

RESOLUTION 2017-130

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO DISCLOSING A CHANGE IN "OTHER POST RETIREMENT BENEFITS" (OPEB) FOR SWORN EMPLOYEES REPRESENTED BY THE SAN PABLO POLICE EMPLOYEES' ASSOCIATION (SPPEA) AND THE CITY'S CURRENT LIABILITIES FOR SUCH BENEFITS PURSUANT TO GOVERNMENT CODE SECTION 7507(C)

WHEREAS, the proposed action is consistent with the *Fiscal Sustainability* Policy Area under the FY2015-2017 Council Priority Workplan, effective October 1, 2016;

WHEREAS, this is not a project as defined by CEQA;

WHEREAS, the objective of this disclosure is to provide the City Council and the public with information on proposed changes to the City's "other post-retirement benefits" (OPEB) obligations as it relates to retiree health benefits for sworn employees represented by San Pablo Police Employees' Association (SPPEA), and to clarify that these changes will not result in increases to the City's OPEB liability;

WHEREAS, cities are required to make a statement at a public meeting at least two weeks prior to the adoption of any changes in public retirement plan benefits or other postemployment benefits per under Government Code Section 7507(c), as shown below:

"With regard to local legislative bodies, including community college district governing boards, the future costs of changes in retirement benefits or other postemployment benefits, as determined by the actuary, shall be made public at a public meeting at least two weeks prior to the adoption of any changes in public retirement plan benefits or other postemployment benefits. If the future costs of the changes exceed one-half of 1 percent of the future annual costs, as defined in paragraph (2) of subdivision (a), of the existing benefits for the legislative body, an actuary shall be present to provide information as needed at the public meeting at which the adoption of a benefit change shall be considered. The adoption of any benefit to which this section applies shall not be placed on a consent calendar;" and,

WHEREAS, this year, during the course of labor negotiations with SPPEA, the City and SPPEA representatives tentatively agreed to amend the language in the current labor contracts for SPPEA represented employees;

WHEREAS, the current Memorandum of Understanding (MOU) limits the retiree health benefit entitled "Monthly Supplemental Allowance" to those employees who: (a) were hired by the City of San Pablo before July 1, 2014; (b) constitute qualified annuitants as defined by CalPERS; and (c) retire directly from City of San Pablo service through a normal CalPERS service retirement;

WHEREAS, the current MOU language does not extend the Monthly Supplemental Allowance benefit to employees who retire through an industrial or non-industrial disability retirement;

WHEREAS, the language in the Tentative Agreements for SPPEA represented employees, (which are scheduled to be considered by the City Council on July 3, 2017), amends the criteria discussed above to extend the eligibility for the Monthly Supplemental Allowance benefit to those employees who (a) were hired by the City of San Pablo before July 1, 2014; (b) constitute qualified annuitants as defined by CalPERS; and (c) **either** retire directly from City of San Pablo service through a normal CalPERS service retirement, **or retire directly from the City of San Pablo after twenty (20) or more years of service with the City, through an Industrial Disability Retirement;**

WHEREAS, according to the City's Actuary, the amended language does not increase the City's projected OPEB liability given that the actuarial calculations assume that sworn employees hired before July 1, 2014 and/or those with 20 years of service will receive the Monthly Supplemental Allowance benefit. The City's actuarial report contains no presumption as to how many sworn employees with 20 years of service will be injured in the line of duty and retire under an Industrial Disability Retirement instead of a normal service retirement;

WHEREAS, given the above discussion, the amended language in the MOU's to be considered by the City Council on July 3, 2017 will not alter the projected number of employees who will be eligible for the benefit and the City's Actuary has confirmed that no change to the City's OPEB liability would result from said amended language and a statement to this effect is attached in accordance with the requirements of Government Code § 7507(c)); and

WHEREAS, there is no additional fiscal impact to the City's OPEB liability as a result of the proposed amended language extending retiree health benefits to sworn employees represented by SPPEA with 20 or more years of service who retire under an Industrial Disability Retirement.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of San Pablo hereby discloses this information pursuant to Government Code Section 7507(C).

* * * * *

ADOPTED this 19th day of June, 2017, by the following vote:

AYES:	COUNCILMEMBERS:	Cruz, Kinney, Morris, Calloway and Valdez
NOES:	COUNCILMEMBERS:	None
ABSENT:	COUNCILMEMBERS:	None
ABSTAIN:	COUNCILMEMBERS:	None

ATTEST:

APPROVED:

/s/ Ted J. Denney
Ted J. Denney, City Clerk

/s/ Cecilia Valdez
Cecilia Valdez, Mayor