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SUTTER CREEK

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STAFF REPORT

TO:	**THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**
MEETING DATE:	**AUGUST 3, 2026**
FROM:	**ALEJANDRA ZAMBRANO, INTERIM CITY CLERK**
SUBJECT:	**CONSIDERATION OF POSITION OPPOSING AB 1383 (MCKINNOR) – PUBLIC EMPLOYEES' RETIREMENT BENEFITS**

RECOMMENDATION

Approve a motion opposing AB1383 and authorizing the City Manager and the Mayor to support Cal Cities in opposition and submit letters to legislators..

BACKGROUND

Assembly Bill 1383 (AB 1383), authored by Assembly Member Tina McKinnor, proposes amendments to California's Public Employees' Pension Reform Act (PEPRA). PEPRA was enacted in 2012 and established pension reforms applicable to new public employees hired on or after January 1, 2013, including retirement formulas, pensionable compensation limits, and employee contribution requirements.

As amended, AB 1383 proposes several changes to retirement benefits for public employees, including:

- Adjustments to pensionable compensation limits for employees subject to PEPRA;
- Reducing the retirement age for certain public safety retirement formulas from age 57 to age 55;
- Establishing additional retirement formula options for public safety employees; and
- Authorizing prospective changes to retirement benefit formulas through collective bargaining agreements, subject to applicable law.

The League of California Cities (Cal Cities) has adopted an opposition position on AB 1383 and has requested that member cities consider submitting letters of opposition to the Legislature. According to Cal Cities, the proposed changes would substantially increase pension-related costs for local governments and undermine the fiscal savings achieved through PEPRA reforms. Cal Cities estimates that PEPRA reforms have generated approximately $5.8 billion in savings to date and are projected to generate approximately $26.5 billion in savings over the next ten years. These figures are provided by Cal Cities in its legislative action alert distributed to member cities.

DISCUSSION

Local governments participating in public retirement systems may be affected by legislative changes to pension benefit formulas and pensionable compensation limits. Cal Cities has expressed concerns that AB 1383 could result in increased pension-related costs and additional long-term fiscal obligations for local agencies, greatly increasing unfunded liabilities just as many cities are seeing the benefits of PEPRA.

Staff recommends that council approve a motion formally opposing AB 1383 and authorize the City Manager to support Cal Cities efforts and send in letters of opposition signed by the Mayor opposing the legislation on behalf of the City of Sutter Creek.

BUDGET IMPACT

There is no direct fiscal impact associated with submitting a letter of opposition. The bill has not been enacted, and any potential fiscal impacts to local agencies would depend upon the final version of the legislation and its implementation.

ATTACHMENTS

1. Cal Cities Action Alert – Oppose AB 1383 (McKinnor)
2. Draft Opposition Letter