

City of Sacramento

Legislation Text

File #: 2018-01662, **Version:** 1

Title:

Ordinance Authorizing Amendment to the Contract between the City of Sacramento and the California Public Employees' Retirement System (Passed for Publication 10/16/2018; Published 10/19/2018)

File ID: 2018-01662

Location: Citywide

Recommendation:

Adopt an Ordinance amending the contract between the City of Sacramento and the Board of Administration of the California Public Employees' Retirement System (PERS).

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Presenter: Samantha Wallace (916) 808-7657, Human Resources Manager, Department of Human Resources

Attachments:

- 1-Description/Analysis
- 2-Ordinance
- 3-Exhibit A (PERS Amendment)

Description/Analysis

Issue Detail: The Public Employees' Pension Reform Act (PEPRA) of 2013 and related changes to the Public Employees Retirement Law (PERL) allow employers to negotiate various levels of cost-sharing with their employee unions whereby the employees agree to share in the cost of the required employer contribution to PERS. These cost-share amounts are paid in addition to the required member contribution rate. The proposed ordinance allows for the entire amount contributed, including the amount paid for cost-sharing by the employee to be credited to the employee's account. The collective bargaining agreements specify, as required by the PERL, the exact percentage of member compensation that shall be paid by the member toward the current service cost of the

benefits. Cost sharing contributions are those over and above normal contributions otherwise required but are treated as normal contributions.

The City of Sacramento entered into agreements with all three bargaining units represented by Stationary Engineers, Local 39 (Local 39); the Auto, Marine, and Special Painters (Local 1176), and the Western Council of Engineers (WCE) establishing a PERS cost share for PERS classic members. Consistent with these agreements, affected members began paying the following percentage of the employer's contribution to PERS retirement on the specified dates:

- Effective November 15, 2014, Local 39, Miscellaneous employees pay one (1) percent
- Effective November 15, 2014, Local 39, Plant Operators employees pay one (1) percent
- Effective November 15, 2014, Local 39, General Supervisors employees pay one (1) percent
- Effective September 5, 2015, WCE employees pay one (1) percent
- Effective December 24, 2016, Local 1176 employees pay one (1) percent

The City's contract with PERS must be amended to reflect the cost share agreements between the City and Local 39, Local 1176, and WCE. To do so, PERS regulations require that the City first approve a resolution giving notice of its intention to amend its contract with PERS, and then separately adopt an ordinance authorizing amendment to the PERS contract as required by the California Government Code. In addition, after City Council passes the Resolution of Intention, but before adoption of the ordinance, the Government Code requires the affected members approve the cost share agreement. After the City Council adopted the Resolution of Intention on October 16, 2018, the affected members of Local 39, Local 1176, and WCE voted for the contract amendment process to continue. The adoption of this ordinance is the last step in the process of amending the City's contract with PERS to include the cost share agreement.

Policy Considerations: Passing the ordinance finalizes the process required to amend the PERS contract and the City's legal requirement to implement the Cost Share program outlined in the Local 39, Local 1176, and WCE agreements.

Economic Impacts: None.

Environmental Considerations: None.

Sustainability: There are no sustainability considerations applicable to this action.

Commission/Committee Action: None.

Rationale for Recommendation: The Ordinance is a requirement to amend the PERS contract, which is a requirement of the Local 39, Local 1176, and WCE labor agreements.

Financial Considerations: The City of Sacramento entered into agreements with Local 39, Local 1176, and WCE establishing a PERS cost share for classic members. The savings from the cost share were included as an offset to the other provisions of the approved contracts.

Local Business Enterprise (LBE): Not applicable.