



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of January 8, 2019

TO: Members of the City Council

SUBMITTED BY: David Biggs, City Manager
Lori Martin, Administrative Services Director/City Clerk

SUBJECT: CalPERS Contract Amendment

RECOMMENDED ACTION:

Open the public hearing, take public comment and adopt a Resolution of Intention to approve an amendment to the contract between the Board of Administration California Public Employees' Retirement System and the City Council of the City of Hercules, and waive the first reading and introduce an Ordinance authorizing the amendment to the CalPERS Contract.

COMMISSION/SUBCOMMITTEE ACTION AND RECOMMENDATION:

There was no commission or subcommittee review of this item.

FISCAL IMPACT OF RECOMMENDATION: Upon implementation of the cost sharing, there will be a net savings to the City which was factored into the overall costs associated with the recent City Council approved FY 18-19 Memorandum of Understandings with the Teamsters Local 315, Hercules Police Officers Association and various Pay and Benefit Plans with the City's non-represented employees.

DISCUSSION:

The City Council recently approved FY 18-19 Memorandum of Understandings with the Teamsters Local 315, Hercules Police Officers Association and various Pay and Benefit Plans with the City's non-represented employees. All of the employee groups agreed to a CalPERS cost sharing arrangement where employees would pay an additional 3% to be applied to the employers CalPERS contributions in exchange for a 2% wage increase. In order to implement this change the City needs to amend its contract with CalPERS to reflect the change to employee contribution rates.

The new contribution rate for the various member groups will be changed by contract amendment to reflect the following:

- The classic local miscellaneous member contribution rate will be 10% of reportable earnings effective on March 24, 2019.

- The new local miscellaneous member contribution rate will be 9.25% of reportable earnings effective March 24, 2019.
- The classic local safety member contribution rate will be 12% of reportable earnings effective March 24, 2019.
- The new local safety member contribution rate will be 15% of reportable earnings effective March 24, 2019.

CalPERS requires that the City Council adopt a Resolution of Intention and an Ordinance to adopt the contract amendment with a 20 day period between the adoption of the Resolution of Intention and the adoption of the final Ordinance pursuant to Government Code Section 20471.

In addition, pursuant to Government Code Sections 20469 and 20474, a secret ballot election must be held by the employees affected whenever the contract is amended to provide a benefit which changes the employees' rate of contribution. The secret ballot election is to be held sometime between the dates of January 9, 2019 and February 6, 2019.

The effective date of this amendment cannot be earlier than the first day of a payroll period following the effective date of the final Ordinance. The final adoption of the Ordinance is scheduled for the February 12, 2019 Council meeting which goes into effect 30 days later, therefore the first day of the payroll period following that will be March 24, 2019 where this change will take effect for employees.

ATTACHMENTS:

1. Resolution of Intention
2. Ordinance Amending the CalPERS Contract
3. Amendment to Contract
4. Government Code Sections 20469, 20471 and 20474