

REVISED

Agenda Report

DATE: April 9, 2007

TO: City Council

FROM: City Manager

RE: ADOPTION OF A RESOLUTION TO REPORT TO PERS THE VALUE OF THE EMPLOYER PAID MEMBER CONTRIBUTION FOR POLICE SERGEANTS

RECOMMENDATION:

It is recommended that the City Council implement the agreement with the Pasadena Police Sergeants Association (PPSA) by:

- 1) Adopting a Resolution to report to CalPERS the value of the Employer Paid Member Contribution (EPMC) as compensation effective April 9, 2007; and,
- 2) Authorizing the City Manager to enter into an agreement implementing a supplemental plan through the Public Agency Retirement System to provide a benefit equivalent to the CalPERS EPMC benefit for employees represented by the PPSA who would have been eligible for the CalPERS benefit but who retired prior to the implementation.

BACKGROUND:

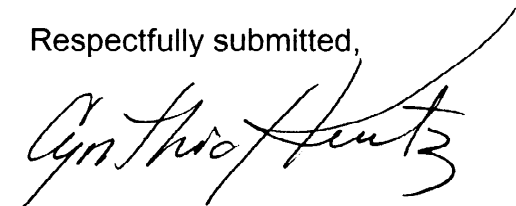
These actions implement the terms of the MOU between the City of Pasadena and the PPSA. In 2002, the City Council approved the EPMC benefit for Police Sergeants as part of the adoption of the MOU, however, the Resolution required to implement this benefit was inadvertently overlooked at that time. Under State law, the EPMC benefit can not be made retroactive; therefore, staff recommends

the implementation of a supplemental plan through the Public Agency Retirement System (PARS), at an approximate cost of \$2,000 per month, to provide the same benefit to the three Police Sergeants who retired after the MOU was approved. The implementation of the PARS supplement does not create an additional expense, in that had the CalPERS EPMC benefit been implemented in 2002, the cost of the benefit for the three retirees would have been rolled into the City's annual CalPERS contribution rates.

FISCAL IMPACT:

This action implements existing agreements that were previously approved by the City Council as part of negotiations with union; therefore the fiscal impact of these changes is included in the adopted FY 2007 Operating Budget.

Respectfully submitted,



CYNTHIA J. KURTZ
City Manager

Prepared and approved by:



KARYN S. EZELL
Director of Human Resources

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
PASADENA TO REPORT THE VALUE OF EMPLOYER PAID
MEMBER CONTRIBUTION FOR EMPLOYEES
REPRESENTED BY THE PASADENA POLICE
SERGEANTS ASSOCIATION**

WHEREAS, the City of Pasadena has the authority to implement Government Code Section 20023 (c) (4) pursuant to Section 20615;

WHEREAS, the City of Pasadena has a written labor policy or agreement which specifically provides for the inclusion of normal member contributions paid by the employer on behalf of the 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 Pasadena 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 Pasadena elects to pay 9.0% effective April 9, 2007 of employees' compensation earnable as Employer Paid Member Contributions and report the same percent (value) of compensation earnable {excluding Government Code Section 20023 (c) (4)} as additional compensation.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Pasadena shall implement Government Code Section 20023 (c) (4) pursuant to Section 20615 by paying and reporting the value of Employer Paid Member Contributions for all employees of the Pasadena Police Sergeants Association as set forth above.

The effective date of this Resolution shall be April 9, 2007.

Adopted by the following vote at the meeting of the City Council on April 9, 2007.

AYES:

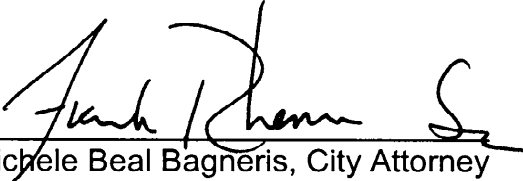
NOES:

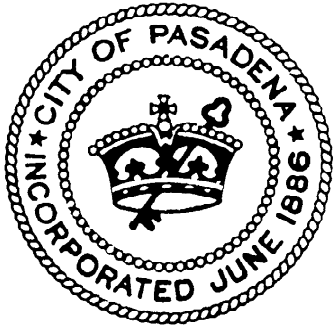
ABSTAIN:

