



# City of Emeryville

CALIFORNIA

## MEMORANDUM

**DATE:** November 13, 2018

**TO:** Christine Daniel, City Manager

**FROM:** Lisa Lopez, 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) With Respect to Public Safety Employees

### **RECOMMENDATION**

Staff recommends that the City Council adopt the first reading of the attached Ordinance, which approves 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 pay an additional 1% contribution (an increase to 5%) of their compensation for a total contribution rate of 14%.

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 5% for classic local police members.

### **BACKGROUND**

The EPOA and the City reached an agreement for a two-year successor agreement in March 2018. 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 4% member current contributions) for a total of 14%. 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 4% and the increase to 5% of classic local police members share of the additional cost, it was necessary to first adopt a Resolution of Intent. The City Council adopted this Resolution on October 30, 2018 (Resolution No. 18-155). 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 will conclude on November 13, and 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 November 16. Assuming the election is positive, CalPERS will then 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 on a 5-0 vote by the City Council on October 30, 2018. The second reading and adoption of the Ordinance will take place at the December 4, 2018 City Council meeting; subsequently the Ordinance will be effective January 4, 2019.

## **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 October 30, 2018 City Council meeting. The current cost of the classic police member retirement system is \$1,743,397. Beginning January 2019, EPOA classic members will begin cost sharing with an additional 1% contribution (total of 5%) toward employer costs for retirement.

## **ENVIRONMENTAL ANALYSIS**

This ordinance is exempt from CEQA in that it is not a "Project" pursuant to state CEQA Guidelines 15378; and that it can be seen with certainty that there is no possibility that adoption of the ordinance may have a significant effect on the environment, pursuant to state CEQA Guidelines 15061(b)(3).

## **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:** Lisa Lopez, Human Resources Director

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



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Christine Daniel, City Manager

## **ATTACHMENTS**

- Draft Ordinance
- Amendment to Contract