



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: OCTOBER 23, 2018**

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 for members of the International Brotherhood of Electrical Workers Utility and Supervisory Units.

BACKGROUND:

On September 6, 2016, the City Council approved the International Brotherhood of Electrical Workers (IBEW) Utility and Supervisory Units Memoranda of Understanding (MOU). The new agreement contained changes to the City's Employer Paid Member Contributions (EPMC) for the 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 year (FY) 2017-18, FY 2018-19 and FY 2019-20, and a 3.5% salary increase in FY 2020-21. Employees in Tier 1 began paying 2% of the employee contribution in November 2017 and, effective with the pay period following November 1, 2018, they will pick up an additional 2% for a total of 4%.

DISCUSSION:

Effective with the first pay period following November 1, 2018, IBEW Utility and Supervisory employees in Tier 1 will pick up an additional 2% of the employee contribution for a total of 4%, while the City will continue to pay 4% of the EPMC. During upcoming FYs 2019-20 through 2020-

21, employees in Tier 1 will absorb an additional 2% per year of the EPMC 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 Resolution that is presented to the City Council in this report memorializes that current CalPERS Tier 1 IBEW Utility and Supervisory employees will pay 4% of the employee contribution effective November 2, 2018 and the City will pay 4% of the EPMC.

FISCAL IMPACT:

The savings resulting from the IBEW Utility and Supervisory Units Tier 1 employees contributing 2% of the employee contribution to CalPERS in FY 2018-19 have been incorporated into the FY 2018-2020 Two-Year Budget and are offset by increases in wages, as authorized through their MOU.

Prepared by:	Stephanie Holloman, Human Resources Director
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Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachments: Resolution