Based on this

timeline, the effective date of the ordinance will be November 9, 2023. The changes in the member contributions for purposes of CalPERS will be effective beginning November 12, 2023.

**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.

Prepared by:

Lindsey Bishop  
Human Resources Manager

Sue C. Rush  
Human Resources Director

Approved by:

Kimbra McCarthy  
City Manager

LB-SCR/AC/6/CAM  
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- Attachments:
1. Resolution of Intention
  2. Introduction Ordinance