ABSENT:

Jane Rodriguez, City Clerk

Approved as to Form:


Michele Beal Bagneris, City Attorney



SEE REVISED REPORT

Agenda Report

DATE: April 9, 2007

TO: City Council

FROM: City Manager

RE: ADOPTION OF RESOLUTIONS TO REPORT THE VALUE OF THE EMPLOYER PAID MEMBER CONTRIBUTION FOR MISCELLANEOUS NON-SAFETY EMPLOYEES AND FOR POLICE SERGEANTS, AND ADOPTION OF A RESOLUTION IMPLEMENTING THE PROVISIONS OF SECTION 414(h)(2) OF THE INTERNAL REVENUE CODE

RECOMMENDATION:

It is recommended that the City Council implement agreements related to the California Public Employees Retirement System (CalPERS) Employer Paid Member Contribution benefit for non-safety employees and for employees represented by the Pasadena Police Sergeants Association (PPSA) and cost-sharing for the non-safety employees by taking the following actions:

- 1) Adopt a Resolution to report to CalPERS the value of the Employer Paid Member Contribution (EPMC) for Executive, Top, Middle, and Professional management groups and to reflect the employer payment of 4.8% of the employee contribution effective August 16, 2006; the employer payment of 5.8% of the employee contribution effective January 8, 2007; and the employer payment of 4.4% of the employee contribution effective July 1, 2007.
- 2) Adopt a Resolution, which supersedes Resolution No. 8622, to report to CalPERS the value of the EPMC for employees represented by AFSCME, IBEW, IUOE, PACTE, PMA, SEIU and employees covered

under the following salary resolutions – Technical and Administrative, Confidential-Clerical, Non-Represented, and Hourly, effective November 13, 2006 and reflect the employer payment of 3.8% of the employee contribution effective November 13, 2006; the employer payment of 4.8% of the employee contribution effective January 8, 2007; and the employer payment of 3.4% of the employee contribution effective July 1, 2007.

3) Adopt a Resolution implementing the provisions of Section 414 (h)(2) of the Internal Revenue Code to provide that employee cost sharing contributions to CalPERS is done on a pre-tax basis.

4) Adopt a Resolution to report to CalPERS the value of the EPMC for employees represented by the Pasadena Police Sergeants Association and to reflect the employer payment of the 9% employee contribution effective April 2, 2007.

5) Authorize the City Manager to enter into an agreement implementing a supplemental plan through the Public Agency Retirement System to provide a benefit equivalent to the CalPERS EPMC benefit for employees represented by the PPSA who would have been eligible for the CalPERS benefit but who retired prior to the implementation.

BACKGROUND:

In 2006, the City Council approved several retirement benefit enhancements and cost-sharing arrangements for miscellaneous employees represented by AFSCME, IBEW, IUOE, PACTE, PMA and SEIU, and for unrepresented non-safety employees covered by the Salary Resolution. The Resolutions described in items 1) and 2), above, are necessary to finalize the implementation of these benefits, and reflect the phasing-in of both the benefit enhancements and the cost-sharing.

Section 414(h)(2) of the Internal Revenue Code provides that employee payments of retirement contributions are made on a pre-tax basis; the attached Resolution described in item 3), above, is required to implement these provisions.

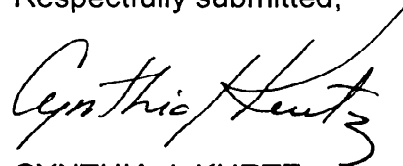
Finally, items 4) and 5), above, implement the terms of the MOU between the City of Pasadena and the PPSA. In 2002, the City Council approved the EPMC benefit for Police Sergeants as part of the adoption of the MOU, however, the Resolution required to implement this benefit was inadvertently overlooked at that time. Under State law, the EPMC benefit can not be made retroactive; therefore, staff recommends the implementation of a supplemental plan through

the Public Agency Retirement System (PARS), at an approximate cost of \$2,000 per month, to provide the same benefit to the three Police Sergeants who retired after the MOU was approved. The implementation of the PARS supplement does not create an additional expense, in that had the CalPERS EPMC benefit been implemented in 2002, the cost of the benefit for the three retirees would have been rolled into the City's annual CalPERS contribution rates.

