

APPROVED
AUG 28 2001
OFFICE OF THE
CITY CLERK

2.16

DEPARTMENT OF
ADMINISTRATIVE SERVICES
PERSONNEL SERVICES DIVISION

CITY OF SACRAMENTO
CALIFORNIA

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August 23, 2001

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: REPORTING THE VALUE OF EMPLOYER PAID MEMBER
CONTRIBUTION TO PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(PERS) AS ADDITIONAL COMPENSATION FOR LOCAL SAFETY/FIRE
MEMBERSHIP**

LOCATION/COUNCIL DISTRICT:

City-wide.

RECOMMENDATION:

It is recommended that the City Council adopt the Resolution to approve the reporting the value of employer paid member contributions (EPMC) to PERS as additional compensation under Government Code Section 20636(c).

CONTACT PERSON:

Dee Contreras, Director of Labor Relations, 264-5424

FOR COUNCIL MEETING OF:

September 28, 2001 (afternoon)

SUMMARY

In accordance with the negotiated labor agreement with the Sacramento Fire Fighters Union, Local 522 and the Personnel Resolution Covering Unrepresented Personnel, the City agrees to report the value of employer paid members contributions (EPMC) to PERS as additional compensation under Government Code Section 20636(c)

To accomplish the reporting of the value of EPMC, City Council must pass the attached Resolution. This method of reporting does not require a contract amendment.

COMMITTEE/COMMISSION ACTION:

There was none required for this report.

BACKGROUND INFORMATION:

In 1991 the City began paying the fire/safety employee's member normal contribution of 9%. This is called Employer Paid Member Contributions (EPMC). Under Government Code Section 20636(c), an employer has the option of reporting the value of employer paid member contributions (EPMC) to PERS as additional compensation which enhances the member's benefit at the time of retirement.

During the 2000-01 labor negotiations with Local 522 and the FY2001-02 Personnel Resolution the City agreed to reporting the value of EPMC by resolution rather than by contract amendment for fire safety members. The effective date is December 30, 2000 for represented employees and June 30, 2001, for unrepresented.

FINANCIAL CONSIDERATIONS:

EPMC has several cost impacts to the City of Sacramento: 1) the CalPERS future employer retirement rate; 2) a payment for prior years service that the additional PERS contribution was not collected; 3) additional employer paid member contributions; and 4) additional overtime costs in FY02 due to earlier retirements. CalPERS will be providing the final cost related to EPMC in the next few months. It is estimated that in the future the PERS Safety Plan rate will increase by 1.0% related to the future cost of EPMC. The estimated cost of EPMC for prior years service is \$14 million which will be funded by a combination of current Plan Assets and/or a future increase in the PERS Safety Plan rate.

The FY01-02 Budget accounted for all of the costs related to EPMC for fire safety employees except for two additional costs related to having the effective date of EPMC go back to December 30, 2000. It is estimated the City will need to fund an additional \$120,000 to CalPERS for the 9% employer paid member contribution related to the period from the EPMC effective date of December 30, 2000 to June 30, 2001. Also, it is anticipated that the Fire Department operating cost may increase due to possible additional overtime costs triggered by an anticipated higher number of retirees in 2001 because of the retroactive EPMC date. The cost estimate for this will be dependent on the number

of Fire Department employees retiring in 2001. Any FY01-02 Fire Department Budget adjustment related to these items will be considered at Midyear.

ENVIRONMENTAL CONSIDERATIONS:

There are no applicable environmental concerns.

POLICY CONSIDERATIONS:

This retirement enhancement is consistent with the City's goal of recruiting and retaining a qualified and diverse work force and the adoption of the Resolution will be in compliance with the negotiated labor agreement and the Personnel Resolution.

ESBD CONSIDERATIONS:

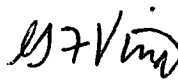
No goods or services are being purchased under this report.

Respectfully submitted,



Dee Contreras
Director of Labor Relations

RECOMMENDATION APPROVED:


for Robert P. Thomas
City Manager
Attachment

APPROVED
AUG 28 2001
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CITY CLERK

RESOLUTION NO. 2001-596

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**A RESOLUTION INFORMING THE
BOARD OF ADMINISTRATION OF THE PUBLIC EMPLOYEES' RETIREMENT
SYSTEM THE CITY OF SACRAMENTO WILL BE
REPORTING THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTION
AS ADDITIONAL COMPENSATION FOR LOCAL SAFETY/FIRE**

WHEREAS, the City of Sacramento has the authority to implement Government Code Section 20636(c)(4) pursuant to Section 20691:

WHEREAS, the City of Sacramento has a written labor policy and personnel resolution which specifically provides for the inclusion of normal member contributions paid by the employer on behalf of the safety/fire members as additional compensation;

WHEREAS, one of the steps in the procedures to implement this section is the adoption by the governing body of the City of Sacramento of a Resolution giving notice of its intention to commence reporting the value of employer paid member contributions (EPMC) as compensation for all members of a group or class;

WHEREAS, the following is a statement of the proposed change in reporting compensation to PERS:

The City of Sacramento elects to pay 9% of employees' compensation earnable as Employer Paid Member Contributions and report the same percent (value) of compensation earnable (excluding Government Code Section 20636(c)(4), avoiding the perpetual loop of reporting the value of EPMC on the previous values of EPMC) as additional compensation.

This benefit shall apply to all employees of Local Safety/Fire membership.

The effective date of this Resolution shall be December 30, 2000 for employees in Representation Unit 05 and June 30, 2001 for safety/fire management employees in Unit 01.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Sacramento shall implement Government Code Section 20636(c)(4) pursuant to Section 20691 by paying and reporting the value of Employer paid Member Contribution for all employees of the Local Safety/Fire membership.

MAYOR

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____