

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 01/08/07		Item Number: <u>A-6</u>	
AGENDA ITEM: Adoption of an Urgency Ordinance Amending the Contract 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 (01/03/07)			
Department Approval: Serena Wright (12/18/06)		City Manager Approval: Jerry B. Fulwood (01/03/07)	
City Controller Approval: Marlee Chang (12/28/06)		City Attorney Approval Heather Iker (01/03/07)	

RECOMMENDATION:

Staff recommends the City Council adopt an Urgency Ordinance amending the contract between the Public Employees' Retirement System (PERS) and the City of Culver City (City).

BACKGROUND:

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 and the adopted MOUs.

Implementation of the contract amendment was delayed due to protracted negotiations with CCEA and CCMG, and subsequent administrative procedures that are necessary for such implementation. In accordance with PERS requirements, adoption of this urgency ordinance is necessary to comply with the CCEA and CCMG contractual commitments, and for the preservation of the public health, safety or welfare.

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On December 18, 2006, the City Council adopted Resolution No. 2006-R091, which declared the Council's intent to amend the PERS contract for the Miscellaneous Group. Pursuant to Government Code Section 20471, a minimum of twenty (20) days has passed between the adoption of the resolution on December 18, 2006 and potential adoption of the urgency ordinance this evening. The effective date of the contract amendment will be January 22, 2007, which is the first day of the pay period immediately following adoption of the ordinance in compliance with PERS requirements.

FISCAL ANALYSIS:

The following fiscal analysis was included in the December 18, 2006 staff report:

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>
Total Estimated PERS Cost	\$391,880	\$407,600	\$423,900	\$440,900	\$1,664,280
Less 1% Employee Contribution	(\$290,300)	(\$301,900)	(\$314,000)	(\$326,600)	(\$1,232,800)
Net Increased Cost to City	<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:

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- 1) Urgency Ordinance with Exhibit Amendment to Contract
- 2) Resolution No. 2006-R091
- 3) Actuarial Valuation in accordance with Government Code Section 7507

MOTION:

That the City Council:

Adopt the Urgency Ordinance amending the contract between PERS and the City of Culver City.