



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JANUARY 17, 2023**

FROM: HUMAN RESOURCES DEPARTMENT **WARDS: ALL**

SUBJECT: A RESOLUTION TO AMEND THE CONTRACT BETWEEN THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE CITY OF RIVERSIDE TO IMPLEMENT A RETIREMENT COST-SHARING PROVISION FOR ALL CLASSIC, TIER 1 AND TIER 2, UNREPRESENTED POLICE MANAGEMENT EMPLOYEES IN THE POLICE SAFETY GROUP TO PAY THE EMPLOYER CONTRIBUTION OF FIVE AND ONE-HALF PERCENT (5.5%) OF PENSIONABLE INCOME PURSUANT TO GOVERNMENT CODE SECTION 20516 AND REVISIONS TO THE MASTER FRINGE BENEFITS AND SALARY PLAN TO REFLECT THE CALPERS COST-SHARING PROVISIONS FOR UNREPRESENTED POLICE MANAGEMENT

ISSUE:

Adopt a Resolution to amend the contract between the California Public Employees' Retirement System (CalPERS) and the City of Riverside for the implementation of a retirement cost-sharing provision for all Classic, Tier 1 and Tier 2, unrepresented Police Management employees in the Police Safety group to pay the employer contribution of five and one-half percent (5.5%) of pensionable income pursuant to Government Code Section 20516 effective as soon as administratively possible. Additionally, approve the revisions to the Citywide Fringe Benefits and Salary Plan to reflect the CalPERS cost-sharing provisions for Unrepresented Police Management.

RECOMMENDATIONS:

That the City Council

1. Adopt a Resolution to request an amendment to the contract between CalPERS and the City of Riverside for the implementation of a cost-sharing provision of 5.5% for all Tier 1 and Tier 2 unrepresented Police Management employees in the Police Safety group to pay the employer contribution of five and one-half percent (5.5%) of pensionable income pursuant to Government Code Section 20516 effective as soon as administratively possible; and
2. Adopt the attached Resolution amending the Master Fringe Benefits and Salary Plan to reflect the CalPERS cost-sharing provisions for Unrepresented Police Management.

BACKGROUND:

The process of enacting cost-sharing provision changes under Government Code Section 20516 for the unrepresented Police Management employees, which includes unrepresented safety employees in the Police Chief and Deputy Police Chief classifications in Tier 1 and Tier 2, with CalPERS, is initiated by the adoption of a Resolution. Following adoption, the City will request to amend the contract with CalPERS for both unrepresented Safety Management and for represented members of the Riverside Police Administrators' Association (RPAA). The Resolution specifies that the cost-sharing applies to the unrepresented members under what CalPERS considers Tier 1 and Tier 2 classic members; these two CalPERS tiers combined, represent City of Riverside Tier 1 members only and not City of Riverside Tier 2 members as defined in the Fringe Benefit and Salary Plan. Government Code Section 20516 requires that the City and the impacted employees agree in writing to share the additional costs. A simple majority of the unrepresented employees must sign the Resolution. The Resolution and employee signatures will be submitted to CalPERS at the time City requests the contract amendment for both the unrepresented Police Management and RPAA.

The recently approved Memorandum of Understanding (MOU) for Police Safety employees in RPAA resulted in agreements to further reform pension provision benefits for Tier 1 classic employees. As specified in the RPAA MOU beginning the first pay period following City Council approval, Tier 1 Police employees would pay an additional portion of the required employer contribution equal to 1% of pensionable income pursuant to the cost-sharing provisions set forth in California Government Code Section 20516, for a total cost-sharing of 5.5%. The cost-sharing provision affects all Tier 1 Police Safety RPAA employees hired before February 16, 2012. Although Unrepresented Police Management (Police Chief and Deputy Chiefs) are not covered under the RPAA MOU, the same cost-sharing provisions apply to these classifications, however, because they are unrepresented, the attached Resolution is required by CalPERS.

DISCUSSION:

Adoption of a Resolution, pursuant to the cost-sharing provisions set forth in the California Government Code Section 20516, is required by CalPERS to amend the contract for all unrepresented Police Management employees in Tier 1 to begin paying an additional portion of the employer contribution for a total of 5.5%.

Ultimately, upon approval of this Resolution, the Human Resources Department is required to return to City Council to adopt a subsequent Resolution of Intention and introduce an Ordinance to amend the contract between the City and CalPERS. This would implement the cost-sharing provision that requires all Tier 1 unrepresented Police Management Safety and represented employees in RPAA to pay an additional 1% of the employer contribution for a total of 5.5% as specified in the RPAA Memoranda of Understanding effective the first pay period following City Council approval of the CalPERS contract amendment.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 5 – High Performing Government**, and **Goal 5.4:** Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

This action aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Requiring employees to pay their share into the CalPERS pension plan will improve public trust that the City is implementing changes to ensure its long-term financial health.
2. **Equity** – Cost sharing is a fair and equitable method to distribute the burden of rising pension costs.
3. **Fiscal Responsibility** – Increasing the employee contribution creates an immediate cost reduction for the City using a phased approach and requiring employees to pay the full employee share.
4. **Innovation** – CalPERS cost-sharing is a creative solution to meet the City's current and changing needs. This change provides the City with an opportunity to save money by requiring employees to share a portion of the employer costs.
5. **Sustainability & Resiliency** – In order for the City to sustain the rising cost of pension obligations, an increase to employee contributions for Tier 1 Police employees (Tier 2 and PEPPA employees have always paid 100% of the employee's share) are necessary and have already been negotiated.

FISCAL IMPACT:

The estimated savings resulting from the 1% reduction in the City contribution to retirement have been incorporated into the FY 2022-2023 Budget.

Prepared by: Rene Goldman, Human Resources Director
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Resolution to request the California Public Employees' Retirement System Contract Amendment
2. Resolution Amending the Fringe Benefit and Salary Plan