Finance Committee

TO: **FINANCE COMMITTEE** **DATE: FEBRUARY 13, 2019**

FROM: **FINANCE DEPARTMENT** **WARD(S): ALL**

SUBJECT: **UPDATE ON MANAGING THE LONG TERM FISCAL MANAGEMENT OF THE CITY'S CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

ISSUE:

Receive an update on the Long-Term Fiscal Management of the City's California Public Employees Retirement System.

RECOMMENDATION:

That the Finance Committee receive and file an update on the Long-Term Fiscal Management of the City's California Public Employees Retirement System

BACKGROUND:

On October 10, 2018, the Finance Committee requested monthly updates to the City Council Finance Committee regarding CalPERS cost management options.

On December 12, 2018, the Finance Committee received an update on CalPERS Cost Management options for consideration.

On January 9, 2019, the Finance Committee received an update and additional information on the CalPERS Fresh Start Program.

DISCUSSION:

Collective Bargaining and Representation of Employees

The City maintains a strict commitment to collective bargaining which includes the requirement to meet and confer on any changes affecting wages, hours, promotions, benefits, and other employment terms. The City will not engage in activity that may be seen to run counter to the ability of the City and the Unions to communicate openly and honestly during the collective bargaining process, to find solutions that will ultimately benefit the City of Riverside. For simplicity, the City colloquially refers to this commitment as performing in "good faith" with the Unions and unrepresented employees alike.

Progress on CalPERS Challenge

Staff from the Finance Department, Human Resources Department, and the City Manager's Office meet weekly to discuss the CalPERS Challenge. These meetings generate innumerable ideas, including those to address cost management dimensions of the CalPERS Challenge. The following list represents various CalPERS Challenge activities that have occurred since the last CalPERS update to the Finance Committee:

- City staff conducted several meetings with various outside experts and advisors including Reason.org, Dr. Joe Nation Stanford Institute for Economic Policy Research (SIEPR) and two Budget Engagement Commission (BEC) Members.
- On January 9, 2019, staff met with CalPERS Chief Executive Officer (CEO), Marcie Frost and members of her executive staff to discuss CalPERS strategies and address questions.
- On January 24, 2019, the City Manager's Office conducted the first of ten CalPERS information session for employees.
- City Staff posted Frequently Asked Questions (FAQ) onto the City's website.
- The Finance Department hired an external actuary to perform Riverside-specific pension obligation calculations.
- Research is underway relating to the potential establishment of a Section 115 Trust.
- City Staff continue to hold weekly CalPERS meetings with subject matter experts to vet and prioritize solution strategies.
- On January, 30, 2019, the City Manager provided an overview of the CalPERS Challenge to the Command staff of the Riverside Police Department.
- All departments have initiated the review of programs/projects to achieve greater efficiencies, consider revenue-generating opportunities and evaluate existing subsidies.

FISCAL IMPACT:

There is no direct fiscal impact associated with this report.

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