



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: SEPTEMBER 17, 2024

FROM: HUMAN RESOURCES DEPARTMENT WARDS: ALL

SUBJECT: ADOPT 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 HALF PERCENT (0.5%) OF PENSIONABLE INCOME FOR ALL CLASSIC, CALPERS LEVEL 1 & 2 POLICE SAFETY MEMBERS HIRED BEFORE JUNE 13, 2012 IN THE UNREPRESENTED POLICE MANAGEMENT GROUP FOR A TOTAL OF SEVEN PERCENT (7%) PURSUANT TO GOVERNMENT CODE SECTION 20516 EFFECTIVE AS SOON AS ADMINISTRATIVELY POSSIBLE.

ISSUE:

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 half percent (0.5%) of pensionable income for all classic, CalPERS Level 1 & 2 Police Safety Members hired before June 13, 2012 in the Unrepresented Police Management Group for a total of seven percent (7%) to government code section 20516 effective as soon as administratively possible.

RECOMMENDATION:

That the City Council adopt the Ordinance to amend the contract between CalPERS and the City of Riverside to implement a retirement cost-sharing provision of one-half percent (0.5%) of pensionable income for all Classic, CalPERS Level 1 & 2 Police Safety members hired before June 13, 2012, in the Unrepresented Police Management Group.

ORDINANCE INTRODUCED

On August 20, 2024, the City Council introduced an ordinance to amend the contract between CalPERS and the City of Riverside to implement a retirement cost-sharing provision of one-half percent (0.5%) 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 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 October 25, 2024, pay period.

DISCUSSION:

The City Council was 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 1 & 2 Police Safety members of the Unrepresented Police Management group to pay an additional 0.5% for a total of 7% of pensionable income.

The Unrepresented Police Management group is comprised of the Police Chief and the Deputy Police Chief classifications and although this group does not have a Memorandum of Understanding, they have agreed to follow the Cost-sharing provisions outlined in the 2024 approved Memoranda of Understanding (MOU) for Riverside Police Administrators' Association (RPAA) employees which resulted in agreements to further reform pension provision benefits for Tier 1 Classic employees. These provisions are also outlined in the Fringe Benefits and Salary Plan for the Unrepresented Police Management group for Level 1 and 2 members to pay an additional portion of the required employer contribution equal to 0.5% of pensionable income for a total of 7% effective as soon as administratively possible after the pay period of April 12, 2024, pursuant to the cost-sharing provisions set forth in California Government Code Section 20516. Resolution 24136 was approved and adopted to also include members of the Unrepresented Police Management on July 2, 2024, to implement a cost-sharing provision of 7% of pensionable income, classifications under this group include the Police Chief and Deputy Police Chief with this contract amendment.

The cost-sharing provision for the members of the Police groups referenced above will be effective October 25, 2024, 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 the City of Riverside's Strategic Priority of a High Performing Government, 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.*

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 Unrepresented Police Management employees contributing an additional 0.5% for a total of 7% of the employer contribution to retirement, has been incorporated into the FY 2024/25 Budget. The estimated cost savings in FY 2024/25 is approximately \$41,000.

Prepared by: Rene Goldman, Human Resources Director
Approved as to form: Phaedra Norton, City Attorney

Attachment: Ordinance