



CITY COUNCIL AGENDA STATEMENT



May 21, 2019

File ID: 19-0301

TITLE

- A. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING A SECOND AMENDMENT TO THE 2014-2017 MOU EXTENSION BETWEEN THE CITY AND THE CHULA VISTA POLICE OFFICERS ASSOCIATION TO PROVIDE FOR THE CONTINUATION OF EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) BENEFIT ON THE CONDITION, AS PROVIDED FOR IN THE SECOND AMENDMENT, THAT ELIGIBLE TIER I CVPOA REPRESENTED EMPLOYEES PAY THE FULL COST OF SAID BENEFIT
- B. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA SETTING EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) FOR TIER 1 EMPLOYEES IN CLASSIFICATIONS REPRESENTED BY THE CHULA VISTA POLICE OFFICER'S ASSOCIATION AND RESCINDING THAT PORTION OF RESOLUTION 2019-073 ENDING EPMC EFFECTIVE JUNE 7, 2019 BY SETTING THE CITY PAYMENT AT ZERO PERCENT

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

In February 2017, the City and the Chula Vista Police Officer's Association ("CVPOA") extended the expiring 2014-2017 MOU between the City and CVPOA (referred to herein as "2014-2017 MOU Extension").

In June 2017, the City and CVPOA entered into an amendment ("MOU Amendment") to 2014-2017 MOU Extension. The MOU Amendment provided for either the termination of the Employer Paid Member Contributions ("EPMC") benefit by the first full pay period of May 2019 or its continuation subject to payment of the full cost for the EPMC benefit by eligible Tier I CVPOA represented employees. After meeting and conferring in good faith, the City and CVPOA have tentatively agreed to a second amendment ("Second Amendment") to the 2014-2017 MOU Extension to continue the EPMC benefit whereby eligible Tier I represented CVPOA employees will pay the full cost of said benefit.

To effectuate the Second Amendment, this item seeks: (1) approval of the Second Amendment, (2) to rescind that portion of Council's prior resolution (Resolution 2019-073) to end EPMC on June 7, 2019; and (3) as required by CalPERS, a resolution to report the value of EPMC at 9% (as was agreed upon in prior MOU's with CVPOA).

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

Pursuant to Article 2.18 of the 2014-2017 MOU (as extended) between the City and CVPOA, eligible Tier I CVPOA represented employees receive a nine percent (9%) Employer Paid Member Contribution (authorized pursuant to Government Code section 20691) towards their CalPERS retirement. Correspondingly, eligible Tier I CVPOA represented employees pay 9% toward optional benefits on the employer side pursuant to Government Code section 20516.

In 2017, the City and CVPOA entered into an amendment to extend the 2014-2017 MOU between the City and CVPOA (“2014-2017 MOU Extension”). Thereafter, the City and CVPOA entered into an amendment to the 2014-2017 MOU Extension that provided that EPMC would 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. To continue negotiations, City Council approved Resolution 2019-073 which, in part, maintained the “status quo” and extended the ending of EPMC to June 7, 2019.

After meeting and conferring, the City and CVPOA have tentatively agreed to a second amendment (“Second Amendment”) to the 2014-2017 MOU Extension. The Second Amendment provides that the EPMC benefit will continue until the last eligible Tier I CVPOA represented employee retires and, in return, said employees will pay the full cost, as set forth in the Second amendment, the EPMC benefit. Furthermore, CVPOA represented employees will continue to make payments on the employer side for optional benefits pursuant to the 2014-2017 MOU (as extended) and Government Code section 20516.

To effectuate the Second Amendment, this item seeks: (1) approval of the Second Amendment, (2) to rescind that portion of Resolution 2019-073 that would have ended EPMC on June 7, 2019; and (3) as required by CalPERS, a resolution to report the value of EPMC at 9% (as was stated in prior MOU’s with CVPOA).

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 (May 10, 2019) was factored into the Fiscal Year (FY) 2018-2019 Budget. Per the Second Amendment, Eligible Tier I CVPOA represented employees will begin paying for the EMPC benefit the first full pay period in May (May 10, 2019), so no additional appropriation is being requested at this time.

ONGOING FISCAL IMPACT

Per the Second Amendment, eligible Tier I CVPOA represented employees are required to pay the full cost of the EPMC benefit. However, there nonetheless may be ongoing fiscal impact to the City. 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, which the City will seek to include in the required full cost payment by eligible Tier I CVPOA represented employees.

ATTACHMENTS

Attachment 1: Second Amendment to Amendment (Letter of Understanding) to the 2014-217 MOU between the City of Chula Vista and the Chula Vista Police Officer[s] [Association] Setting Forth the Terms to Continue the EPMC benefit ("Second Amendment).

Staff Contact: Erin Dempster, Human Resources Operations Manager