



City Manager's Report
July 12, 2016 City Council Meeting
Prepared by: Dave Warren, Director of Finance
Item #: 8.7

Subject: Adopt a resolution reducing the employer paid member pension contribution rate for “classic member” safety employees who were hired before October 15, 2011, from 4.00% to 0.00% of payroll effective July 2, 2016.

Background:

As part of labor negotiations this past year, the Placerville Police Officers Association (PPOA) agreed to require “classic member” employees, who were hired before October 15, 2011, to pay the entire employee pension contribution beginning this month. In order to formalize this change, the City Council is required to adopt a resolution changing the Employer Paid Member Contribution (EPMC) rate and submit it to CalPERS. Tonight, staff is recommending the Council to adopt a resolution that would change the EPMC rates for “classic member” safety employees accordingly.

Discussion:

As a way to curb pension costs, the City adopted second tier retirement plans for employees hired on or after October 15, 2011, that have less expensive benefits and require the employee to pay their entire employee pension contribution. The City is currently paying a portion of the employee contributions for safety (sworn) “classic member” employees, who were hired before October 15, 2011. For example, the City is currently paying 4.00 percentage points of the 9.00% employee pension contribution on behalf of safety “classic member” employees. The PPOA agreed to increase the “classic member” employee share of the contribution rate from 5.00% to 9.00% of payroll effective the first full pay period in July. In other words, the EPMC rate for safety “classic members,” who were hired before October 15, 2011, has been reduced from 4.00% to 0.00% effective the first full pay period in July. It's important to note that affected sworn employees will receive a 5.00% salary step adjustment in tandem with the pension contribution change for a net payroll impact of approximately 1.00% (5.00% - 4.00%). The salary adjustment is addressed in a staff report in tonight's agenda under a separate cover.

If adopted, the resolution would also affect unrepresented “classic member” safety employees who were hired before October 15, 2011.

Options:

1. Adopt the resolution as presented.
2. Direct staff to renegotiate a different employee contribution rate.

Cost:

The net cost of these changes is approximately \$35,214 in Fiscal Year 2016/2017.

Budget Impact:

The \$35,214 net cost of this item has been incorporated into the adopted Fiscal Year 2016/2017 Operating Budget.

Recommendation:

Adopt a resolution reducing the employer paid member pension contribution rate for “classic member” safety employees who were hired before October 15, 2011, from 4.00% to 0.00% of payroll effective July 2, 2016.



M. Cleve Morris, City Manager



Dave Warren, Director Finance

RESOLUTION NO _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PLACERVILLE,
ELECTING EMPLOYER PAID SAFETY MEMBER CONTRIBUTIONS**

WHEREAS, the City Council of the City of Placerville has the authority to implement Government Code Section 20691; and

WHEREAS, the City Council of the City of Placerville has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer; and

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the City Council of the City of Placerville of a Resolution to commence said Employer Paid Member Contributions (EPMC); and

WHEREAS, the City Council of the City of Placerville has identified the following conditions for the purpose of its election to pay EPMC:

- This benefit shall apply to all “classic member” employees of the CalPERS safety retirement plan; and
- This benefit shall consist of the City of Placerville paying zero percent (0.00%) of the normal member contributions as EPMC for eligible employees hired before October 15, 2011; and
- The effective date of this Resolution shall be July 2, 2016.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Placerville elects to pay EPMC, as set forth above.

The foregoing Resolution was introduced at a regular meeting of the City Council of the City of Placerville held on July 12, 2016, by Councilmember _____ who moved its adoption. The motion was seconded by Councilmember _____. The motion was passed by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor Trisha Wilkins

ATTEST:

Regina O’Connell, Interim City Clerk