



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL**      **DATE: JANUARY 8, 2019**

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

**SUBJECT: RESOLUTION TO EFFECTUATE PREVIOUSLY APPROVED PROVISIONS FOR PAYING AND REPORTING THE VALUE OF EMPLOYER PAID CALPERS RETIREMENT CONTRIBUTIONS EFFECTIVE JANUARY 1, 2019 FOR TIER 1 UNREPRESENTED EMPLOYEES IN THE EXECUTIVE, SR. MANAGEMENT, MANAGEMENT, PROFESSIONAL, PARA-PROFESSIONAL, SUPERVISORY AND CONFIDENTIAL UNITS, MEMBERS OF THE SERVICE EMPLOYEES INTERNATIONAL UNION LOCAL 721, AND MEMBERS OF THE RIVERSIDE POLICE OFFICERS' ASSOCIATION UNIT HIRED BETWEEN FEBRUARY 17, 2012 AND JUNE 12, 2012.**

## **ISSUE:**

Adopt a Resolution to effectuate the previously approved provisions for Tier 1 employees in the Service Employees International Union Local 721, the Tier 1 employees in the Riverside Police Officers' Association unit hired between February 17, 2012 and June 12, 2012, and the Tier 1 unrepresented employees in the Executive (excluding the Police and Fire Chief), Sr. Management, Management, Professional, Para-professional, Supervisory and Confidential units to pay a portion of their retirement employee contribution into the California Public Employees' Retirement System effective January 11, 2019.

## **RECOMMENDATION:**

That the City Council adopt the attached Resolution for paying and reporting the value of Employer Paid Member Contributions for Tier 1 employees in the unrepresented units, the Service Employees International Union Local 721 units, and members of the Riverside Police Officers' Association hired between February 1, 2012 and June 12, 2012.

## **BACKGROUND:**

On December 13, 2016, the City Council approved a five-year benefits package for unrepresented employees in the Executive, Sr. Management, Management, Professional, Para-professional, Supervisory and Confidential units. The benefits package contained changes to the City's Employer Paid Member Contribution (EPMC) for California Public Employees' Retirement System (CalPERS) classic 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 benefits package included a provision that would incrementally decrease the EPMC paid by the City and require the employee to pay the employee contribution over a four-year period in return for salary

increases in corresponding fiscal years. Effective January 2019, employees in the unrepresented units will pay 4% of the employee contribution and the City will pay 4% of the EPMC. Employees in Tier 2 and 3 pay 100% of the employee contribution.

Tier 1 Employees in the Service Employees International Union Local 721 (SEIU) General and Refuse units hired on or before June 7, 2011 agreed to begin paying a portion of the employee contribution in December 2013. Currently, employees in this category pay 6% of the employee contribution and the City continues to pay 2% of the EPMC. On November 8, 2016, the City Council approved the Memorandum of Understanding for the SEIU groups. The adopted MOU included additional CalPERS provisions for Tier 1 employees hired on or before June 7, 2011, to increase the total employee contribution paid by the employees to 7% and reduce the City paid EPMC to 1% effective January 2019. In January 2020, Tier 1 employees will pick up the remaining 1% of the employee contribution for a total of 8%.

In 2012, the Riverside Police Officers Association (RPOA) and the City agreed to adopt a CalPERS Resolution effective February 17, 2012, requiring all new employees hired after the Resolution effective date to pay 9% of the employee contribution to CalPERS. In addition, the City and the Union amended the CalPERS Police contract to create a Tier 2, for all employees hired on or after June 13, 2012. The adoption of these provisions created an overlap in the application of retirement contributions for three employees hired between February 17, 2012, and June 12, 2012. These employees are considered Tier 1 employees and subject to the 3% employer contribution cost-sharing provisions effective January 11, 2019, in addition to the Resolution requiring the 9% employee contribution. In order to effectuate the intention of both the 2012 and current MOU provisions, the Resolution reflects an off-set of payment for the three affected employees to ensure that they are able to maintain a combined contribution of 9% toward their retirement.

## **DISCUSSION:**

Effective January 11, 2019, unrepresented classic employees in Tier 1 will begin paying 4% of the employee contribution, while the City will continue to pay 4% of the EPMC. During upcoming fiscal years, 2019-20 through 2020-21, employees in Tier 1 will absorb 2% per year and will contribute a total of 8% by the end of 2021.

Effective January 11, 2019, classic employees in Tier 1 in the SEIU General and Refuse units will begin paying 7% of the employee contribution, while the City will continue to pay 1% of the EPMC. During the upcoming fiscal year, 2019-20, employees in Tier 1 will absorb the remaining 1% for a total of 8% EPMC by the end of 2021.

Effective January 11, 2019, classic employees in Tier 1 in the RPOA unit will begin paying 3% of the employer contribution as part of the cost sharing provision adopted in the MOU. Employees in this unit hired between February 17, 2012 and June 12, 2012 are currently paying 7.5% of the employee contribution. The Resolution will adjust the employee contribution to 6% and the EPMC contribution to 3%; requiring the three affected employees to contribute a combined 9%.

These pension reform changes were implemented with all other employee groups in an effort to continue to reduce retirement costs to the City, and memorialized in their respective union agreement and/or the City's Fringe Benefit and Salary Resolution. Specific Resolutions and/or contract amendments will be prepared for each employee group and brought before City Council as corresponding CalPERS changes become effective.

**FISCAL IMPACT:**

The savings resulting from the Tier 1 employees contributing an additional percentage of the employee contribution to CalPERS respectively in FY 2018-19 have been incorporated in the FY 2018-2020 Two-Year Budget and are offset by increases in wages, as authorized by City Council.

Prepared by:	Stephanie Holloman, 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:	Gary G. Geuss, City Attorney

Attachments: Resolution