

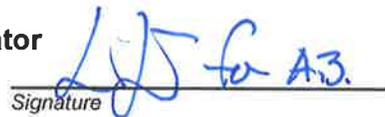
STAFF REPORT
COUNCIL MEETING DATE
July 9, 2012

ITEM FOR COUNCIL CONSIDERATION

APPROVING AND ADOPTING RESOLUTION NO. 5399, A CHANGE IN THE PAYMENT AND REPORTING VALUE OF THE EMPLOYER PAID MEMBER CONTRIBUTIONS TO CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM FOR THE MANAGEMENT AND UNREPRESENTED MISCELLANEOUS EMPLOYEES AND SUPERCEDING PRIOR APPLICABLE RESOLUTIONS.

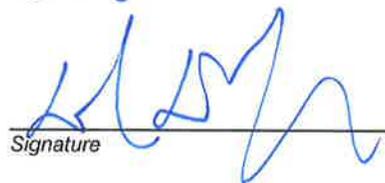
Report prepared by: Arlene Balmadrid, HR Administrator

Signature



Reviewed by: Dave Durlinger, City Manager

Signature



STAFF RECOMMENDATION

Action Item ; Non-Action Item

Approve Resolution No. 5399, adopting a change in the payment and reporting value of the Employer Paid Member Contributions to California Public Employees' Retirement System for management and unrepresented miscellaneous employees.

Motion: I move approval of Resolution No. 5399, as read by title only, to adopt a change in the payment and reporting value of the Employer Paid Member Contributions for management and unrepresented miscellaneous employees.

I. BACKGROUND

At its regular meeting on June 25, 2012, through adoption of Resolution Nos. 5396 and 5397, the City Council approved the conditions of employment for management and miscellaneous personnel.

Resolution Nos. 5396 and 5397 provided provisions that all employees who are members of the California Public Employees' Retirement System shall pay four and one-half percent (4.5%) of the Employer Paid Member Contribution ("EPMC") effective the first full pay period after July 1, 2012.

This Resolutions is an interim step for employees to start paying on July 1, 2012 the agreed upon four and one-half percent (4.5%) EPMC. Upon completion of amending CalPERS contract, the City will resume paying for and reporting the seven percent (7%) EPMC as "compensation earnable" for purposes of retirement compensation in accordance with Government Code section 20636(c)(4), and subject to adjustment bases on other provisions of the agreement (see separate agenda matter).

II. DISCUSSION

Although the implementation of the provisions offered by section 414 (h) (2) of the Internal Revenue Code is not required by law, adoption and implementation of section 414 (h) (2) will result in tax benefit savings for employees.

This benefit will consist of the City of Carpinteria paying the full seven percent (7%) of the normal member contributions as EPMC. This benefit applies to all Management, and Unrepresented Miscellaneous Personnel.

III. FINANCIAL CONSIDERATIONS

The benefits and cost savings are compatible to the City's adopted budget and will contain and expand necessary cost savings allowing the City to meet service needs. Also, the four and one-half percent (4.5%) employee contributions to the California Public Employees Retirement Systems is tax deferred and will benefit employees. There is no cost to the City for the tax changes.

IV. LEGAL ISSUES

N/A

V. ATTACHMENTS:

Resolution No. 5399

RESOLUTION NO. 5399

**A RESOLUTION OF THE CITY OF CARPINTERIA CITY COUNCIL
APPROVING A CHANGE TO THE PAYMENT AND REPORTING VALUE OF
EMPLOYER PAID MEMBER CONTRIBUTIONS OF THE MANAGEMENT
AND UNREPRESENTED MISCELLANEOUS EMPLOYEES OF THE CITY OF
CARPINTERIA AND SUPERCEDING ALL PRIOR APPLICABLE
RESOLUTIONS.**

WHEREAS, the City Council of the City of Carpinteria has the authority to implement Government Code section 20636(c)(4) pursuant to section 20691, concerning payment of the Employer Paid Member Contribution (EPMC);

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

WHEREAS, the City Council of the City of Carpinteria via Resolution Nos. 5396 and 5397, adopted terms within labor agreements for the subject employee groups that effectively call for Changes to the Payment and Reporting Value of the EPMC;

WHEREAS, one of the steps in the procedures to implement section 20691 is the adoption by the governing body of the City of Carpinteria of a Resolution to commence paying and reporting the value of said EPMC;

WHEREAS, the City Council of the City of Carpinteria has identified the following conditions for the purpose of its election to pay EPMC;

- This benefit shall apply to all Management and Unrepresented Miscellaneous employees of the City of Carpinteria.
- This benefit shall consist of paying five and one-half percent (5.5%) of the normal contributions as EPMC, and reporting the five and one-half percent (5.5%) value of compensation earnable (excluding Government Code section 20636(c) (4) as additional compensation.
- The effective date of this Resolution shall be July 9, 2012.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Carpinteria elects a change to the payment and reporting value of EPMC, as set forth above, and superceding any prior resolution inconsistent with the terms of this Resolution.

PASSED, APPROVED AND ADOPTED this 9th day of July, 2012, by the following called vote:

AYES: COUNCIL MEMBER:
NOES: COUNCIL MEMBER:
ABSENT: COUNCIL MEMBER

Al Clark
Mayor, City of Carpinteria

ATTEST: _____
Fidela Garcia
City Clerk,
City of Carpinteria

I hereby certify that the foregoing was duly and regularly introduced and adopted at a regular meeting of the City Council of the City of Carpinteria held the 9th day of July, 2012.

Fidela Garcia
City Clerk, City of Carpinteria

Approved as to form:

Peter Brown
City Attorney