Item No: 15

Report to the City Council
Council Meeting of September 27, 2016

Agenda Section: **New Business**

Subject: **Second reading and proposed adoption of an ordinance authorizing an amendment to the Contract between the City Council of the City of St. Helena and the Board of Administration of the California Public Employee's Retirement System**

CEQA Status: **Not a project**

Prepared By: **Mandy Kellogg, Administrative Services Manager**

Approved By: **Jennifer Phillips, City Manager**

BACKGROUND

The current Memorandum of Understanding (MOUs) with the St. Helena Employees Association (SHEA) and the Unrepresented Employee group, excluding the Fire Chief, contain negotiated provisions by which employees pay a portion of the employer's required California Public Employees' Retirement System (CalPERS) contribution. The negotiated provision included in the SHEA MOU states that effective the first full pay period in January 2016, employees covered by the MOU shall contribute an additional 1% of PERsable compensation toward the City's required contribution. The negotiated provision included in the Unrepresented Compensation Program states as soon as practicable, the City initiate a contract amendment for employees covered by this program, excluding the Fire Chief, for employee cost sharing of an additional 1% of pensionable compensation toward the City's cost of pension benefits.

In accordance with Government Code Section 20516, the City desires to amend its CalPERS Contract with respect to the Miscellaneous Retirement Plan and the Police Safety Management Retirement Plan to allow additional employee cost sharing of the employer rate in the amount of 1% for Classis Miscellaneous members, New Miscellaneous members (PEPRA), Classic Police Safety Management members and New Police Safety Management members (PEPRA). The St. Helena Employees Association has been contributing at these rates since January 2016. However, the City still needs to amend its contract with CalPERS in order for employees to obtain appropriate credit for those contributions. The Unrepresented Employee group will begin contributing these rates upon the effective date of the amended contract, October 25, 2016.

DISCUSSION

In order to formalize the cost sharing provision of the agreements with CalPERS, the City Council must amend the City's contract with CalPERS to incorporate the provisions of the Government Code Section 20516. The CalPERS contract amendment requires the Council to adopt a Resolution of Intention to Approve an Amendment to Contract and to introduce an ordinance authorizing an Amendment to Contract.

The required contract amendment involves enacting the provisions of Government Code Section 20516, Employee Cost Sharing of Additional Benefits, for local miscellaneous members and local police safety members. This amendment is required for all Classic and New members (PEPRA) in SHEA and Unrepresented employee groups, and all members in these groups (excluding the Fire Chief) will participate in the required CalPERS election.

Due to the requirements of Government Code Section 20474 a secret ballot was conducted with all employees affected by the contract amendment to allow the employees to express their choice. The outcome of the election was that the majority of the employees voted to approve participation in the pension cost share of 1%.

The first reading of the ordinance as required by CalPERS was conducted at the August 23rd council meeting. This serves as the Second Reading and proposed Adoption of the Ordinance. The effective date of the Ordinance shall be 30 days after the adoption date on October 27, 2016. The effective date of the Contract Amendment is the first day of the City's next available pay period which would be November 9, 2016.

FISCAL IMPACT

There is no fiscal impact to the City.

RECOMMENDED ACTION

Adoption by title only and waive further reading of an ordinance authorizing an amendment to the Contract between the City Council of the City of St. Helena and the Board of Administration of the California Public Employee's Retirement System.

ATTACHMENTS

1. Ordinance
2. Contract Amendment
3. Certification of Employee Election

CITY OF ST. HELENA

ORDINANCE NO. 2016-

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ST. HELENA AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE CITY COUNCIL OF THE CITY OF ST. HELENA AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

The City Council of the City of St. Helena does ordain as follows:

SECTION 1. That an amendment to the contract between the City Council of the City of St. Helena and the Board of Administration, California Public Employees' Retirement System is hereby authorized, a copy of said amendment being attached hereto, marked Exhibit, and by such reference made a part hereof as though herein set out in full.

SECTION 2. The Mayor of the City Councils hereby authorized, empowered, and directed to execute said amendment for and on behalf of said agency.

SECTION 3. This Ordinance shall take effect 30 days after the date of its adoption, and prior to the expiration of 30 days from the passage thereof shall be published at least once in the St. Helena Star, a newspaper of general circulation, published and circulated in City of St. Helena and thenceforth and thereafter the same shall be in full force and effect.

The foregoing ordinance was introduced at a meeting of the City Council of the City of St. Helena held on August 23, 2016, and adopted at a meeting held on September 27, 2016, by the following vote:

Mayor Galbraith: _____

Vice Mayor White: _____

Councilmember Crull: _____

Councilmember Dohring: _____

Councilmember Pitts: _____

APPROVED:

_____

Alan Galbraith, Mayor

ATTEST:

_____

Cindy Black, City Clerk

Attachment 2

CalPERS

EXHIBIT

California
Public Employees' Retirement System

AMENDMENT TO CONTRACT

Between the
Board of Administration
California Public Employees' Retirement System
and the
City Council
City of St. Helena

The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective March 1, 1968, and witnessed January 9, 1968, and as amended effective February 1, 1989, September 28, 1991, August 16, 1999, July 1, 2001, June 16, 2012 and December 21, 2012 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

A. Paragraphs 1 through 15 are hereby stricken from said contract as executed effective December 21, 2012, and hereby replaced by the following paragraphs numbered 1 through 18 inclusive:

1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for classic local miscellaneous members entering membership in the miscellaneous classification on or prior to December 21, 2012, age 60 for classic local miscellaneous members entering membership for the first time in the miscellaneous classification after December 21, 2012, age 62 for new local miscellaneous members, age 50 for classic local police members entering membership in the police classification on or prior to June 16, 2012, age 55 for classic local fire members and for those classic local police members entering membership for the first time in the police classification after June 16, 2012 and age 57 for new local safety members.

