



REPORT to the MAYOR and MEMBERS of the CITY COUNCIL
From the CITY MANAGER

DATE: May 10, 2022

SUBJECT: Adopt a Resolution of Intention to Approve a Third Amendment to the Contract between the Board of Administration of the California Public Employees' Retirement System (CalPERS) and the City Council of the City of La Mesa

DESCRIPTION: Adopt a Resolution of Intention to Approve a Third Amendment to the Contract between the City Council of the City of La Mesa and the Board of Administration of the California Public Employees' Retirement System (CalPERS), to Provide an Employee Contribution of an Additional .5% of Salary as Provided under Government Code Section 20516(a) Applicable to All Classic CalPERS LMCEA Members to Become Effective July 15, 2022 (total of 1.5% cost share), and Adopt the First Reading of an Ordinance Authorizing a Third Amendment to the Contract between the City Council of the City of La Mesa and the Board of Administration of CalPERS, to Provide an Employee Contribution of an Additional .5% of Salary as Provided under Government Code Section 20516(a) Applicable to All Classic CalPERS LMCEA Members (total of 1.5% cost share) with CalPERS Contract Amendment to be Effective July 15, 2022

ISSUING DEPARTMENT: City Manager

SUMMARY:

Issues:

- 1) Should the City Council adopt a Resolution of Intention to approve a third amendment to the contract between the Board of Administration of CalPERS

and the City Council of the City of La Mesa, to provide an employee contribution of an additional .5% of salary as provided under Government Code Section 20516(a) applicable to all Classic CalPERS LMCEA members to become effective July 15, 2022 (total of 1.5% cost share)?

- 2) Should the City Council adopt the first reading of an Ordinance authorizing a third amendment to the contract between the City Council of the City of La Mesa and the Board of Administration of CalPERS, to provide an employee contribution of an additional .5% of salary as provided under Government Code Section 20516(a) applicable to all Classic CalPERS LMCEA members (total of 1.5% cost share), with the CalPERS contract amendment to be effective July 15, 2022?

Recommendation:

That the City Council adopt the following (by separate actions):

- 1) A Resolution of Intention to approve a third amendment to the contract between the City Council of the City of La Mesa and the Board of Administration of CalPERS, to provide an employee contribution of an additional .5% of salary as provided under Government Code Section 20516(a) applicable to all Classic CalPERS LMCEA members to become effective July 15, 2022 (total of 1.5% cost share); and
- 2) The first reading of an Ordinance authorizing a third amendment to the contract between the City Council of the City of La Mesa and the Board of Administration of CalPERS, to provide an employee contribution of an additional .5% of salary as provided under Government Code Section 20516(a) applicable to all Classic CalPERS LMCEA members (total of 1.5% cost share), with CalPERS contract amendment to be effective July 15, 2022.

Fiscal Impact:

The fiscal impact is an approximate \$14,300 savings to the General Fund per fiscal year.

City's Strategic Goals:

- Maintain a financially sound and affordable city government

BACKGROUND:

In 2018, the LMCEA Memorandum of Understanding (MOU) included a cost sharing provision in which Classic CalPERS represented employees contribute additional percentages toward their CalPERS retirement benefits (total of 1.0%). During the last labor negotiations process in 2021, the LMCEA agreed to increase their CalPERS retirement cost share by one-half percent (.5%) for all Classic CalPERS members of LMCEA for a total of 1.5% to be implemented as soon as administratively possible.

It is the City's intent to amend its CalPERS contract a third time to effect this most recent additional cost sharing for Classic CalPERS LMCEA employees with the CalPERS contract amendment to be effective July 15, 2022.

DISCUSSION:

As mentioned previously, the City previously amended its contract with CalPERS to add cost sharing for all Classic CalPERS LMCEA employees under Government Code Section 20516(a). To implement an additional cost sharing amount of .5% in July 2022 (total of 1.5%) for Classic LMCEA employees, the City will need to amend its CalPERS contract again so that Classic CalPERS LMCEA employees can participate in additional cost sharing.

There are several steps to amend the City's contract with CalPERS. Attachment A, the Resolution of Intention to Approve an Amendment to the Contract Between the City Council of the City of La Mesa and the Board of Administration of CalPERS, initiates the process for the third contract amendment. CalPERS requires that the City adopt this Resolution of Intention at least twenty (20) days prior to adopting an Ordinance that approves the contract amendment. Attachment B is the proposed Ordinance Authorizing an Amendment to the Contract Between the City Council of the City of La Mesa and the Board of Administration of CalPERS. This is the first reading of the Ordinance, with a second and final reading scheduled for adoption on June 14, 2022. Introduction of the attached Ordinance tonight allows for timely notice prior to Council action adopting the final Ordinance. Attachment C is the amendment to the CalPERS contract as Exhibit A to the Ordinance (the changes are shown under Section 13(n) of the attached amended contract).

Summary of dates and steps:

1. June 14, 2022 City Council Meeting – Consider Second Reading of the Ordinance for adoption

2. July 15, 2022 – Effective date of the CalPERS contract amendment
3. July 22, 2022 – Beginning of first full pay period after the effective date of the Third Amendment, new costing rate reported to CalPERS.

CONCLUSION:

That the City Council adopt the Resolution of Intention and first reading of the Ordinance by separate actions thereby implementing staff's recommendations as referenced above.

Reviewed by:



Greg Humora
City Manager

Respectfully submitted by:



Rida Freeman
Director of Administrative Services

- Attachments: A. A Resolution of Intention to approve a third amendment to the contract between the City Council of the City of La Mesa and the Board of Administration of CalPERS, to provide an employee contribution of an additional .5% of salary as provided under Government Code Section 20516(a) applicable to all Classic CalPERS LMCEA members to become effective July 15, 2022 (total of 1.5% cost share)
- B. Ordinance authorizing a third amendment to the contract between the City Council of the City of La Mesa and the Board of Administration of CalPERS, to provide an employee contribution of an additional .5% of salary as provided under Government Code Section 20516(a) applicable to all Classic CalPERS LMCEA members (total of 1.5% cost share), with CalPERS contract amendment to be effective July 15, 2022