



# CITY COUNCIL STAFF REPORT



**May 17, 2022**

## **ITEM TITLE**

Contract Amendment: Approve an Amendment to the Contract with the Board of Administration and CalPERS for Local Safety Police Officer's Association Classic Members to Make an Additional Contribution Pursuant to Government Code §20516

**Report Number:** 22-0120

**Location:** No specific geographic location

**Department:** Human Resources

**Environmental Notice:** The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

## **Recommended Action**

Adopt an ordinance approving an amendment to the contract between the Board of Administration, California Public Employees' Retirement System (CalPERS) and the City of Chula Vista to provide a mandatory employee contribution for all classic Local Safety members of the Chula Vista Police Officers Association of 1% of salary as provided under Government Code §20516. (Second Reading and Adoption)

## **SUMMARY**

Per the Memorandum of Understanding (MOU) between the City of Chula Vista and the Chula Vista Police Officer's Association (POA), effective May 4, 2021, an agreement was reached to provide Normal Cost Sharing for all Classic (Tier I & II) Local Safety Police members pursuant to Government Code Section 20516(a) to reach the CalPERS standard of equal sharing of normal costs that will require mandatory employee contributions of an additional 1% of salary starting July 1, 2022.

In order to amend the City's current CalPERS retirement contract and to meet the provisions of California Government Code §20516 (Employees Sharing Additional Cost), CalPERS requires specific procedures to be followed. The first step in the process is for the City Council to adopt a Resolution of Intention (Attachment 1) and an Ordinance (Attachment 2). The first reading of the Ordinance may occur at the same time as the adoption of the resolution. The second reading of the Ordinance will occur at the City Council meeting of May 17, 2022. Concurrently, CalPERS also requires that the impacted Classic (Tier I & II) members elect this change in a secret ballot election. A CalPERS employee election ballot will be distributed to the members for

this purpose and must be certified by the City. Staff is requesting City Council's approval to adopt the Resolution of Intention and Ordinance as required by CalPERS.

### ENVIRONMENTAL REVIEW

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

### BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

### DISCUSSION

The City of Chula Vista reached agreement with the Chula Vista Police Officers' Association for successor Memoranda of Understanding (MOU) for the period May 4, 2021 through June 30, 2024. The MOU includes a cost sharing provision in which Classic (Tier I and Tier II) Local Safety Police CalPERS Members represented by POA contribute an additional 1% toward their CalPERS retirement benefits under Government Code §20516 effective July 1, 2022. Specifically, the Chula Vista Police Officer's Association Memorandum of Understanding (Article 2.18(2)) states as follows:

*[Normal Cost Sharing] Tier I Employees will also contribute pursuant to Government Code ("GC") section 20516(a) to reach the CalPERS standard of equal sharing of normal costs as follows: An additional 1% starting the first full pay period of July 2022 and an additional 1% (additional total 2%) starting the first full pay period of July 2023 for a total of 11% for the employee share. If a secret ballot election held in accordance with §20516(a) is not successful, employee contribution of 1% (July 2022) and 2% (July 2023) will be made to the employers' contribution account pursuant to GC section 20516(f).*

*[Normal Cost Sharing] Tier II Employees will also contribute pursuant to Government Code section 20516(a) to reach the CalPERS standard of equal sharing of normal costs as follows: An additional 1% starting the first full pay period of July 2022 and an additional 1% (additional total 2%) starting the first full pay period of July 2023 for a total of 11% for the employee share. If a secret ballot election held in accordance with §20516 is not successful, employee contribution of 1% (July 2022) and 2% (July 2023) will be made to the employers' contribution account pursuant to GC section 20516(f).*

While the MOU furthermore states an additional 1% employee contribution to be effective in the first full pay period of July 2023, CalPERS requires that this additional contribution be brought forth for Council approval separately in the fiscal year prior to the contribution taking into effect.

An amendment to the CalPERS contract will allow for the employee contribution rates to increase to 10% (currently 9%) effective July 1, 2022, for Classic Local Safety Police members represented by the POA. This action will shift 1% of expected costs from the City of Chula Vista to City Classic (Tier I & Tier II) Local Safety Police employees. In order to amend the City's current CalPERS retirement contract and to meet the provisions of California Government Code §20516 (Employees Sharing Additional Cost), CalPERS requires specific procedures to be followed. The first step in the process is for the City Council to adopt a Resolution of Intention (Attachment 1) and an Ordinance (Attachment 2). A draft version of the contract amendment has also been included as an exhibit to the Resolution of Intention (Attachment 1). The first reading of the Ordinance may occur at the same time as the adoption of the resolution. The second reading of the

Ordinance will occur at the City Council meeting of May 17, 2022. Concurrently, CalPERS also requires that the impacted Classic (Tier I & II) Local Safety Police members elect this change in a secret ballot election. A CalPERS employee election ballot will be distributed to the members for this purpose and must be certified by the City.

#### **DECISION-MAKER CONFLICT**

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.). Staff is not independently aware and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

#### **CURRENT-YEAR FISCAL IMPACT**

There is no current year fiscal impact for this action.

#### **ONGOING FISCAL IMPACT**

The ongoing fiscal impact for this action, irrespective of the outcome of the membership vote as described in Article 2.18 of the POA MOU, will result in estimated employee contributions resulting in a decreased cost to the City in Fiscal Year 2023 at \$129,474 and in Fiscal Year 2024 at \$268,914. Costs will change as Tier 1 and Tier 2 employees promote, demote, retire, or change employment status. The costs will be incorporated into the baseline salary budgets of the respective funds in future fiscal years. The following table reflects the estimated employee contribution resulting in estimated costs by fund:

<b>Fund</b>	<b>FY 2023</b>	<b>FY 2024</b>
General Fund	(111,808)	(232,224)
2018 Measure A Sales Tax	(16,313)	(33,874)
State Grants	(1,353)	(2,815)
<b>TOTAL ESTIMATED COSTS</b>	<b>(129,474)</b>	<b>(268,914)</b>

#### **ATTACHMENTS**

1. Resolution of Intention – CalPERS Contract Amendment
2. Ordinance – CalPERS Contract Amendment

*Staff Contact: Courtney Chase, Director of Human Resources/Director of Risk Management*