2. Public Agency shall participate in the Public Employees' Retirement System from and after March 1, 1968 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.

3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorney fees that may arise as a result of any of the following:

   (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.

   (b) Any dispute, disagreement, claim, or proceeding (including without limitation arbitration, administrative hearing, or litigation) between Public Agency and its employees (or their representatives) which relates to Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than such employees' existing retirement benefits, provisions or formulas.

   (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.

4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:

   a. Local Fire Fighters (herein referred to as local safety members);

   b. Local Police Officers (herein referred to as local safety members);

   c. Employees other than local safety members (herein referred to as local miscellaneous members).

5. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:

   a. **PART-TIME RECREATION DEPARTMENT EMPLOYEES; AND**

   b. **PERSONS COMPENSATED ON AN HOURLY BASIS.**

6. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local miscellaneous member entering membership in the miscellaneous classification on or prior to December 21, 2012 shall be determined in accordance with Section 21354 of said Retirement Law subject to the reduction provided therein for Federal Social Security (2% at age 55 Modified).

7. The percentage of final compensation to be provided for each year of credited current service as a classic local miscellaneous member entering membership for the first time with this agency in the miscellaneous classification after December 21, 2012 shall be determined in accordance with Section 21353 of said Retirement Law subject to the reduction provided therein for Federal Social Security (2% at age 60 Modified).

8. The percentage of final compensation to be provided for each year of credited prior and current service as a new local miscellaneous member shall be determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Supplemental to Federal Social Security).

9. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local fire member shall be determined in accordance with Section 21366 of said Retirement Law subject to the reduction provided therein for Federal Social Security (One-half pay at age 55 Modified).

10. The percentage of final compensation to be provided for each year of credited prior and current service as a new local fire member shall be determined in accordance with Section 7522.25(b) of said Retirement Law (2% at age 57 Supplemental to Federal Social Security).

11. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local police member entering membership in the police classification on or prior to June 16, 2012 shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full), pursuant to Government Code Section 20515.

12. The percentage of final compensation to be provided for each year of credited current service as a classic local police member entering membership for the first time with this agency in the police classification after June 16, 2012 shall be determined in accordance with Section 21363.1 of said Retirement Law (3% at age 55 Full), pursuant to Government Code Section 20515.

13. The percentage of final compensation to be provided for each year of credited prior and current service as a new local police member shall be determined in accordance with Section 7522.25(d) of said Retirement Law (2.7% at age 57 Full), pursuant to Government Code Section 20515.

14. Public Agency elected and elects to be subject to the following optional provisions:

    a. Section 20042 (One-Year Final Compensation) for classic local safety members and for those classic local miscellaneous members entering membership on or prior to December 21, 2012.

    b. Section 20515 (Full Formula Plus Social Security) for past and future service for local police members only. Legislation repealed said Section effective January 1, 2002.

c. Section 20475 (Different Level of Benefits): Section 21363.1 (3% @ 55 Full formula) is applicable to classic local police members entering membership for the first time with this agency in the police classification after June 16, 2012.

Section 21353 (2% @ 60 Modified formula) and Section 20037 (Three-Year Final Compensation) are applicable to classic local miscellaneous members entering membership for the first time with this agency in the miscellaneous classification after December 21, 2012.

d. Section 20516 (Employees Sharing Additional Cost):

From and after the effective date of this amendment to contract, 1% for local miscellaneous members in St. Helena Employee's Association, and for Unrepresented Executive Managers, Mid-Managers and Confidential Managers groups.

From and after the effective date of this amendment to contract, 1% for local police members in the Unrepresented Safety Management Group.

The portion of the employer's contribution that the member agrees to contribute from his or her compensation, over and above the member's normal contribution ("Cost Sharing Percentage"), shall not exceed the Employer Normal Cost Rate, as that rate is defined in the CalPERS Actuarial Valuation for the relevant fiscal year. If the Cost Sharing Percentage will exceed the relevant Employer Normal Cost Rate, the Cost Sharing Percentage shall automatically be reduced to an amount equal to, and not to exceed, the Employer Normal Cost Rate for the relevant fiscal year.

15. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members and local safety members of said Retirement System.

16. Public Agency shall also contribute to said Retirement System as follows:

a. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.

b. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.

17. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.

18. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the _____ day of _____, _____.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY_____
CHERYL EASON
CHIEF FINANCIAL OFFICER
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

CITY COUNCIL
CITY OF ST. HELENA

BY_____
PRESIDING OFFICER

_____
Witness Date

Attest:

_____
Clerk

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Employer Account Management Division
Retirement Social Security Contracts Unit
P.O. Box 942709
Sacramento, CA 94229-2709
(888) CalPERS (225-7377)

CERTIFICATION OF EMPLOYEE ELECTION

I hereby certify that the following employees of the City of St. Helena have expressed their approval or disapproval of said agency's intention to amend its contract to provide Section 20516 (Employees Sharing Additional Cost) of 1% for local miscellaneous members in St. Helena Employee's Association, and for Unrepresented Executive Managers, Mid-Managers and Confidential Managers groups and 1% for local police members in the Unrepresented Safety Management Group on the basis described in the Resolution of Intention adopted by said agency's governing body on August 23, 2016, in such manner as to permit each employee to separately and secretly express his choice and that the outcome of such election was as follows:

	Number of employees eligible to vote	Number of votes approving said participation	Number of votes disapproving said participation
Local Miscellaneous Members as defined in Govt. Code Section 20383	44	28	1
Local Police Officers as defined in Govt. Code Section 20425	1	1	

Cindy Black
Clerk or Secretary

9/19/16
Date

(Amendment)
PERS-CON-15 (Rev. 3/8/2016 rc)

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