



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: OCTOBER 10, 2023

FROM: HUMAN RESOURCES DEPARTMENT WARDS: ALL

SUBJECT: A RESOLUTION OF INTENTION AND INTRODUCTION OF AN ORDINANCE TO AMEND THE CONTRACT BETWEEN THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE CITY OF RIVERSIDE TO IMPLEMENT RETIREMENT COST-SHARING PROVISIONS OF ONE PERCENT (1%) OF PENSIONABLE INCOME FOR ALL CLASSIC, CALPERS LEVEL 3 FIRE SAFETY MEMBERS HIRED BETWEEN JUNE 11, 2011 AND DECEMBER 31, 2012, IN THE RIVERSIDE FIREFIGHTERS' ASSOCIATION; ONE PERCENT (1%) OF PENSIONABLE INCOME FOR ALL CLASSIC, CALPERS LEVEL 3 FIRE SAFETY MEMBERS HIRED BETWEEN JUNE 11, 2011 AND DECEMBER 31, 2012, IN THE RIVERSIDE FIRE MANAGEMENT GROUP; AND, AN ADDITIONAL ONE PERCENT (1%) FOR A TOTAL OF SIX AND A HALF PERCENT (6.5%) OF PENSIONABLE INCOME FOR ALL CLASSIC, CALPERS LEVEL 1 & 2 POLICE SAFETY MEMBERS HIRED BEFORE JUNE 13, 2012, IN THE UNREPRESENTED POLICE MANAGEMENT GROUP

ISSUE:

Adopt a Resolution of Intention and introduce and subsequently adopt an Ordinance to amend the contract between the California Public Employees' Retirement System (CalPERS) and the City of Riverside to implement retirement cost-sharing provisions of one percent (1%) of pensionable income for all Classic, CalPERS Level 3 Fire Safety members, hired between June 11, 2011 and December 31, 2012, in the Riverside Firefighters' Association; one percent (1%) of pensionable income for all Classic, CalPERS Level 3 Fire Safety members hired between June 11, 2011 and December 31, 2012, in the Riverside Fire Management Group; and, an additional one percent (1%) for a total of six and a half percent (6.5%) of pensionable income for all Classic, CalPERS Level 1 & 2 Police Safety members hired before June 13, 2012, in the Unrepresented Police Management Group pursuant to Government Section 20516.

RECOMMENDATIONS:

That the City Council:

1. Adopt a Resolution of Intention to amend the contract between CalPERS and the City of Riverside to implement a retirement cost-sharing provision of: one percent (1%) of pensionable income for all Classic, CalPERS Level 3 Fire Safety members hired between June 11, 2011 and December 31, 2012, in the Riverside Firefighters' Association; one percent (1%) of pensionable income for all Classic, CalPERS Level 3 Fire Safety

members hired between June 11, 2011 and December 31, 2012, in the Riverside Fire Management Group; and, an additional one percent (1%) for a total of six and a half percent (6.5%) of pensionable income for all Classic, CalPERS Level 1 & 2 Police Safety members hired before June 13, 2012, in the Unrepresented Police Management Group; and,

2. Introduce and subsequently adopt the Ordinance to amend the contract between CalPERS and the City of Riverside to implement a retirement cost-sharing provision of one percent (1%) of pensionable income for all Classic, CalPERS Level 3 Fire Safety members hired between June 11, 2011 and December 31, 2012, in the Riverside Firefighters' Association; one percent (1%) of pensionable income for all Classic, CalPERS Level 3 Fire Safety members hired between June 11, 2011 and December 31, 2012, in the Riverside Fire Management Group; and, an additional one percent (1%) for a total of six and a half percent (6.5%) of pensionable income for all Classic, CalPERS Level 1 & 2 Police Safety members hired before June 13, 2012, in the Unrepresented Police Management Group.