FISCAL IMPACT:

This action implements existing agreements that were previously approved by the City Council as part of negotiations with the various unions and for employees covered by salary resolutions; therefore the fiscal impact of these changes is included in the adopted FY 2007 Operating Budget.

Respectfully submitted,



CYNTHIA J. KURTZ
City Manager

Prepared and approved by:



KARYN S. EZELL
Director of Human Resources

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
PASADENA TO REPORT THE VALUE OF EMPLOYER PAID
MEMBER CONTRIBUTION FOR THE FOLLOWING MISCELLANEOUS
GROUPS: EXECUTIVE, TOP, MIDDLE
AND PROFESSIONAL MANAGEMENT**

WHEREAS, the City of Pasadena has the authority to implement Government Code Section 20023 (c) (4) pursuant to Section 20615;

WHEREAS, the City of Pasadena has a written labor policy or agreement which specifically provides for the inclusion of normal member contributions paid by the employer on behalf of the 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 Pasadena 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 Pasadena elects to pay 4.8% effective August 16, 2006, 5.8% effective January 8, 2007 and 4.4% effective July 1, 2007 of employees' compensation earnable as Employer Paid Member Contributions and report the same percent (value) of compensation earnable {excluding Government Code Section 20023 (c) (4)} as additional compensation.

This benefit shall apply to employees of the Miscellaneous Group covered by the Executive, Top, Middle and Professional Salary Resolutions.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Pasadena shall implement Government Code Section 20023 (c) (4) pursuant to Section 20615 by paying and reporting the value of Employer Paid Member Contributions for all employees of the Miscellaneous Group as set forth above.

The effective date of this Resolution shall be August 16, 2006.

Adopted by the following vote at the meeting of the City Council on April 9, 2007.

AYES:


NOES:

ABSTAIN:

ABSENT:

Jane Rodriguez, City Clerk

Approved as to Form:



Michele Beal Bagneris, City Attorney

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
PASADENA TO REPORT THE VALUE OF EMPLOYER PAID
MEMBER CONTRIBUTION FOR THE FOLLOWING MISCELLANEOUS
GROUPS: AFSCME, IBEW, IUOE,
PACTE, PMA, SEIU, TECHNICAL AND ADMINISTRATIVE,
CONFIDENTIAL-CLERICAL, NON-REPRESENTED AND HOURLY AND
SUPERCEDE RESOLUTION 8662**

WHEREAS, the City of Pasadena has the authority to implement Government Code Section 20023 (c) (4) pursuant to Section 20615;

WHEREAS, the City of Pasadena has a written labor policy or agreement which specifically provides for the inclusion of normal member contributions paid by the employer on behalf of the 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 Pasadena 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 Pasadena elects to pay 3.8% effective November 13, 2006, 4.8% effective January 8, 2007; and 3.4% effective July 1, 2007 of employees' compensation earnable as Employer Paid Member Contributions and report the same percent (value) of compensation earnable {excluding Government Code Section 20023 (c) (4) } as additional compensation.

This benefit shall apply to employees of the Miscellaneous Group covered by the following MOUs: AFSCME, IBEW, IUOE, PACTE, PMA, SEIU and following Salary Resolutions: Technical and Administrative, Confidential-Clerical, Non-Represented and Hourly.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Pasadena shall implement Government Code Section 20023 (c) (4) pursuant

to Section 20615 by paying and reporting the value of Employer Paid Member Contributions for all employees of the Miscellaneous Group as set forth above.

The effective date of this Resolution shall be August 16, 2006.

Adopted by the following vote at the meeting of the City Council on April 9, 2007.

