

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: 5/2/11

Reviewed by: BP

SUBJECT: Resolution #2011-22 to amend the contract between the City of Albany and the California Public Employees' Retirement System to allow for the "Employee Sharing Cost of Additional Benefits" provision (§20516) for local Police Safety members

Ordinance #2011-02 to amend the contract between the City of Albany and the California Public Employees' Retirement System to allow for the "Employee Sharing Cost of Additional Benefits" provision (§20516) for local Police Safety members – First Reading

FROM: Aaron Walker, Human Resources Manager
Beth Pollard, City Manager

STAFF RECOMMENDATION

1. Approve Resolution #2011-22, a resolution of intention to approve an amendment to the contract between the City of Albany and the Board of Administration of the California Public Employees' Retirement System.
2. Introduce Ordinance #2011-02, an ordinance of the Albany City Council authorizing an amendment to the contract between the City of Albany and the Board of Administration of the California Public Employees' Retirement System – First Reading. The final resolution and ordinance will be on the June 6, 2011 City Council agenda.

BACKGROUND AND DISCUSSION

The California Public Employees' Retirement System (PERS) permits a covered agency to amend its contract to provide for a Cost Sharing arrangement wherein the employer and a unit of employees may agree to share the costs of any optional benefits.

The City of Albany previously contracted with PERS for its police safety employees to receive the following optional benefits: One-Year Final Compensation (§20042) and the 3% @55 Full Formula (§21363.1). The costs of these benefits are factored into the employer rate, which is currently paid entirely by the City. Upon implementation of the Cost Sharing provision, police safety employees will begin paying 9.0% of wages toward the employer contribution to PERS, thus reducing the City's contribution by that same amount.

As agreed to in the Memorandum of Understanding (MOU) between the City and the Albany Peace Officers' Association (APOA), approved by City Council on April 4, 2011, the Cost Sharing provision will be effective on or after June 27, 2011 upon completion of the necessary PERS contract amendment. Also approved in the MOU is a salary increase of 7.1% for police safety employees effective the same date as they begin contributing 9.0% of wages to PERS. This salary increase has been calculated to be cost neutral to the City. Additionally, the Police Chief would begin contributing 9% of wages to PERS and would receive a salary increase of 3.6%. This combination of PERS contribution and salary increase has been calculated to save the City 4.5%, to be consistent with the compensation reduction of all department heads, managers, supervisors and others in public safety management and the Albany Municipal Services Joint Powers Authority.

The maximum employee contribution allowed under this Cost Sharing provision is 13.489% through June 30, 2021. That amount is reduced to 10.998% through June 30, 2023, and 3.470% thereafter. These amounts are separate from and in addition to the 9.0% member contribution, currently paid by the employer.

SUSTAINABILITY

N/A

FINANCIAL IMPACT

As mentioned above, the Cost Sharing provision and salary increase for police safety members has been calculated to be cost neutral to the City. The Cost Sharing provision and salary increase for the Police Chief has been calculated to save the City 4.5% of the Chief's wages and associated costs, which equals \$6,800 for fiscal year 2011-12.

Attachments:

1. Resolution #2011-22
2. Ordinance #2011-02
3. PERS Contract