



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: April 4, 2017

TO: Carolyn Lehr, City Manager

FROM: Cynthia Kasten, Interim Human Resources Director

SUBJECT: Ordinance of the City Council of the City of Emeryville Authorizing an Amendment to the Contract between the City of Emeryville and the Board of Administration of the California Public Employees Retirement System (PERS)

RECOMMENDATION

Staff recommends that the City Council adopt the first reading of the attached Ordinance, which approve an amendment to the contract between the Board of Administration, California Public Employees' Retirement System (PERS) and the City of Emeryville, to increase the cost-sharing agreement between the City and the classic local Police Officer members, where they will be assessed an additional 1% (an increase to 4%) of their compensation for a total contribution rate of 13%.

In effect, the action will end variable cost sharing pursuant to Section 20516 (Employees Sharing Cost of Additional Benefits) applicable to Section 21363.1 (3% @ 55 Full Formula); and provide Section 20516 (Employees Sharing Additional Cost) of 4% for classic local police members.

BACKGROUND

The EPOA and the City reached an agreement for a three-year successor agreement effective July 1, 2014. In recognition of additional pension benefits previously granted to classic local police members, this memorandum of understanding provides that all EPOA classic members would continue their share of the cost of the Police retirement plan by sharing the cost of the plan with additional employee contributions (an additional 1% above the 3% member current contributions) for a total of 13%. This provision also applies to classic local police members in the Association of confidential, Administrative, Managerial and Professional Employees (CAMP) and must be applied uniformly. The CAMP MOU anticipated retirement benefit changes negotiated for Police Officers, and the impact of such negotiated changes on Police Managers.

DISCUSSION

In order to implement the contract amendments detailed above, the end of the variable cost sharing of 3% and the increase to 4% of classic local police members share of the additional cost, it was necessary to first adopt a Resolution of Intention. The City Council adopted this Resolution on March 7, 2017 (Resolution No. 17-28). Thereafter, staff conducted the required election utilizing the CalPERS required balloting process to record classic local police members' approval of the cost sharing arrangement adopted in their MOU. This election was concluded on March 17, and by a vote of 23 out of 28 eligible "Yes" votes, the members approved the cost sharing arrangement. The certified results of the balloting process, along with the certified copy of the Resolution on Intent, and the other required certifications will be forwarded to CalPERS by the end of March 2017 and directing CalPERS to prepare the plan contract, which contains all provisions, for final adoption.

The second step in the implementation of the retirement plan amendments requires the governing body of the contracting agency to adopt an ordinance to amend the contract with CalPERS. Given strict contract amendment timelines, contracting agencies are required to have a 20-day window between the adoption of the Resolution of Intent to make a contract change and the adoption of the final Ordinance to amend the contract. The Resolution of Intent was submitted and adopted by the City Council on March 7, 2017. The second reading and adoption of the Ordinance will take place at the April 18, 2017 City Council meeting; subsequently the Ordinance will be effective May 18, 2017. The action needs to be in effect prior to June 30, 2017 in order to be in compliance before the relevant Memorandum of Understanding expiration.

FISCAL IMPACT

CalPERS' disclosure requirements mandate the following language is disclosed relative to the costs of the contract amendment, and that the future annual costs or benefits be made public at a public meeting at least two weeks prior to the adoption of the final Ordinance. This was provided at the March 7, 2017 City Council meeting. The current cost of the classic police member retirement system is \$1,380,590. The City will realize a 1% savings in our Police retirement plan costs starting on July 1, 2017, when classic police members begin cost sharing with an additional 1% contribution toward employer costs for retirement.

CONCLUSION

It is recommended that the City Council of the City of Emeryville take the following actions:

1. The ordinance be introduced by title only.
2. Public comment taken.
3. The City Council adopts the first reading of the Ordinance

PREPARED BY: Cynthia Kasten, Interim Human Resources Director

**APPROVED AND FORWARDED TO THE
CITY COUNCIL OF THE CITY OF EMERYVILLE:**



Carolyn Lehr, City Manager

ATTACHMENTS

1. Ordinance
2. Amendment to Contract