

# Agenda Report

October 29, 2012

**TO:** Honorable Mayor and City Council

**FROM:** Department of Human Resources

**SUBJECT: ADOPTION OF RESOLUTIONS AMENDING CONTRIBUTIONS TO CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM FOR CITY COUNCIL, CITY MANAGER, CITY ATTORNEY, CITY CLERK, EXECUTIVE MANAGEMENT, AND OTHER NON-REPRESENTED EMPLOYEES**

## **RECOMMENDATION:**

It is recommended that the City Council adopt the Resolutions amending the City's labor practice of reporting City pension contributions to the California Public Employees' Retirement System.

## **BACKGROUND:**

The City has a written labor policy or agreement which specifically provides for the normal member retirement contributions to be paid by the employer, and reported as additional compensation to the California Public Employees' Retirement System. The City Council may amend this labor policy from time to time to adjust salaries and benefits.

The Resolutions provide for the following:

1. This benefit shall apply to City Council members, the City Manager, City Attorney, City Clerk, Executive Management employees, Non-Represented miscellaneous Management employees and Non-Represented Non-Management employees.
2. The benefit shall consist of paying 0% of the normal contributions as Employer Paid Member Contributions (EPMC) and reporting the same percent (0%) of compensation earnable as additional compensation.

3. The City will implement provisions of section 414(h)(2) of the Internal Revenue Code (IRC) to offer a tax benefit for these employees paying the full employee's share of retirement contributions to the California Public Employees' Retirement System.
4. This benefit change would be effective December 31, 2012.

**COUNCIL POLICY CONSIDERATION**

These Resolutions support the City Council's strategic goal to maintain fiscal responsibility and stability.

**FISCAL IMPACT:**

There is no cost to implementing this amendment. Retirement contribution savings are reflected in other agenda items.

Respectfully submitted,



Julie A. Gutierrez  
Assistant City Manager/Acting Director of  
Human Resources

Approved by:

  
MICHAEL J. BECK  
City Manager

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA TO REPORT THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) FOR THE MISCELLANEOUS EMPLOYEES IN THE CITY COUNCIL, TOP, MIDDLE AND PROFESSIONAL MANAGEMENT, TECHNICAL & ADMINISTRATIVE, CONFIDENTIAL-CLERICAL, NON-REPRESENTED, AND HOURLY GROUPS AS WELL AS ALL EMPLOYEES IN THE EXECUTIVE MANAGEMENT GROUP AND THE CITY MANAGER, CITY ATTORNEY, AND CITY CLERK CLASSIFICATIONS AND SUPERCEDES RESOLUTION NO. 8773 INsofar AS IT APPLIES TO THE MISCELLANEOUS EMPLOYEES IN THE TOP, MIDDLE AND PROFESSIONAL MANAGEMENT, TECHNICAL & ADMINISTRATIVE, CONFIDENTIAL-CLERICAL, NON-REPRESENTED, AND HOURLY GROUPS AND THE EMPLOYEES IN THE EXECUTIVE MANAGEMENT GROUP**

**WHEREAS**, the governing body of the City of Pasadena has the authority to implement Government Code section 20636(c)(4) pursuant to Government Code section 20691; and

**WHEREAS**, the governing body of the City of Pasadena has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation; and

**WHEREAS**, one of the steps in the procedures to implement Government Code section 20691 is the adoption by the governing body of the City of Pasadena of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC); pursuant to CCR Title 2 section 571(a)(1); and

**WHEREAS**, the governing body of the City of Pasadena has identified the following conditions for the purpose of its election to pay EPMC:

1. This benefit shall apply to all miscellaneous employees in the City Council, top, middle and professional management, technical & administrative, confidential-clerical, non-represented, and hourly groups as well as the employees in the executive management group and the City Manager, City Attorney, and City Clerk classifications;
2. This benefit shall consist of paying 0% of the normal contributions as EPMC, and reporting the same percent 0% of compensation earnable \*(excluding Government Code Section 20636(c)(4)) as additional compensation.
3. The effective date of this Resolution shall be December 31, 2012.

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of Pasadena as follows:

**Section 1.** The governing body of the City of Pasadena elects to pay and report the value of EPMC, as set forth above; and

**Section 2.** The prior resolution governing the reporting of the value EPMC for this group, Resolution No. 8773 is superseded only insofar as that Resolution No. 8773 applies to the miscellaneous employees in the top, middle and professional management, technical & administrative, confidential-clerical, non-represented, and hourly groups as well as the employees in the executive management group.

**Section 3.** This resolution shall take effect on December 31, 2012.

Adopted at the regular meeting of the City Council on the 29th day of October 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Mark Jomsky  
City Clerk

APPROVED AS TO FORM:



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Lesley Cheung  
Deputy City Attorney

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA TO AUTHORIZE TAX DEFERRAL OF MEMBER PAID CONTRIBUTIONS TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM FOR THE MISCELLANEOUS EMPLOYEES IN THE CITY COUNCIL, TOP, MIDDLE AND PROFESSIONAL MANAGEMENT, TECHNICAL & ADMINISTRATIVE, CONFIDENTIAL-CLERICAL, NON-REPRESENTED, AND HOURLY GROUPS AS WELL AS FOR THE EMPLOYEES IN THE EXECUTIVE MANAGEMENT GROUP AND CITY MANAGER, CITY ATTORNEY, AND CITY CLERK CLASSIFICATIONS**

**WHEREAS**, the governing body of 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 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 all miscellaneous employees in the city council, top, middle and professional management, technical & administrative, confidential-clerical, non-represented, and hourly groups as well as the employees in the executive management group and the City Manager, City Attorney, and City Clerk classifications who are members of the California Public Employees' Retirement System.

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of Pasadena as follows:

**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 at a rate of 0% to the California Public Employees' Retirement System on behalf of all its employees or all its employees in a recognized group or class of employment who are members of the California 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 California Public Employees' Retirement System at a rate of 0%, 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 California 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 California Public Employees' Retirement System.

**Section 4.** That that City of Pasadena shall pay to the California 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 California Public Employees' Retirement System on behalf of an employee at a rate of 0% shall be the entire contribution required of the employee by the California Public Employees' Retirement Law (California Government Code sections 20000, et seq.).

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

**Section 7.** That this resolution will take effect December 31, 2012.

Adopted at the regular meeting of the City Council on the 29th day of October 2012, by the following vote:

AYES:

NOES:

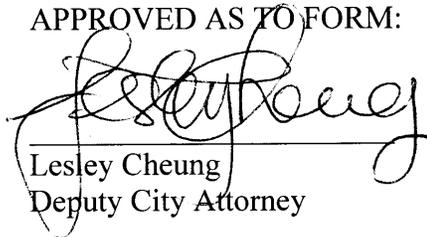
ABSENT:

ABSTAIN:

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Mark Jomsky  
City Clerk

APPROVED AS TO FORM:



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Lesley Cheung  
Deputy City Attorney