



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: OCTOBER 5, 2021**

**FROM: HUMAN RESOURCES DEPARTMENT** **WARDS: ALL**

**SUBJECT: A 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 1% FOR ALL CLASSIC LOCAL FIRE TIER 1 MEMBERS IN THE FIRE AND FIRE MANAGEMENT UNITS FOR A TOTAL OF 8%**

## **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 1% for a total of 8%, as specified in the respective Fire and Fire Management Units Memorandums of Understanding.

## **RECOMMENDATIONS:**

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 1% for all Tier 1 Fire members for a total of 8%; 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 1% for all Tier 1 Fire members for a total of 8% as specified in the Fire and Fire Management Units Memorandums of Understanding.

## **BACKGROUND:**

The process of enacting changes to the City's contract with 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 Memorandums of Understanding (MOUs). Government Code Section 20471 states, "Approval of the contract shall be by ordinance adopted by the affirmative vote of a majority of the members of the governing body, not less than 20 days after the adoption of the resolution of intention, or by ordinance adopted by the majority vote of the electorate of the public agency voting thereon."

At this time, the City Council is requested to approve the Resolution of Intention and introduce an Ordinance to formalize the contract amendment. The contract amendment will implement the cost-sharing provision that requires all Tier 1 Fire members to pay an additional 1% of the employer contribution for a total of 8%, as specified in the Fire and Fire Management units MOUs effective the first pay period following December 30, 2021.

The approved five-year 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 the first pay period following December 30, 2021, Tier 1 Fire employees would pay an additional portion of the required employer contribution equal to 1% of pensionable income pursuant to the cost-sharing provisions set forth in California Government Code Section 20516(f), for a total cost-sharing of 8%. The cost-sharing provision affects all Tier 1 Fire members 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 1% of pensionable income for a total of 8%.

The cost-sharing provision for Fire Tier 1 members will be effective January 7, 2022 consistent with the effective date of the CalPERS contract amendment.

### **STRATEGIC PLAN ALIGNMENT:**

Adopting a Resolution of Intention, and subsequently adopting the Ordinance to amend the contract with CalPERS to increase the cost share for Tier 1 Fire employees contributes to **Strategic Priority 5 – High Performing Government, Goal 5.4:** *Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.*

1. **Community Trust** – Requiring employees to pay their share into the CalPERS pension plan will improve public trust that the City is implementing changes to ensure its long-term financial health.
2. **Equity** – Cost sharing is a fair and equitable method to distribute the burden of rising pension costs. These measures were extended equally to all other bargaining groups and unrepresented employees.
3. **Fiscal Responsibility** – Increasing the employee contribution creates an immediate cost reduction for the City using a phased approach and requiring employees to pay the full employee share.
4. **Innovation** – CalPERS cost-sharing is a creative solution to meet the City's current and changing needs. This change provides the City with an opportunity to reduce costs by requiring employees to share a portion of the employer costs.
5. **Sustainability & Resiliency** – To manage the rising costs of pension obligations, an increase in employee contributions for Tier 1 Fire employees (Tier 2 and PEPRAs employees have always paid 100% of the employee's share) is necessary and has already

been negotiated.

**FISCAL IMPACT:**

There is no fiscal impact related to this action. The estimated savings resulting from the Fire employee's contribution of an additional 1% for a total of 8% of the employer contribution for CalPERS retirement has been incorporated into the FY 2021/22 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: Phaedra A. Norton, City Attorney

**Attachments:**

1. Resolution of Intention to approve an amendment to the contract between the California Public Employees' Retirement System and the City Council of the City of Riverside
2. Ordinance to approve an amendment to the contract between the California Public Employees' Retirement System and the City Council of the City of Riverside
3. Amendment to Contract
4. Certification of Governing Body's Action
5. Certification of Cost Share
6. Certification of Compliance