BACKGROUND:

The process of enacting changes to the City's contract with CalPERS is initiated by the adoption of a Resolution of Intention and introduction of an Ordinance. It is important to clarify that the Resolution reflects that the cost-sharing applies to Fire members under what CalPERS considers Level 3 Classic members which represent City of Riverside "Tier 2" members only and not City of Riverside Tier 3 members as defined in the Memoranda of Understanding. It also reflects that the cost-sharing applies to Police members under what CalPERS considers Level 1 & 2 Classic members which represent City of Riverside "Tier 1" members only and not City of Riverside Tier 2 members as defined in the Fringe Benefits and Salary Plan. Additionally, the CalPERS contract amendment is not effective until it fulfills the Government Code Section 20471 requirements and City Ordinance requirements. Under the provisions of Government Code Section 20471, a minimum 20-day waiting period between the Resolution of Intention and introduction of the Ordinance and the adoption of the final Ordinance is required. Furthermore, per City requirements, the Ordinance is effective 30 days after final adoption. Upon the fulfillment of these requirements, the contract amendment with CalPERS should be effective with the December 8, 2023 pay period.

The City Council is asked to approve the Resolution of Intention and introduction to adopt an Ordinance to formalize the contract amendment. The contract amendment will implement the cost-sharing provision that requires all CalPERS Level 3 Fire Safety members of the Riverside Firefighters' Association (RCFA) and Level 3 Fire Safety members of the Riverside Fire Management Group (RFMG) to pay 1% of pensionable income and all CalPERS Level 1 & 2 Police Safety members of the Unrepresented Police Management group to pay an additional 1% for a total of 6.5% of pensionable income.

The approved three-year Memoranda of Understanding (MOUs) for RCFA and RFMG employees resulted in agreements to further reform pension provision benefits for Level 3 (per MOU CalPERS Tier 2) Classic employees. As specified in the RCFA and RFMG MOUs effective the first pay period after the approval of the CalPERS contract amendment (upon fulfillment of all CalPERS and City requirements indicated above), Tier 2 RCFA & RFMG employees would pay an additional portion of the required employer contribution equal to 1% of pensionable income pursuant to the cost-sharing provisions as set forth in California Government Code Section 20516. The cost-sharing provision affects all Tier 2 RCFA & RFMG members hired between June 11, 2011 and December 31, 2012. In addition, Resolution 24004 was approved and adopted to also

include members of the Unrepresented Police Management on June 27, 2023, to implement a cost-sharing provision of 6.5% of pensionable income, classifications under this group include the Police Chief and Deputy Police Chief with this contract amendment. As part of this contract amendment, the cost-sharing provisions for the RPOA and RPOA Supervisory will remain at 5% as outlined in the two-year MOUs.

DISCUSSION:

Pursuant to the cost-sharing provisions set forth in the California Government Code Section 20516 and effective with the contract amendment, all Classic members of the Riverside Firefighters' Association and Riverside Fire Management Group in CalPERS Level 3 will begin paying a portion of the employer contribution equal to 1% of pensionable income and the Classic, Unrepresented Police Management members in CalPERS Level 1 and 2 will begin paying an additional portion of the employer contribution equal to 1% for a total of 6.5% of pensionable income.

The cost-sharing provision for the members of the Fire and Police groups referenced above will be effective December 8, 2023, consistent with the effective date of the CalPERS contract amendment.

STRATEGIC PLAN ALIGNMENT:

Adopting a Resolution of Intention, and subsequently adopting the Ordinance to amend the contract with CalPERS, to increase the cost share for Tier 1 Police employees 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. These measures were extended equally to all other bargaining groups and unrepresented employees.
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 PEPRA 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 RCFA, RFMG contributing 1%, and Unrepresented Police Management employees contributing an additional 1% for a total of 6.5% of the employer contribution to retirement totals \$79,500 and has been incorporated into the FY 2023-2024 Budget.

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

Attachments:

1. Resolution of Intention to approve an amendment to the contract between the California Public Employees' Retirement System and the City Council of the City of Riverside
2. Ordinance to approve an amendment to the contract between the California Public Employees' Retirement System and the City Council of the City of Riverside
3. Certificate of Compliance
4. Amendment to Contract