



Council Meeting: September 28, 2010

SUBJECT: Notice of Intention to Change the Reporting Value of Employer Paid Member Contributions (EPMC) for the Public Safety Management Association (PSMA)

REPORT IN BRIEF

This report recommends adopting the necessary resolution to modify the reporting value of employer paid member contribution (EPMC). The current amount of EPMC that is reported to CalPERS as compensation is 9% for the Public Safety Management Association (PSMA). With the recent adoption of the Memorandum of Understanding the amount paid by the City will reduce to 6% over the next eighteen months.

BACKGROUND

CalPERS provides for the employer to make modifications to the Employer Paid Member Contribution (EPMC) amount based on negotiations with their bargaining units. Under the CalPERS guidelines, the change must occur to everyone in a particular group or class. Prior to the adoption of the current Memorandum of Understanding, the City paid the full 11.25% (9.0% normal contribution and 2.25% for the single highest year option) member contribution on behalf of all Safety members. The 9% normal contribution was reported as EPMC to CalPERS.

With the adoption of the current Memorandum of Understanding with the PSMA, the agreement provides that all employees in this bargaining group will start to pay a portion of their member contribution. With the approval of the MOU, the amount of 1% will be paid by the employee effective July 2010. Effective with the first full pay period of January 2011 an additional 1% for a total of 2% of member contribution will be paid by the employee. Effective with the first full pay period of July 2011 an additional 1% for a total of 3% of member contribution will be paid by the employee. At the conclusion of these modifications, the total contributed by the employee will be 3% and the total amount contributed by the employer will be 6% of the normal contribution. In addition, the City will continue to pay for the remaining 2.25% of the member contribution as well as the full employer contribution.

EXISTING POLICY

Currently the City of Sunnyvale reports 9% EPMC as compensation to CalPERS for Safety members.

DISCUSSION

Effective with the adoption of the Memorandum of Understanding between the City of Sunnyvale and the Public Safety Management Association, the change in the EPMC amount that is reported to CalPERS must be modified to align with the agreement. Approval of the attached resolution is necessary to formally implement this change with CalPERS.

FISCAL IMPACT

The agreement with PSMA to pay 3% toward the employee share of the contribution to CalPERS was a part of the adopted Memorandum of Understanding that also provided a 2.87% salary increase. The combination of a 2.87% salary increase and a 3% contribution to the employee share of the CalPERS pension expense represents a modest savings to the General Fund in comparison to what was budgeted for the total compensation increase for PSMA in FY 2010/2011.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

ALTERNATIVES

1. Adopt the attached resolution that will be submitted to CalPERS and attached to our current contract with them to show the modification to the employer and employee contribution amount for Employer Paid Member Contribution (EPMC).
2. Not approve the attached resolution that will cause the City to be in conflict with its agreement with the Public Safety Management Association.

RECOMMENDATION

City staff recommends alternative 1: Adopt the attached resolution that will be submitted to CalPERS and attached to our current contract with them to show the modification to the employer and employee contribution amount for Employer Paid Member Contribution (EPMC).

Reviewed by:

Teri Silva, Director, Human Resources

Prepared by: Teri Silva, Director, Human Resources

Approved by:

Gary M. Luebbers

City Manager

Attachments

1. Resolution with CalPERS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUNNYVALE FOR EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC)

WHEREAS, the governing body of the CITY OF SUNNYVALE has the authority to implement Government Code section 20691; and

WHEREAS, the governing body of the CITY OF SUNNYVALE has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer; and

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the CITY OF SUNNYVALE of a resolution to commence said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of the City of Sunnyvale has identified the following conditions for the purposes of its election to pay EPMC:

- The benefit shall apply to all employees of the Public Safety Management Association (PSMA)
- Of the full 11.25% (9.0% normal contribution and 2.25% for the single highest year option) member contribution, the benefit shall consist of the City of Sunnyvale paying 8.0% of the normal contribution effective July 2010, and effective with the first full pay period of January 2011, 7.0% of the normal contribution, and effective with the first full pay period of July 2011, 6.0 % of the normal member contributions as EPMC. In addition, the City will continue to pay the remaining 2.25% of the member contribution as well as the full employer contribution.
- The effective date of this resolution shall be the date of its adoption.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUNNYVALE THAT it hereby elects to pay EPMC as set forth above.

Adopted by the City Council at a regular meeting held on _____, 2010, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

APPROVED:

City Clerk
(SEAL)

Mayor

APPROVED AS TO FORM AND LEGALITY:

David E. Kahn, City Attorney