



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 7, 2021

FROM: HUMAN RESOURCES DEPARTMENT WARDS: ALL

SUBJECT: ADOPT TWO RESOLUTIONS FOR PAYING AND REPORTING THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS FOR EMPLOYEES IN THE SERVICE EMPLOYEES INTERNATIONAL UNION GENERAL UNIT AND SERVICE EMPLOYEES INTERNATIONAL UNION REFUSE UNITS

ISSUES:

Adopt two Resolutions to memorialize the Service Employees International Union General and Service Employees International Union Refuse Units Memoranda of Understanding changes to pension benefits provided through the California Public Employees' Retirement System related to Employer Paid Member Contributions.

RECOMMENDATIONS:

That the City Council adopt two Resolutions for paying and reporting the value of Employer Paid Member Contributions for members of the Service Employees International Union General and Service Employees International Union Refuse Units.

BACKGROUND:

On December 3, 2013, the City Council approved the Memoranda of Understanding (MOU) with the Service Employee International Union (SEIU) General Unit covering the period of July 2013 through June 2016. Respectively, the City Council approved the MOU with the SEIU Refuse Unit covering the period of July 2014 through June 2016 on November 18, 2014. The MOUs contained changes to the City's Employer Paid Member Contributions (EMPC) for the California Public Employees' Retirement System (CalPERS) Tier 1 employees hired before June 7, 2011.

The provision incrementally required the employees to continue paying the employee contribution in 2014 and 2015 which was previously paid by the City. Employees in Tier 1 in the General SEIU Unit began paying 2% of the employee contribution in December 2013, an additional 2% in July 2014 and 2% in July 2015. The Refuse Unit Tier 1 employees began paying 4% in November 2014 and an additional 2% in July 2015.

Tier 1 employees in both bargaining units continued picking up CalPERS costs in subsequent MOUs for an additional 1% in January 2019 and the final 1% in January 2020, for a total contribution of 8%. Currently, Resolutions for the changes to the EPMC for 2014 and 2015 are not on file with CalPERS and an adoption of these Resolutions is required by CalPERS.

DISCUSSION:

As memorialized in the proposed Resolutions, effective with the first pay period following July 1, 2014, identified as July 4, 2014, SEIU-General Unit employees in Tier 1 paid an additional 2% of the employee contribution for a total contribution of 4%. The SEIU-Refuse Unit effective after the MOU adoption, identified as November 21, 2014, employees in Tier 1 paid an additional 2% of the employee contribution for a total contribution of 4%. Effective with the first pay period following July 1, 2015, identified as July 3, 2015, SEIU-General and SEIU-Refuse employees in Tier 1 paid an additional 2% of the employee contribution for a total contribution of 6%.

Additionally, approved Resolution 23404 memorialized an additional 1% employee contribution effective January 11, 2019 and approved Resolution 23531 memorialized the final 1% of the employee contribution effective January 10, 2020 for a total contribution of 8%. The City no longer pays any of the EPMC for this group.

These pension reform changes were implemented with all other employee groups and memorialized in their respective MOUs or the City's Fringe Benefit and Salary Resolution in an effort to continue to reduce retirement costs to the City.

STRATEGIC PLAN ALIGNMENT:

This council item contributes to Strategic Priority No. 5 *High Performing Government* and Goal 5.1. Attract, develop, engage and retain a diverse and highly skilled workforce across the entire City organization and aligns with each of the City's Strategic Cross-Cutting Threads.

1. **Community Trust** – The proposed Resolutions, which require employees to increase their share of EPMC to CalPERS and decrease the City's contributions, builds public trust by addressing the long-term financial health to the City and the community.
2. **Equity** – Cost sharing of pension costs 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** – Decreasing EPMC creates an immediate cost reduction for the City using a phased approach reducing the burden from the City.
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** – Riverside is committed to meeting obligations required by CalPERS in order to sustain a healthy employee pension and long-standing partnership.

FISCAL IMPACT:

The estimated savings resulting from the SEIU and SEIU Refuse employees contributing the full employer contribution to CalPERS retirement were incorporated into the respective fiscal years for 2014 and 2015 budgets.

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. CalPERS Resolution effective July 3, 2015.
2. CalPERS Resolution effective July 4, 2014