



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: OCTOBER 24, 2017**

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

**SUBJECT: RESOLUTION FOR PAYING AND REPORTING THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS FOR EMPLOYEES IN THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS UNITS**

## **ISSUE:**

Adopt a Resolution to effectuate the International Brotherhood of Electrical Workers, Utility and Supervisory Units Memoranda of Understanding changes to pension benefits provided through the California Public Employees' Retirement System related to Employer Paid Member Contributions.

## **RECOMMENDATION:**

That the City Council adopt a Resolution for paying and reporting the value of Employer Paid Member Contributions.

## **BACKGROUND:**

On September 6, 2016, the City Council approved International Brotherhood of Electrical Workers (IBEW) Utility and Supervisory Units Memoranda of Understandings (MOU). The new agreement contained changes to the City's Employer Paid Member Contributions (EMPC) for California Public Employees' Retirement System (CalPERS) Tier 1 employees hired on or before October 18, 2011. Historically, the City paid the EPMC, equivalent to 8% of the employee's salary, for Tier 1 employees. The new agreement included a provision that would incrementally shift the EPMC to the employee over a four-year period in return for 4% salary increases in fiscal years (FYs) 2017-18 through FY 2019-20 and a 3.5% salary increase in FY 2019-20. Tier 2 and Tier 3 employees currently pay the full EPMC of 8%.

## **DISCUSSION:**

Effective with the first pay period following November 1, 2017, IBEW Utility and Supervisory employees in Tier 1 will begin paying 2% of the employee contribution, while the City will continue to pay 6% of the EPMC. During upcoming FYs, 2018-19, through 2020-21, employees in Tier 1 will absorb 2% per year and will contribute a total of 8% by the end of the contract (November 2020).

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. Specific Resolutions and/or contract amendments will be prepared for each employee group and brought before City Council as corresponding CalPERS changes become effective.

The attached Resolution memorializes that current CalPERS Tier 1 IBEW Utility and Supervisory employees will pay 2% of the EPMC effective November 3, 2017.

**FISCAL IMPACT:**

The net cost of the salary increases and pension reform changes is approximately \$12 million over the next four years for all IBEW Field and IBEW Supervisory employees.

Prepared by:	Stephanie Holloman, Human Resources Director
Certified as to availability of funds:	Adam Raymond, Chief Financial Officer/City Treasurer
Approved by:	Marianna Marysheva, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachment: Resolution of the City Council of the City of Riverside, California, for paying and reporting the value of Employer Paid Member Contributions, effective November 3, 2017