



City Council Agenda Item

City Council Meeting Date: July 19, 2022

TO: Dean Albro, City Manager

FROM: Amabelle Apolinario, Principal Human Resources Analyst
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SUBJECT: Adoption of Resolution No. 6531(22) Declaring the City's Intention to Approve CalPERS Contract Amendment and Introduction and First Reading of Ordinance No. 1696(22) Authorizing an Amendment to the CalPERS Contract to Implement Cost Sharing

Recommendation:

Staff recommends the City Council take the following separate actions:

- 1) Adopt Resolution No. 6531(22) giving notice of the City's intention to approve an amendment to the contract between the City and the Board of Administration of the California Public Employees' Retirement System (CalPERS) (Attachment 1);
- 2) Authorize the Mayor to execute the Resolution of Intention to Approve CalPERS Contract Amendment in the CalPERS format (Attachment 2);
- 3) Authorize the City Manager and City Clerk, or their designees, to execute CalPERS forms (Attachments 4-7) as required for submission to CalPERS to facilitate the CalPERS contract amendment process; and
- 4) Introduce for first reading by title only, with further reading waived, Ordinance No. 1696(22) Authorizing an Amendment to the Contract between the City of Lompoc and the Board of Administration of CalPERS (Attachment 8).

Background:

On August 3, 2021, the City Council adopted Resolution No. 6444(21) implementing salary adjustments and an agreement which provides for employee cost sharing for employees represented by the International Association of Firefighters (IAFF), Local 1906. Cost sharing is the process where employees pay a portion of the employer's (i.e. the City's) share of CalPERS retirement contributions.

The cost sharing arrangements reached with employees represented by the IAFF bargaining group are summarized below:

<u>Employee Group and Authorizing Document</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>PEPRA</u>
International Association of Firefighters (includes safety members)	2%	1%	N/A

The City Council's adoption of the resolution and ordinance attached to this staff report (Attachments 1 and 8, respectively) would formally initiate the CalPERS contract amendment process to reflect the cost sharing arrangements summarized above.

Discussion:

City employees' CalPERS pension benefit is funded by contributions from both the City and employees. The standard employee portion of the retirement contribution is determined by CalPERS and varies depending on the employee's retirement plan. However, pursuant to Government Code § 20516, employees may agree with the employer to pay a portion of the employer's required share.

The standard City employee share of CalPERS contribution, as well as the total employee contribution after cost sharing, is summarized below.

1. CalPERS Tier 1 classic fire safety members would pay the standard 9% as employee contribution, plus an additional 2% of their compensation towards the City employer contribution rate, for a total employee contribution of 11%.
2. CalPERS Tier 2 classic fire safety members would pay the standard 9% as employee contribution, plus an additional 1% of their compensation towards the City employer contribution rate, for a total employee contribution of 10%.

The City has been working with CalPERS for months to initiate the contract amendment process to implement employee cost sharing as described above. CalPERS has provided the City with the amended contract draft (Exhibit A to Attachment 8) as well as the documents needed to proceed with the contract amendment (Attachments 3-7).

There are several steps required to amend the City's contract with CalPERS. Adoption of the Resolution of Intention to Approve an Amendment to Contract Between CalPERS and the City (Attachment 1) initiates the process for the contract amendment. The language in the resolution is specified by CalPERS and cannot be altered. As CalPERS prefers that the resolution be executed in their preferred format, the resolution with CalPERS formatting (Attachment 2) has also been attached to this staff report for approval by the City Council. To preclude any delay in amending the contract, staff recommends the City Council authorize the Mayor to execute the resolution in both the

City's resolution format (Attachment 1) and the CalPERS preferred format (Attachment 2) for submission through the CalPERS automated system.

An ordinance authorizing an amendment to the contract between CalPERS and the City (Attachment 8) is also required. (The CalPERS contract, as amended, is included as an exhibit to Attachment 8.) This is the first reading of the ordinance, with a second and final reading scheduled for adoption on August 16, 2022. (Pursuant to California Government Code section 20471, adoption of the ordinance must be at least 20 days after adoption of the Resolution of Intention.) The CalPERS contract amendment would become effective September 15, 2022 (30 days after the second/final reading of the Ordinance). The new cost sharing rate reported to CalPERS under new terms of the CalPERS contract would take effect September 24, 2022, which is the first date of the payroll period following the effectiveness of the contract amendment.

Between the adoption of the Resolution of Intention and the CalPERS contract amendment becoming effective, the City must follow several procedural steps required by CalPERS. First, the City must conduct a secret ballot election by affected employees using the CalPERS ballot form (Attachment 3). Following the election, the City must then certify election results on the form provided by CalPERS (Attachment 4) and submit the certification to CalPERS. The City must also submit forms to CalPERS certifying that i) the resolution submitted by the City to CalPERS is a true and correct copy (Attachment 5); ii) the City complied with the requirements of Government Code § 7505 regarding the future annual costs of the change in retirement benefits being made public (Attachment 6); and iii) the City complied with the requirements of Government Code § 20516 regarding employee agreement to cost sharing (Attachment 7). Staff is therefore requesting that the City Council authorize the City Manager and City Clerk, or their designees, to complete the forms and submit them to CalPERS to facilitate the CalPERS contract amendment process.

Fiscal Impact:

The contract amendment provides that the City employees in the group identified above will pay an additional 2% or 1% of the employer share of CalPERS costs. The cost sharing arrangement is expected to save the City approximately \$19,203 per fiscal year.

Conclusion:

Adoption of Resolution No. 6531(22) and introduction of Ordinance No. 1696(22) are necessary first steps for the City to amend its contract with CalPERS to implement the cost sharing arrangement agreed to by the City and employees represented by the IAFF bargaining group.

Respectfully submitted,

Amabelle Apolinario, Principal Human Resources Analyst

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

Gabriel Garcia, Human Resources Manager

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Dean Albro, City Manager

- Attachments:
- 1) Resolution No. 6531(22)
 - 2) Resolution of Intention to Approve CalPERS Contract Amendment (CalPERS Format)
 - 3) Cost Sharing Ballots
 - 4) Certification of Employee Election (CON-15)
 - 5) Certification of Governing Body's Action (CON-12)
 - 6) Certification of Compliance with Government Code Section 7507
 - 7) Certification of Compliance with Government Code Section 20156 (CON-500)
 - 8) Ordinance No. 1696(22) and Exhibit of Amendment to Contract