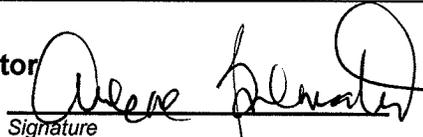


STAFF REPORT
COUNCIL MEETING DATE
NOVEMBER 28, 2011

ITEM FOR COUNCIL CONSIDERATION

AMENDMENT TO THE CONDITIONS OF EMPLOYMENT FOR REPRESENTED, MANAGEMENT AND MISCELLANEOUS PERSONNEL PERTAINING TO PREVIOUSLY APPROVED RETIREMENT COST SHARING.

Report prepared by: Arlene Balmadrid, HR Administrator


Signature

Reviewed by: Dave Durlinger, City Manager


Signature

STAFF RECOMMENDATION

Action Item ; Non-Action Item

Adopt Resolution Nos. 5349 and 5350, approving the amendment to the Service Employees International Union (SEIU) Memorandum of Understanding (MOU) 2011-2012 and the Conditions of Employment for the Management and Miscellaneous Personnel specifically modifying the terms of the retirement benefits program in order to implement the cost sharing agreement between the City and its employees.

Motion: I move to adopt Resolution Nos. 5349 and 5350 as read by title only, adopting the amendment to the Service Employees International Union (SEIU) Local 620 and the Conditions of Employment for the Management and Miscellaneous Personnel.

I. BACKGROUND

At its regular meeting of May 31, 2011, through adoption of Resolution Nos. 5319 and 5320, the City Council approved the Conditions of Employment for Management and Miscellaneous Personnel. Additionally, through adoption of Resolution No. 5324, the City Council approved the Memorandum of Understanding for Fiscal Year 2011-2012 between the City of Carpinteria and Service Employees International Union (SEIU) Local 620, representing employees in the general service and public works bargaining units.

Resolution Nos. 5319, 5320 and 5324 provided that all employees who are members of the Public Employees' Retirement System shall pay three percent (3%) of the Employer Paid

Member Contribution ("EPMC") effective the first full pay period after July 1, 2011. These resolutions also provided that if permitted by CalPERS, employees would contribute this same amount (3%) to the employer's contribution rate, rather than to the member's contribution, at a later date.

One of the steps in the procedures to implement changes to the employer paid member contributions (Government Code section 20691) is the adoption by the City of Carpinteria of a resolution to reflect commensurate changes to the Memorandum of Understanding of the represented employees, and the Conditions of Employment for the Management and Miscellaneous Personnel.

II. DISCUSSION

The amendment to the Service Employees International Union (SEIU) Local 620 Memorandum of Understanding for fiscal year 2011-2012 and the Conditions of Employment for the Management and Miscellaneous Personnel will clarify the intent of the parties regarding the retirement program. It modifies the terms of the Retirement Program to implement Government Code section 20516(a), which is the agreement between the agency and its employees concerning sharing costs. The cost sharing applied to the MOU's of all employees is as follows:

- A. The City will continue to participate in the California Public Employees Retirement System (CalPERS) based on the two percent (2%) @ 55 full formula benefits to the affected employees.
- B. Effective with the first pay period after July 1, 2011, the City's contribution toward Employer Paid Member Contribution (EPMC) will be reduced from seven percent (7%) to four percent (4%) of compensation earnable. Employees shall pay the remaining three percent (3%) of the statutorily mandated employee contribution to the California Public Employees' Retirement System (CalPERS) through payroll deductions. The City will report the four percent (4%) employer paid member contribution (EPMC) as "compensation earnable" for purposes of retirement compensation in accordance with Government Code section 20636(c)(4). (Section 20626(c)(4) authorizes public agencies to pay and report as income subject to retirement, the public agency's contribution to EPMC.)
- C. As soon as the Service Employees International Union (SEIU) 2011-12 Memorandum of Understanding (MOU) is ratified and the Conditions of Employment for Management and Miscellaneous Personnel are approved by the City Council, the City will perform all acts necessary to implement a CalPERS contract amendment to allow employees to pay (pre-tax) a portion of the employer contribution toward retirement under the cost sharing arrangement set forth in Government Code Section 20516(a) as follows:
 1. Effective the first full pay period following the effective date of the amendment to the CalPERS contract, employees will contribute a portion of the required employer contribution equal to three percent (3%) of compensation subject to retirement benefits.

