



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: NOVEMBER 5, 2019

FROM: HUMAN RESOURCES DEPARTMENT WARDS: ALL

SUBJECT: RESOLUTION OF INTENTION AND INTRODUCTION OF AN ORDINANCE TO AMEND THE CONTRACT BETWEEN THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE CITY OF RIVERSIDE TO IMPLEMENT A RETIREMENT COST-SHARING PROVISION OF AN ADDITIONAL 2.5% FOR ALL CLASSIC LOCAL FIRE TIER 1 MEMBERS FOR A TOTAL OF 5% AND AN ADDITIONAL 1.5% FOR ALL CLASSIC LOCAL POLICE TIER 1 MEMBERS FOR A TOTAL OF 4.5%

ISSUE:

Adopt a Resolution of Intention, and introduce and subsequently adopt an Ordinance to amend the contract between the California Public Employees' Retirement System (CalPERS) and the City of Riverside for the implementation of a retirement cost-sharing provision for all Tier 1 Fire employees for an additional 2.5% for a total of 5%, and an additional 1.5% for all Tier 1 Police employees for a total of 4.5%, as specified in the respective Police and Fire Units Memoranda of Understanding.

RECOMMENDATION:

That the City Council:

1. Adopt a Resolution of Intention to amend the contract between CalPERS and the City of Riverside for the implementation of a cost-sharing provision of an additional 2.5% for a total of 5% for all Tier 1 Fire employees, and an additional 1.5% for a total of 4.5% for all Tier 1 Police employees; and
2. Introduce and subsequently adopt the Ordinance to amend the contract between CalPERS and the City of Riverside for the implementation of a retirement cost-sharing provision of an additional 2.5% for a total of 5% for all Tier 1 Fire employees, and an additional 1.5% for a total of 4.5% for all Tier 1 Police employees, as specified in the respective Police and Fire Units Memoranda of Understanding.

BACKGROUND:

The process of enacting changes to the City's contract with CalPERS for classic local Tier 1 Police and Tier 1 Fire members is initiated by the adoption of a Resolution of Intention and introduction of an Ordinance. It is important to clarify that the Resolution reflects that the cost-sharing applies

to Police and Fire members under what CalPERS considers first and second tier classic members; these two (2) CalPERS tiers combined, represent City Tier 1 members only and not City Tier 2 members as defined in the MOUs. Under the provisions of Government Code Section 20471, a minimum 20-day waiting period between the Resolution of Intention, and introduction of the Ordinance and the adoption of the final Ordinance is required.

The City Council is asked to approve the Resolution of Intention and the introduction to adopt an Ordinance to formalize the contract amendment. The contract amendment will implement the cost-sharing provision that requires all Tier 1 Fire employees to pay an additional 2.5% of the employer contribution for a total of 5% and all Tier 1 Police employees to pay an additional 1.5% for a total of 4.5% of the employer contribution, as specified in all Police and Fire units Memoranda of Understanding effective January 2020.

The approved five-year Memoranda of Understanding (MOUs) for Fire and Police safety employees in the Riverside Firefighters' Association, Riverside Fire Management, Riverside Police Officers' Association (RPOA), RPOA Supervisory, and Riverside Police Administrators' Association (RPAA) Units resulted in agreements to further reform pension provision benefits for Tier 1 employees. As specified in the Fire MOUs beginning in January 2020, Tier 1 Fire employees would pay an additional portion of the required employer contribution equal to 2.5% of pensionable income pursuant to the cost-sharing provisions set forth in California Government Code Section 20516(f), for a total cost-sharing of 5%. The cost-sharing provision affects all Tier 1 Fire employees hired before June 11, 2011.

For all Police MOUs, Tier 1 Police employees would pay an additional portion of the required employer contribution equal to 1.5% of pensionable income pursuant to cost-sharing provisions if the wage increase provided by the City based on the Balanced Revenue Index (BRI) is in excess of two percent (2%). The total cost-sharing provision for employees in this group will be a total of 4.5% as of January 2020. The cost-sharing provision affects all Tier 1 Police unit employees, which includes all employees hired on or before June 13, 2012, when Tier 2 was effective. Since RPOA and the City agreed to adopt a Resolution effective February 17, 2012, requiring all new RPOA employees to pay 100% of the employee contribution, an updated Resolution will be adopted in order to offset the employee contribution for employees hired between February 17, 2012, and June 12, 2012, to allow these employees to continue to pay a total combined contribution of 9% (4.5% employer contribution and 4.5% employee contribution).

DISCUSSION:

Pursuant to the cost-sharing provisions set forth in the California Government Code Section 20516(f) and effective with the contract amendment, all Fire members in Tier 1 will begin paying an additional portion of the employer contribution equal to 2.5% of pensionable income for a total of 5%. During upcoming Fiscal Year (FY) 2020/21, employees in Tier 1 will absorb a total of 8% of the employer contribution by the end of 2021.

All Police members in Tier 1, upon the adoption of this contract amendment, will pay an additional portion of the employer contribution equal to 1.5% of pensionable income for a total of 4.5%. During upcoming FY 2020/21, employees in Tier 1 may absorb 1.5% per year contingent upon receiving a wage increase in excess of 2% each year, with the possibility of contributing a total of 6% of the employer contribution by the end of 2021.

The cost-sharing provision for Tier 1 Fire and Police employees will be effective January 10, 2020, consistent with the effective date of the CalPERS contract amendment.

FISCAL IMPACT:

The estimated savings resulting from the Fire and Police safety employees contributing an additional 2.5% and 1.5%, respectively, of the employer contribution to retirement have been incorporated into the FY 2018-2020 Two-Year Budget, and are offset by increases in wages as a result of the Partnership Compensation Model.

| | |
|---|--|
| Prepared by: | Stephanie Holloman, Human Resources Director |
| Certified as to availability of funds: | Edward Enriquez, Chief Financial Officer/Treasurer |
| Approved by: | Rafael Guzman, Assistant City Manager |
| Approved as to form: | Gary G. Geuss, City Attorney |

Attachments:

1. Resolution of Intention
2. Ordinance
3. Certificate of Compliance
4. Amendment to Contract