



City of Arts & Innovation

City Council Memorandum

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TO: HONORABLE MAYOR AND CITY COUNCIL DATE: NOVEMBER 10, 2020

FROM: HUMAN RESOURCES DEPARTMENT WARDS: ALL

SUBJECT: RESOLUTION OF INTENTION AND 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% FOR ALL CLASSIC LOCAL FIRE TIER 1 MEMBERS FOR A TOTAL OF 7%

ISSUE:

Adopt a Resolution of Intention, and introduce and subsequently adopt an Ordinance to amend the contract between the California Public Employees' Retirement System and the City of Riverside for the implementation of a retirement cost-sharing provision for an additional 2% for all Tier 1 Fire employees for a total of 7%, as specified in the respective Fire Units Memoranda of Understanding.

RECOMMENDATION:

That the City Council:

1. Adopt a Resolution of Intention to amend the contract between California Public Employees' Retirement System and the City of Riverside for the implementation a cost-sharing provision of an additional 2% for all Tier 1 Fire employees for a total of 7%; and
2. Introduce and subsequently adopt an Ordinance to amend the contract between California Public Employees' Retirement System and the City of Riverside for the implementation of a retirement cost-sharing provision of an additional 2% for all Tier 1 Fire employees for a total of 7%, as specified in the Fire Units Memoranda of Understanding.

BACKGROUND:

The process of enacting changes to the City's contract with California Public Employees' Retirement System (CalPERS) for classic local 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 Fire members under what CalPERS considers Tier 1 and Tier 2 classic members; these two 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 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% of the employer contribution for a total of 7% of the employer contribution as specified in the Fire units Memoranda of Understanding effective the first pay period following January 1, 2021.

The approved five-year Memoranda of Understanding (MOUs) for Fire employees in the Riverside Firefighters' Association and Riverside Fire Management Units resulted in agreements to further reform pension provision benefits for Tier 1 classic employees. As specified in the Fire MOUs beginning in January 2021, Tier 1 Fire employees would pay an additional portion of the required employer contribution equal to 2% of pensionable income pursuant to the cost-sharing provisions set forth in California Government Code Section 20516(f), for a total cost-sharing of 7%. The cost-sharing provision affects all Tier 1 Fire employees hired before June 11, 2011.

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% of pensionable income for a total of 7%. At the end of the MOU contract, employees in Tier 1 will absorb an additional 1% for a total of 8% of the employer contribution by December 2021.

The cost-sharing provision for Fire Tier 1 employees will be effective January 8, 2021, consistent with the effective date of the CalPERS contract amendment.

FISCAL IMPACT

The estimated savings resulting from the Fire employees contributing an additional 2% for a total of 7% of the employer contribution to retirement has been incorporated into the Fiscal Year 2020-2021 budget.

Prepared by:	Rene Goldman, 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

Attachment:

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