



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** MARCH 19, 2024

**TO:** CITY COUNCIL

**SUBMITTED BY:** EDDIE MANFRO, DIRECTOR OF HUMAN RESOURCES

**PREPARED BY:** CHRISTINE PILAPIL, HUMAN RESOURCES MANAGER I

**SUBJECT:** EMPLOYER-PAID MEMBER CONTRIBUTIONS TO THE CALIFORNIA EMPLOYEES' RETIREMENT SYSTEM CHANGES

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### **SUMMARY**

Proposed resolutions to reduce and eliminate the Employer Paid Member Contribution (EPMC) to the California Public Employees' Retirement System (CalPERS) for Classic Miscellaneous and Classic Safety members.

### **PROPOSED MOTION**

Adopt the following resolutions:

RESOLUTION NO. 2024-XXX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, PAYING AND REPORTING EMPLOYER PAID MEMBER CONTRIBUTION VALUE FOR THE FULLERTON MUNICIPAL EMPLOYEE FEDERATION

RESOLUTION NO. 2024-XXX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, PAYING AND REPORTING EMPLOYER PAID MEMBER CONTRIBUTION VALUE FOR THE FULLERTON MANAGEMENT ASSOCIATION

RESOLUTION NO. 2024-XXX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, PAYING AND REPORTING EMPLOYER PAID MEMBER CONTRIBUTION VALUE FOR THE CONFIDENTIAL / NON-REPRESENTED UNIT

RESOLUTION NO. 2024-XXX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, PAYING AND REPORTING EMPLOYER PAID MEMBER CONTRIBUTION VALUE FOR THE FULLERTON POLICE MANAGEMENT ASSOCIATION

RESOLUTION NO. 2024-XXX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, PAYING AND REPORTING EMPLOYER PAID MEMBER CONTRIBUTION VALUE FOR THE FULLERTON POLICE OFFICERS ASSOCIATION - SAFETY

RESOLUTION NO. 2024-XXX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, PAYING AND REPORTING EMPLOYER PAID MEMBER CONTRIBUTION VALUE FOR THE FULLERTON POLICE OFFICERS ASSOCIATION - DISPATCHER

RESOLUTION NO. 2024-XXX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, PAYING AND REPORTING EMPLOYER PAID MEMBER CONTRIBUTION VALUE FOR THE FULLERTON FIRE MANAGEMENT ASSOCIATION

RESOLUTION NO. 2024-XXX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, PAYING AND REPORTING EMPLOYER PAID MEMBER CONTRIBUTION VALUE FOR THE FULLERTON FIREFIGHTERS' ASSOCIATION

RESOLUTION NO. 2024-XXX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, PAYING AND REPORTING EMPLOYER PAID MEMBER CONTRIBUTION VALUE FOR THE EXECUTIVE UNIT

#### ALTERNATIVE OPTIONS

- Approve the Proposed Motion
- Do not adopt the resolutions and provide direction to staff
- Other options brought by City Council.

#### STAFF RECOMMENDATION

Staff recommends the Proposed Motion.

#### CITY MANAGER REMARKS

The City Manager recommends adoption of the attached Resolutions.

#### PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statement:

- Fiscal and Organizational Stability.

#### FISCAL IMPACT

The City reports Employer Paid Member Contribution (EPMC) as additional earnings for retirement benefits calculations. Staff would factor negotiated changes to eliminate and reduce EPMC will into annual budgets.

#### BACKGROUND AND DISCUSSION

California Public Employees’ Retirement Law allows employers to pay the employee normal cost (“member contribution”) and report the value to CalPERS as additional compensation for employees not excluded under the law. The City implemented this benefit, known as EPMC, for regular employees in all classifications through the collective bargaining process in the early 1990s when city employers commonly paid the employee share, often in lieu of providing salary increases to employees. The Public Employees’ Pension Reform Act (PEPRA), which took effect in January 2013, no longer allows employers to pay the employee contribution for new members.

City Council approved Memoranda of Agreement with the Fullerton Municipal Employees Federation (FMEF), Fullerton Management Association (FMA), Confidential / Non-Represented, Fullerton Police Management (FPMA), Fullerton Police Officers – Safety (FPOA–PSU), Fullerton Police Officers – Dispatchers (FPOA–D), Fullerton Fire Management (FFMA) and Fullerton Firefighters’ (FFA) in 2023 to increase the employee share of CalPERS contributions over a three-year period, eventually eliminating EPMC for Classic Miscellaneous members. EPMC for Classic Safety members would reduce but will not be fully eliminated during the term of the current MOAs. The chart below shows the step-down percentages for each bargaining unit.

	<b>Current EPMC Percentage</b>	<b>7/1/2024</b>	<b>7/1/2025</b>	<b>7/1/2026</b>	<b>1/1/2027</b>
FMEF	7.00%	5.50%	4.00%	2.00%	0.00%
Management	7.00%	6.000%	5.00%	2.50%	0.00%
Confidential	6.00%	4.042%	2.021%	0.00%	
Police Management	9.00%				3.00%
Police Officers	9.00%				3.00%
Police Dispatch	7.00%				1.00%
Fire Management	7.00			3.00%	
Firefighters	9.00			3.00%	

CalPERS requires City Council adopt and approve the attached resolutions before the City can implement the reporting change.

The Executive Unit EPMC reduced to 0% in 2022. CalPERS requests City Council approve a new resolution with the new format reducing EPMC for that group as well.

Attachments:

- Attachment 1 – Draft Resolution Fullerton Municipal Employees Federation Unit
- Attachment 2 – Draft Resolution Fullerton Management Association Unit
- Attachment 3 – Draft Resolution Confidential / Non-Represented Unit
- Attachment 4 – Draft Resolution Fullerton Police Management Association Unit
- Attachment 5 – Draft Resolution Fullerton Police Officers – Safety Unit
- Attachment 6 – Draft Resolution Fullerton Police Officer – Dispatch Unit

- Attachment 7 – Draft Resolution Fullerton Fire Management Unit
- Attachment 8 – Draft Resolution Fullerton Firefighters Unit
- Attachment 9 – Draft Resolution Executive Unit

cc: City Manager Eric J. Levitt