



Agenda Report

October 29, 2012

TO: City Council

FROM: Mayor Bill Bogaard

SUBJECT: APPROVAL OF CHANGES TO BENEFITS FOR CITY COUNCIL AND DIRECT THE CITY ATTORNEY TO PREPARE AN ORDINANCE ALLOWING FOR THE ANNUAL STIPEND INCREASE FOR THE MAYOR AND CITY COUNCIL

RECOMMENDATION:

It is recommended that the City Council

- A. Approve retirement and benefit adjustments for the Mayor and City Council which are consistent with changes being made with other employee groups to support the City Council's strategic goal of fiscal responsibility and stability; and
- B. Direct the City Attorney to prepare an ordinance allowing for a 3% increase to their stipend, consistent with the Pasadena Municipal Code and CPI increase for the Mayor and City Council effective December 31, 2012.

BACKGROUND:

As part of the efforts the City Council has taken to address pension reform, it is imperative for the City Council to make changes that reduce the City's pension obligation. By these amendments, the City Council will pick up the full employee contribution (8%) for retirement and the City's obligation for PERS on PERS will be eliminated. The City Council will receive a 3% salary increase to offset some of the lost income.

The following changes are recommended to the three employment agreements:

- A. Salaries: Section 2.05.210 B of the Municipal Code provides for an automatic July 1st increase to the stipends for the Mayor and City Council by the same percentage as the increase for the 12-month period beginning December 1st and

ending November 30th in the consumer price index for all urban consumers in the Los Angeles-Anaheim-Riverside area (CPI). The CPI for this period is 3.0% and the increase will be effective December 31, 2012.

- B. Retirement: Effective December 31, 2012, the Mayor and City Council will pick up an additional 4.4% of member contribution to PERS (for a total of 8%). Member contributions will be deducted on a pre-tax basis. Effective December 31, 2012 or as soon as administratively possible thereafter, PERS on PERS will be eliminated and the Employer Paid Member Contribution (EPMC) will be reduced to 0% for these positions. In order to implement these specific changes, two separate resolutions will be forwarded to CalPERS.
- C. Health Insurance: Effective January 1, 2013, the City's contribution to the Employee Option Benefit Fund (EOBF) for full family coverage will be tied to the least expensive family health plan premium. The City's contribution for single and two-party coverage will be capped at \$1120.11 until the premium for the least expensive health plan in each coverage level exceeds the City's contribution to EOBF. Effective November 5, 2012, the City will contribute \$400 to EOBF for deferred compensation for all new Councilmembers who do not take the City's medical coverage.

COUNCIL POLICY CONSIDERATION

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

FISCAL IMPACT:

The fiscal impact from implementing these changes for the remaining six months of fiscal year 2013 represents a savings of \$3,373.

Respectfully submitted,



BILL BOGAARD
Mayor