



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 08/06/2019

ITEM NO: 12

DATE: July 31, 2019

TO: Mayor and Town Council

FROM: Laurel Prevetti, Town Manager

SUBJECT: a. Adopt a Resolution of Intention between the Board of Administration California Public Employees' Retirement System and the Town Council of the Town of Los Gatos to add Government Code Section 20516, Employees Sharing Additional Cost, for Classic Local Police Members in the Los Gatos Police Officers' Association

b. Introduce an Ordinance by title only between the Board of Administration California Public Employees' Retirement System and the Town Council to add Government Code Section 20516, Employees Sharing Additional Cost, for Classic Local Police Members in the Los Gatos Police Officers' Association

RECOMMENDATION:

Staff recommends that the Town Council:

- a. Adopt a Resolution of Intention (Attachment 1) between the Board of Administration California Public Employees' Retirement System and the Town Council of the Town of Los Gatos to add Government Code Section 20516, Employees Sharing Additional Cost, for Classic Local Police Members in the Los Gatos Police Officers' Association.
- b. Introduce an Ordinance (Attachment 2) by title only between the Board of Administration California Public Employees' Retirement System and the Town Council to add Government Code Section 20516, Employees Sharing Additional Cost, for Classic Local Police Members in the Los Gatos Police Officers' Association.

BACKGROUND:

On October 16, 2018, the Town Council approved a labor agreement between the Town of Los Gatos and the Police Officers' Association (POA). A provision of the agreement was to implement a cost-sharing provision of the California Public Employees' Retirement System (CalPERS) by increasing the employee pension contribution 3%, for a total employee

PREPARED BY: Lisa Velasco
Human Resources Director

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

- SUBJECT: a. Adopt a Resolution of Intention between the Board of Administration California Public Employees' Retirement System and the Town Council of the Town of Los Gatos to add Government Code Section 20516, Employees Sharing Additional Cost, for Classic Local Police Members in the Los Gatos Police Officers' Association.
- b. Introduction of an Ordinance by title only between the Board of Administration California Public Employees' Retirement System and the Town Council to add Government Code Section 20516, Employees Sharing Additional Cost, for Classic Local Police Members in the Los Gatos Police Officers' Association.

DATE: July 31, 2019

contribution of 12% effective October 1, 2019 or as soon as administratively feasible following that date. CalPERS categorizes cost-sharing as Section 20516 (Employees Sharing Additional Cost) within the Optional Benefits listing available and applicable to retirement contracts. This contribution change will apply to employees within the POA bargaining group that are categorized as Classic members of CalPERS.

DISCUSSION:

A formal amendment (Attachment 3) to the retirement contract between the Town of Los Gatos and CalPERS is required to implement Section 20516 (Employees Sharing Additional Cost). The amendment process includes Town Council adoption of a Resolution of Intention, a first reading to introduce an Ordinance, a secret ballot election of the employees impacted by the change resulting in a majority approval, and a second reading to formally adopt the Ordinance. The second reading and recommendation to adopt the Ordinance will be placed on the September 3, 2019 Council meeting agenda if Council approves the recommendations on August 6. The effective date of the amendment and the commencement of the additional 3% contribution will be October 6, 2019.

CONCLUSION:

Town Council previously approved the proposal to increase POA Classic members pension contribution to a total of 12% (after the 3% cost-sharing increase is applied) in October 2018 as part of the new Memorandum of Understanding (MOU) between the POA and the Town of Los Gatos. CalPERS requires a formal retirement contract amendment process before the pension contribution change can be implemented. It is recommended that the Resolution of Intention be adopted, and the Ordinance introduced as the first steps in the amendment process to comply with the provisions of the current POA MOU.

FISCAL IMPACT:

There is no fiscal impact related to the recommended actions because the Town is complying with the provisions of the existing POA MOU and the related CalPERS procedures necessary to implement the pension contract amendment. The overall fiscal impact related to the approval of the POA MOU was outlined in the staff report presented at the October 16, 2018 Town Council meeting and is expected to be cost neutral.

PAGE 3 OF 3

- SUBJECT: a. Adopt a Resolution of Intention between the Board of Administration California Public Employees' Retirement System and the Town Council of the Town of Los Gatos to add Government Code Section 20516, Employees Sharing Additional Cost, for Classic Local Police Members in the Los Gatos Police Officers' Association.
- b. Introduction of an Ordinance by title only between the Board of Administration California Public Employees' Retirement System and the Town Council to add Government Code Section 20516, Employees Sharing Additional Cost, for Classic Local Police Members in the Los Gatos Police Officers' Association.

DATE: July 31, 2019

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Resolution of Intention Between the Board of Administration of the California Public Employees' Retirement System and the Town Council
2. Ordinance Between the Town Council and the Board of Administration of the California Public Employees' Retirement System