2. Upon implementation of the cost sharing provisions of Government Code section 20516(a), the City will resume paying for and reporting the seven percent (7%) Employer Paid Member Contribution (EPMC) as "compensation earnable" for purposes of retirement compensation in accordance with Government Code section 20636(c)(4).

III. FINANCIAL CONSIDERATIONS

The three percent (3%) contribution by employees, whether by the reduction in EPMC from seven percent (7%) to four percent (4%) or the implementation of cost sharing under Government Code section 20516(a), is part of the cost savings initiatives to balance the City's budget. Additionally, the three percent (3%) employee contributions to the California Public Employees Retirement System (CalPERS) agreed to previously will be pretax and will thus benefit employees from an income tax standpoint. Finally, upon implementation of Government Code section 20516(a), employees' retirement benefits will not be affected by the cost sharing arrangement, since it will allow for the reporting of the full seven percent (7%) employee contribution as earnable compensation for purposes of calculating retirement compensation.

IV. LEGAL ISSUES

N/A

V. ATTACHMENTS:

Resolution No. 5349
Resolution No. 5350

RESOLUTION NO. 5349

**A RESOLUTION OF THE CITY OF CARPINTERIA CITY COUNCIL APPROVING
THE ADDENDUM TO THE SERVICE EMPLOYEES INTERNATIONAL UNION
(SEIU) LOCAL 620 MEMORANDUM OF UNDERSTANDING (MOU) 2011-2012**

WHEREAS, the City of Carpinteria has the authority to implement government Code Section 20691;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the City of Carpinteria of a Resolution to amend the Memorandum of Understanding between the City of Carpinteria and the Service Employees International Union (SEIU) Local 620 representing the City of Carpinteria General Services Bargaining Unit and the Public Works Bargaining Unit.

WHEREAS, the City of Carpinteria and the Service Employees International Union (SEIU) Local 620 hereby modify the terms of Article 33 (Retirement Program) in order to more clearly set forth their agreement regarding implementation of Government Code section 20516(a) cost sharing as follows:

- A. The City shall continue to participate in the California Public Employees Retirement System (CalPERS) providing two percent (2%) @ 55 full formula benefits to the affected employees.
- B. Effective with the first pay period after July 1, 2011, the City's contribution toward Employer Paid Member Contribution (EPMC) shall be reduced from seven percent seven percent (7%) to four percent (4%) of compensation earnable. Employees shall pay the remaining three percent (3%) of the statutorily mandated employee contribution to California Public Employees' Retirement System (CalPERS) through payroll deductions. The City will report the four percent (4%) employer paid member contribution (EPMC) as "compensation earnable" for purposes of retirement compensation in accordance with Government Code section 20636(c)(4).
- C. As soon as practicable upon ratification of the 2011-12 MOU by the Union and approval by the City Council, the City shall perform all acts necessary to implement a CalPERS contract amendment to allow employees to pay (pre-tax) a portion of the employer contribution toward retirement under the cost sharing arrangement set forth in Government Code Section 20516(a) pursuant to the terms described below:
 - 1. Effective the first full pay period following the effective date of the amendment to the CalPERS contract employees will contribute a portion of the required employer contribution equal to three percent (3%) of "compensation earnable;"
 - 2. Upon implementation of the cost sharing provisions of Government Code section 20516(a), the City will resume paying for and reporting the seven

percent (7%) Employer Paid Member Contribution (EPMC) as "compensation earnable" for purposes of retirement compensation in accordance with Government Code section 20636(c)(4).

NOW, THEREFORE, BE IT RESOLVED that the City of Carpinteria approves the Amendment to the Memorandum of Understanding between the Service Employees International Union (SEIU) Local 620 and the City of Carpinteria, as set forth above.

