



CITY COUNCIL AGENDA STATEMENT



May 7, 2019

File ID: 19-0265

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA RESCINDING RESOLUTIONS 2017-110 AND 2017-111, WHICH OTHERWISE WOULD HAVE ENDED EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) FOR CHULA VISTA POLICE OFFICERS ASSOCIATION (CVPOA) REPRESENTED TIER 1 EMPLOYEES ON MAY 10, 2019; CONTINUING THE STATUS QUO UNDER THE TERMS OF ARTICLE 2.18 OF THE 2014-2017 MEMORANDUM OF UNDERSTANDING (AS EXTENDED) BETWEEN THE CITY AND CVPOA DURING LABOR NEGOTIATIONS REGARDING EPMC; AND TERMINATING EPMC EFFECTIVE JUNE 7, 2019, WITH A CORRESPONDING CESSATION OF GOVERNMENT CODE SECTION 20615 PAYMENTS BY CVPOA REPRESENTED TIER 1 EMPLOYEES

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

In 2017, City Council approved Resolutions No. 2017-110 (cessation of Employer Paid Member Contribution ("EPMC")) and 2017-111 (corresponding cessation of Government Code section 20615 contributions by Chula Vista Police Officers Association ("CVPOA") represented employees) which were to be effective May 10, 2019. The Resolutions were based on "The Amendment (Letter of Understanding) to the Contract Extension of the 2014-2017 Memorandum of Understanding (MOU) Between the City of Chula Vista and CVPOA" ("MOU Amendment"), which provided for the termination of EPMC.

The terms in the above referenced MOU Amendment also included an option for CVPOA to continue EPMC for eligible Tier 1 POA employees, if the employees paid the full cost of the EPMC benefit. If CVPOA wanted to continue EPMC, then it had to notify the City of its desire to do so and enter into a new Letter of Understanding ("LOU") by April 1, 2019, specifying the cost for EPMC benefit and the term of the continued EPMC benefit. The CVPOA notified the City on March 27, 2019 that they desired to continue EPMC for all eligible Tier 1 employees (with the full cost solely paid by the employees) but had not entered into required LOU with the City by April 1, 2019.

The City and CVPOA are currently negotiating the terms of the LOU. To maintain the status quo during the negotiations, Staff is requesting that City Council approve rescinding Resolutions 2017-110 and 2017-111, continue the status quo regarding EMPC as set forth in Article 2.18 of the 2014-2017 MOU (as extended), and to change the effective date of EPMC termination to June 7, 2019.

ENVIRONMENTAL REVIEW

Environmental Notice

The activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Environmental Determination

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

Tier 1 employees in classifications represented by CVPOA currently contribute nine percent (9%), applied to the City’s (employer share) contribution to CalPERS for optional benefits, and receive a nine percent (9%) Employer Paid Member Contribution (EPMC) towards their CalPERS retirement per Article 2.18 of the Memorandum of Understanding between the City and CVPOA for the period of 2014-2017, as extended.

In 2017, the City and CVPOA entered into a MOU extension and thereafter an MOU Amendment that provides that EPMC will be removed effective the first full pay period of May 2019 (which is May 10, 2019) unless CVPOA notified the City and entered into a LOU by no later than April 1, 2019 to maintain this benefit. The CVPOA notified the City on March 27, 2019 of their desire to continue EPMC but did not enter into the required LOU (specifying the cost and term of the benefit) by April 1, 2019. The City and POA are currently negotiating the terms of the LOU.

In 2017, City Council approved Resolutions No. 2017-110 (cessation of Employer Paid Member Contribution (“EPMC”)) and 2017-111 (corresponding cessation of Government Code section 20615 contributions by Chula Vista Police Officers Association (“CVPOA”) represented employees) effective May 10, 2019 based on the MOU Amendment.

CalPERS requires a City Council-adopted resolution to change the payment and reporting of the value of EPMC. Since the City would otherwise be required to report retirement contributions as provided in Resolutions 2017-110 and 2017-111 and since the POA has notified the City of their intent to maintain EPMC through a LOU, staff is requesting City Council approval of the actions to rescind City Resolution No. 2017-110 and No. 2017-111; to maintain the status quo (as set forth in MOU Article 2.18) regarding EMPC while the City and CVPOA negotiate the required LOU; and to reset the termination of EPMC to June 7, 2019 (unless a LOU is agreed upon).

DECISION-MAKER CONFLICT

Not Applicable - Not Site-Specific

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decisionmaker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

The elimination of EPMC for POA represented employees effective the first full pay period in May was factored into the Fiscal Year (FY) 2018-2019 Budget. If EPMC (9% City contribution) were continued for the remaining of the FY, the additional cost is approximately \$216,028. The Police Department will be able to absorb the additional costs within their current budget, so no additional appropriation is being requested at this time.

ONGOING FISCAL IMPACT

There may be ongoing fiscal impacts to the City as a result of the elimination of EPMC for POA represented employees. Even though the employees will be required to pay the full cost of EPMC on an annual basis, any shortfall in CalPERS investment rate of return will result in additional unfunded liability to the City.

ATTACHMENTS

Attachment 1 - The AMENDMENT (LETTER OF UNDERSTANDING) TO THE CONTRACT EXTENSION OF THE 2014-2017 MOU BETWEEN THE CITY OF CHULA VISTA AND CHULA VISTA POLICE OFFICER'S ASSOCIATION

Attachment 2 - RESOLUTION No. 2017-110 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AMENDING EMPLOYER PAID MEMBER CONTRIBUTIONS FOR TIER 1 EMPLOYEES IN CLASSIFICATIONS REPRESENTED BY THE CHULA VISTA POLICE OFFICER'S ASSOCIATION EFFECTIVE MAY 10, 2019

Attachment 3 - RESOLUTION NO. 2017-111 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING CESSATION OF PAYMENT, ON EMPLOYER SIDE, FOR OPTIONAL BENEFITS BY TIER 1 EMPLOYEES IN CLASSIFICATIONS REPRESENTED BY CHULA VISTA POLICE OFFICER'S ASSOCIATION AS A RESULT OF TERMINATION OF EMPLOYER PAID MEMBER CONTRIBUTIONS FOR SAID EMPLOYEES EFFECTIVE MAY 10, 2019

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