



**Government Relations and Public
Affairs Committee**

Meeting Date: 6/11/2018

Agenda Item No.: 2018-June-2.

Subject: Resolution for Reporting and Paying the Value of Employer Paid Member Contributions for Fiscal Year 2018/19 (Est. time: 0 minutes)

Consent

Prepared by: Erik Johnson

Approved by: Erik Johnson

Attachments: Yes

1. Issue:

Should the board approve a resolution for reporting and paying the value of CalPERS employer-paid member contributions (EPMC) for fiscal year 2018-2019?

2. Recommendation:

That the Government Relations & Public Affairs Committee recommend that the board approve the resolution for reporting and paying the value of EPMC for fiscal year 2018-2019, for retirement tiers I and II.

3. Background/Analysis:

In January 2007, SACOG began a new contract with CalPERS that stipulated that SACOG would pay 7 percent EPMC and employees would pay 1 percent. In July 2008, SACOG began reducing the EPMC. Effective July 1, 2018, per the Memorandum of Understanding (MOU) with the SACOG Employees Association approved by the board in February 2017, SACOG's EPMC will be reduced to 0.1 percent for Tier I and Tier II employees. PEPR Tier employees already receive no EPMC. Effective July 1, 2019, SACOG will no longer pay EPMC for any employees.

In April 2018, the board approved a resolution modifying the EPMC for fiscal year 2018-2019. Due to a typographical error, the rate for Tier II employees reported in April was misstated as 0 percent, but should be 0.1 percent, based on the previously approved Memorandum of Understanding between the SACOG Employees Association and SACOG.

4. Discussion/Analysis:

This resolution is an administrative implementation of the MOU to pay EPMC for Tier I and Tier II employees. SACOG is required to adopt a resolution or ordinance when the EPMC rate changes pursuant to California Code of Regulations Section 571(a)(1). The attached resolution fulfills the regulatory requirement.

5. Fiscal Impact/Grant Information:

This action implements additional cost-sharing on the part of SACOG employees. All employees not covered by PEPRAs will pay an additional 1 percent in CalPERS contributions.

This is estimated to save SACOG \$42,000 in fiscal year 2018-2019. When combined with prior reductions in EPMC and future realized savings, this will help contribute to SACOG's ability to weather future CalPERS rate increases.

Starting in fiscal year 2019-2020, SACOG Tier I and Tier II employees will split any normal increase of the employer rate, with employees paying up to 1 percent annually.

ATTACHMENTS:

Description

EPMC Resolution

This staff report aligns with the following SACOG Work Plan Goals:

#10 - Strengthen Internal Functions & Protocols



SACRAMENTO AREA COUNCIL OF GOVERNMENTS

RESOLUTION NO. XX - 2018

**RESOLUTION FOR PAYING AND REPORTING THE
VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS**

WHEREAS, the governing body of the Sacramento Area Council of Governments (SACOG) has the authority to implement Government Code Section 20636(c)(4) pursuant to Section 20691; and

WHEREAS, the governing body of SACOG has a written labor policy of agreement which specifically provides for the normal member contributions to be paid by the employer and reported as additional compensation; and

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption of the governing body of SACOG of a Resolution to continue paying and reporting the value of said Employer Paid Member Contributions (EPMC); and

WHEREAS, the governing body of SACOG has identified the following conditions for the purpose of its election to pay EPMC:

TIER I:

- This benefit shall apply to all employees hired prior to November 1, 2011.
- This benefit shall consist of paying 0.1 percent of the normal contributions as EPMC, and reporting the same percent of compensation earnable (excluding Government Code Section 20636(c)(4)) as additional compensation.

TIER II:

- This benefit shall apply to all employees hired on or after November 1, 2011.
- This benefit shall consist of paying 0.1 percent of the normal contributions as EPMC, and reporting the same percent of compensation earnable (excluding Government Code Section 20636(c)(4)) as additional compensation.

NOW, THEREFORE, BE IT RESOLVED, that the governing body of SACOG elects to pay and report the value of EPMC, as set forth above effective July 1, 2018.

PASSED AND ADOPTED, this 21st day of June 2018, by the following vote of the Board of Directors:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jay Schenirer
Chair

James Corless
Chief Executive Officer