PASSED, APPROVED AND ADOPTED THIS 28TH day of November, 2011, by the following called vote:

AYES: COUNCIL MEMBERS: ARMENDARIZ, CARTY, REDDINGTON, STEIN, CLARK
NOES: COUNCIL MEMBERS: NONE
ABSENT: COUNCIL MEMBERS: NONE

Al Clark
Mayor, City of Carpinteria

ATTEST: _____
Fidela Garcia
City Clerk, City of Carpinteria

I hereby certify that the foregoing was duly and regularly introduced and adopted at a regular meeting of the City Council of the City of Carpinteria held the 28th day of November, 2011.

Fidela Garcia
City Clerk, City of Carpinteria

Approved as to form:

Peter Brown
City Attorney

RESOLUTION NO. 5350

**A RESOLUTION OF THE CITY OF CARPINTERIA CITY COUNCIL APPROVING
THE ADDENDUM TO THE CONDITIONS OF EMPLOYMENT FOR THE
MANAGEMENT AND MISCELLANEOUS PERSONNEL**

WHEREAS, the City of Carpinteria has the authority to implement government Code Section 20691;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the City of Carpinteria of a Resolution to amend the Conditions of Employment for the Management and Miscellaneous Personnel;

WHEREAS, the City of Carpinteria Conditions of Employment for the Management and Miscellaneous Personnel hereby modify the terms of Section 7.2 (Retirement Program) for Management and Miscellaneous Personnel in order to more clearly set forth their agreement regarding implementation of Government Code section 20516(a) cost sharing as follows:

- A. The City shall continue to participate in the California Public Employees Retirement System (CalPERS) providing 2% @ 55 full formula benefits to the affected employees.
- B. Effective with the first pay period after July 1, 2011, the City's contribution toward Employer Paid Member Contribution (EPMC) shall be reduced from seven percent (7%) to four percent (4%) of compensation earnable. Employees shall pay the remaining three percent (3%) of the statutorily mandated employee contribution to California Public Employees' Retirement System (CalPERS) through payroll deductions. The City will report the four percent (4%) employer paid member contribution (EPMC) as "compensation earnable" for purposes of retirement compensation in accordance with Government Code section 20636(c)(4).
- C. As soon as practicable upon approval by the City Council, the City shall perform all acts necessary to implement a CalPERS contract amendment to allow employees to pay (pre-tax) a portion of the employer contribution toward retirement under the cost sharing arrangement set forth in Government Code Section 20516(a) pursuant to the terms described below:
 - 1. Effective the first full pay period following the effective date of the amendment to the CalPERS contract, employees will contribute a portion of the required employer contribution equal to three percent (3%) of "compensation earnable;"
 - 2. Upon implementation of the cost sharing provisions of Government Code section 20516(a), the City will resume paying for and reporting the seven percent (7%) Employer Paid Member Contribution (EPMC) as "compensation

earnable" for purposes of retirement compensation in accordance with Government Code section 20636(c)(4).

NOW, THEREFORE, BE IT RESOLVED that the City of Carpinteria approves the Amendment to the Conditions of Employment of the Management and Miscellaneous Personnel, as set forth above.

PASSED, APPROVED AND ADOPTED THIS 28TH day of November, 2011, by the following called vote:

AYES: COUNCIL MEMBERS: ARMENDARIZ, CARTY, REDDINGTON, STEIN, CLARK
NOES: COUNCIL MEMBERS: NONE
ABSENT: COUNCIL MEMBERS: NONE

Al Clark
Mayor, City of Carpinteria

ATTEST: _____
Fidela Garcia
City Clerk, City of Carpinteria

I hereby certify that the foregoing was duly and regularly introduced and adopted at a regular meeting of the City Council of the City of Carpinteria held the 28th day of November, 2011.

Fidela Garcia
City Clerk, City of Carpinteria

Approved as to form:

Peter Brown
City Attorney