AMENDMENT TO THE CONTRACT BETWEEN CALPERS AND THE CITY OF RIVERSIDE

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BACKGROUND

- On July 2, 2024, Resolution 24136 was approved for the Unrepresented Police Management group to increase their cost-sharing provisions and begin the contract amendment process with CalPERS.
- The process of enacting Section 20516 (Cost-share) changes to the City's contract with CalPERS requires adoption of a Resolution of Intention and introduction of an Ordinance

BACKGROUND

- CalPERS has 2 Contribution Rates, with both Rates set by CalPERS:
  - EMPLOYER (ER) Contribution OR Cost-Sharing
  - Employee (EE) Contribution
- Prior to the Public Employees' Pension Reform Act (PEPRA) in 2013, most Agencies would pay for both the ER and EE contribution.
  - Per CalPERS Government Code Section 20636, Agencies paying for the EE contribution could adopt a Resolution to report the EE contribution as special compensation or **EPMC (Employer Paid Member Contribution).** After 2013, EPMC was not allowed for New Members (Non-Classic), only for Classic Members.
- Post PEPRA, Agencies began shifting contribution costs to the Classic (Tier 1) members to reduce costs; however, changes for Classic members Tier 1 required the Agency to engage in Negotiations.
- As negotiated and starting in 2018, the Police and Fire employees agreed to pay the ER contribution for Classic members (Tier 1) while the City continued to pay the EE contribution
  - This action results in special compensation (**EPMC** remained) and is considered pensionable income to the employee.

BACKGROUND

- In FY 2016/2017 all other Non-Safety Groups (IBEW, SEIU and Unrepresented), negotiations resulted in Tier 1 employees agreeing to pay the EE contribution thus eliminating **EPMC** for these groups.
- When the Employee pays for the ER contribution (Cost-sharing) and the City pays for the EE contribution, the Employee retains the benefit of having that contribution reported as special compensation and increases their pensionable benefit.
- Personnel Impacted - Tier 1 employees in the Unrepresented Police Management Group: Police Chief and Deputy Police Chiefs
  - Currently, the employee pays 7% of the Employer Contribution and the City pays 9% of the Employee Contribution (EPMC)

COST SHARING PROVISIONS

As outlined in the Fringe Benefits and Salary Plan, Unrepresented Police Management employees in Tier 1 have agreed to the following CalPERS cost-sharing provisions:

- As soon as administratively possible after December 20, 2024, to pay an additional 0.5% of the Employer Contribution for a total of 7.5%.

EFFECTIVE DATE

The cost-sharing provisions for all Unrepresented Police Management Tier 1 employees will be effective April 25, 2025, consistent with the effective date of the CalPERS Contract Amendment.

RECOMMENDATION

1. Approve the Resolution of Intention to amend the contract between CalPERS and the City of Riverside to implement a cost-sharing provision for an additional 0.5% for a total of 7.5% for all Tier 1 Unrepresented Police Management employees.
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 7.5% for all Tier 1 Unrepresented Police Management employees.