AYES:

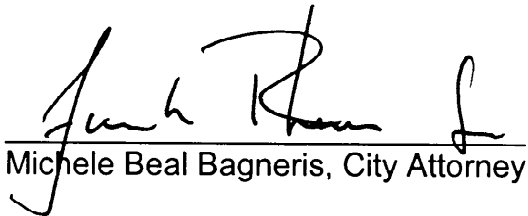
NOES:

ABSTAIN:

ABSENT:

Jane Rodriguez, City Clerk

Approved as to Form:



Michele Beal Bagneris, City Attorney

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
PASADENA IMPLEMENTING PROVISIONS OF SECTION 414(h)(2)
OF THE INTERNAL REVENUE CODE**

WHEREAS, the City of Pasadena has the authority to implement the provisions of section 414 (h)(2) of the Internal Revenue Code (IRC); and

WHEREAS, the Board of Administration of the Public Employees' Retirement System adopted its resolution regarding section 414 (h)(2) IRC on September 18, 1985; and

WHEREAS, the Internal Revenue Service has stated in December 1985, that the implementation of the provisions of section 414 (h)(2) IRC pursuant to the Resolution of the Board of Administration would satisfy the legal requirements of section 414(h)(2) IRC; and

WHEREAS, the City of Pasadena has determined that even though the implementation of the provisions of section 414 (h)(2) IRC is not required by law, the tax benefit offered by section 414 (h)(2) IRC should be provided to its employees who are members of the Public Employees' Retirement System:

NOW, THEREFORE, BE IT RESOLVED:

Section 1. That the City of Pasadena will implement the provisions of section 414 (h)(2) Internal Revenue Code by making employee contributions pursuant to California Government Code section 20691 to the Public Employees' Retirement System on behalf of its employees who are members of the Public Employees Retirement System. "Employee contributions" shall mean those contributions to the Public Employees' Retirement System which are deducted from the salary of employees and are credited to individual employee's accounts pursuant to California Government Code section 20691.

Section 2. That the contributions made by the City of Pasadena to the Public Employees Retirement System, although designated as employee contributions, are being paid by the City of Pasadena in lieu of contributions by the employees who are members of the Public Employees' Retirement System.

Section 3. That employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the City of Pasadena to the Public Employees' Retirement System.

Section 4. That the City of Pasadena shall pay to the Public Employees' Retirement System the contributions designated as employee contributions from the same source of funds as used in paying salary.

Section 5. That the amount of the contributions designated as employee contributions and paid by the City of Pasadena to the Public Employees' Retirement System on behalf of an employee shall be the entire contribution required of the employee by the Public Employees' Retirement Law (California Government Code sections 20000, et. seq.).

Section 6. That the contributions designated as employee contributions made by City of Pasadena to the Public Employees' Retirement System shall be treated for all purposes, other than taxation, in the same way that member contributions are treated by the Public Employees' Retirement System.

Adopted by the following vote at the meeting of the City Council on April 9, 2007.

AYES:

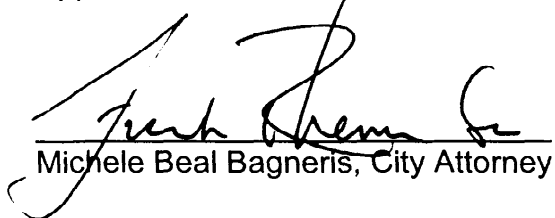
NOES:

ABSTAIN:

ABSENT:

Jane Rodriguez, City Clerk

Approved as to Form:


Michele Beal Bagneris, City Attorney

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
PASADENA TO REPORT THE VALUE OF EMPLOYER PAID
MEMBER CONTRIBUTION FOR EMPLOYEES
REPRESENTED BY THE PASADENA POLICE
SERGEANTS ASSOCIATION**

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

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NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Pasadena shall implement Government Code Section 20023 (c) (4) pursuant to Section 20615 by paying and reporting the value of Employer Paid Member Contributions for all employees of the Pasadena Police Sergeants Association as set forth above.

The effective date of this Resolution shall be April 9, 2007.

Adopted by the following vote at the meeting of the City Council on April 9, 2007.

AYES:

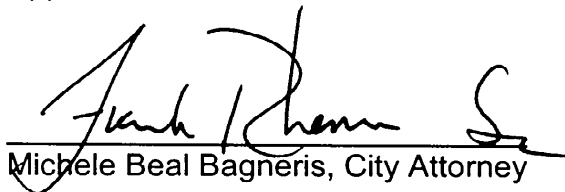
NOES:

ABSTAIN:

ABSENT:

Jane Rodriguez, City Clerk

Approved as to Form:



Michele Beal Bagneris, City Attorney