



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL**      **DATE: OCTOBER 1, 2019**

**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 UTILITY AND SUPERVISORY 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 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 (EMPC) 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, an additional 2% in November 2018, and effective with the pay period following November 1, 2019 they will pay an additional 2%, for a total of 6%.

## **DISCUSSION:**

As memorialized in the Resolution presented in this report, effective with the first pay period following November 1, 2019, IBEW Utility and Supervisory employees in Tier 1 will pay an

additional 2% of the employee contribution for a total of 6%, while the City will continue to pay 2% of the EPMC. During FY 2020-21, employees in Tier 1 will begin to pay the remaining 2% of the EPMC, for a total of 8% by the end of the contract in 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.

### **FISCAL IMPACT:**

Savings resulting from the IBEW Utility and Supervisory Units Tier 1 employees contributing 2% of the employee contribution to CalPERS in FY 2019-20 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
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
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