

Budget Engagement Commission

City of Arts & Innovation

TO: HONORABLE COMMISSIONERS DATE: FEBRUARY 28, 2019

FROM: FINANCE DEPARTMENT WARD: ALL

SUBJECT: UPDATE ON THE LONG TERM FISCAL MANAGEMENT OF THE CITY'S

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

<u>ISSUE</u>:

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

RECOMMENDATION:

That the Budget Engagement Commission receive an update on the Long-Term Fiscal Management of the City's California Public Employees' Retirement System.

BACKGROUND:

During the April 12, 2017 City Council Finance Committee meeting, staff presented information about the financial impact of the California Public Employee Retirement System (CalPERS) changes to its discount rate.

During the August 31, 2017 Budget Engagement Commission (BEC) meeting, staff presented information on future CalPERS cost increases. Staff presented the same information to the Board of Riverside Public Utilities on May 9, 2018.

On June 12, 2018, as part of the FY 2018-2020 Two-Year Budget adoption, the City Council directed staff to report to the Finance Committee on the City's CalPERS cost projections and to begin discussions on the development of a plan to address the City's rising CalPERS costs.

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

On November 29, 2018, the BEC received an overview on CalPERS and a discussion on future options to reduce impact on City services.

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.

On February 13, 2019, the Finance Committee received an update on City staff's progress on the CalPERS Challenge.

DISCUSSION:

As discussed during the City's FY 2018-2020 Budget presentations, the City is facing rising CalPERS costs that are presenting significant financial challenges. Staff from the Finance Department, Human Resources Department and the City Manager's Office meet regularly to discuss the CalPERS Challenge.

City staff presents monthly updates to the Finance Committee on the CalPERS Challenge. The staff reports (excluding related attachments) for the Finance Committee updates that have taken place since the November 29, 2018 BEC meeting are attached. These reports provide a concise summary of CalPERS Challenge discussions and progress to date. Complete staff reports and related attachments, as well as Finance Committee videos of the presentations and ensuing discussions, can be accessed through City's website at: https://riversideca.legistar.com/Calendar.aspx.

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.

FISCAL IMPACT:

There is no direct fiscal impact associated with this report.

Prepared by: Edward Enriquez, Chief Financial Officer / City Treasurer

Certified as to

availability of funds: Marie Ricci, Assistant Chief Financial Officer

Approved by: Lea Deesing, Assistant City Manager

Attachments:

- 1. December 12, 2018 Finance Committee meeting staff report (excluding related attachments)
- 2. January 9, 2019 Finance Committee meeting staff report (excluding related attachments)
- 3. February 13, 2019 Finance Committee meeting staff report (excluding related attachments)