

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 12/18/06		Item Number: <u>A-4</u>	
AGENDA ITEM: Adoption of a Resolution of Intention to Approve a Contract Amendment between PERS and the City of Culver City to Implement One-Year Final Compensation for Culver City Management Group (CCMG) and Culver City Employees' Association (CCEA) Unit Employees.			
Contact Person/Dept.: Serena Wright		Phone Number: 310-253-5642	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Culver City Management Group, Culver City Employees' Association and Master Notification List (12/14/06)			
Department Approval: Serena Wright (12/06/2006)		City Manager Approval: Jerry B. Fulwood (12/14/06)	
City Controller Approval: Marlee Chang (12/14/06)			
 <u>RECOMMENDATION:</u> Staff recommends that the City Council adopt the Resolution of Intention to approve the Public Employees' Retirement System (PERS) Contract Amendment. <u>BACKGROUND:</u> The City Council recently adopted two (2) new Memoranda of Understanding (MOU's): • October 9, 2006: Culver City Employees' Association (CCEA); and • October 23, 2006: Culver City Management Group (CCMG). Both MOU's provide for implementation of the PERS Section 20042, One-Year Final Compensation contract amendment, to become effective January 1, 2007, or as soon as possible in compliance with PERS requirements. PERS regulations do not allow for a distinction between the CCMG and CCEA bargaining groups, and instead categorizes both groups as "Miscellaneous." As such, the single highest year formula will apply to both bargaining units in accordance with PERS regulations. To accomplish implementation of this labor agreement, PERS requires a contract amendment with specific procedures and timelines. Before you tonight is the Resolution of Intention declaring City Council's intent to amend the contract with PERS for Miscellaneous employees to implement the One-Year Final Compensation contract amendment. Upon adoption of the Resolution of Intention, pursuant to Government Code Section 20471, the City must wait at least twenty (20) days to adopt the final Ordinance. There are no exceptions to that law. The effective date of			

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the ordinance is usually thirty (30) days after adoption, unless an urgency ordinance is adopted establishing an earlier effective date.

Assuming the Resolution of Intention is adopted this evening, consideration of adoption of the urgency ordinance will be placed on the January 8, 2007 City Council agenda. Should City Council adopt the urgency ordinance, it would become effective January 8, 2007, and the contract amendment would become effective January 22, 2007, which is the first day of the pay period immediately following adoption of the ordinance, and in compliance with PERS requirements.

FISCAL ANALYSIS:

Both CCMG and CCEA employees agreed to share the cost of this contract amendment wherein subject unit employees will pay an additional one percent (1%) of the PERS *employee* contribution as follows:

<u>Current</u>		<u>Effective January 2007:</u>	
PERS employee rate:	8%	PERS employee rate:	8%
City current pays:	7%	City to pay:	6%
Employees currently pay:	1%	Employees will pay:	2%

Beginning FY 06/07, the total estimated annualized cost to the City is:

	<u>2nd Year</u> <u>7/06-6/07</u>	<u>3rd Year</u> <u>7/07-6/08</u>	<u>4th Year</u> <u>7/08-6/09</u>	<u>5th Year</u> <u>7/09-6/10</u>	<u>Total</u>
<u>Total Estimated PERS Cost</u>	\$391,880	\$407,600	\$423,900	\$440,900	\$1,664,280
<u>Less 1% Employee Contribution</u>	(\$290,300)	(\$301,900)	(\$314,000)	(\$326,600)	(\$1,232,800)
<u>Net Increased Cost to City</u>	<u>\$101,580</u>	<u>\$105,700</u>	<u>\$109,900</u>	<u>\$114,300</u>	<u>\$431,480</u>

The City Controller has reviewed the fiscal analysis.

ATTACHMENTS:

- 1) Resolution of Intention including Exhibit Amendment to Contract
- 2) Actuarial Valuation in accordance with Government Code Section 7507

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MOTION:

That the City Council:

Adopt the Resolution of Intention to approve the PERS Contract Amendment.