Office of Community Investment & Infrastructure

CalPERS Retirement Contract Amendment

Commission Meeting: June 5th, 2018

History: CalPERS Retirement Contributions

- OCII provides retirement benefits to its employees through a contract with CalPERS.
- CalPERS requires that both employers and employees contribute funds for the cost of retirement benefits.
- The employer's share of contributions may be offset by employees if applicable collective bargaining agreements and policies require employees to contribute a portion of their salary to the retirement program.
- CalPERS refers to the employees' contribution of a portion of the employer's retirement payment as employees sharing cost of additional benefits or "Employee Cost-Sharing".

Prior Action: Employee Cost Sharing

- During Fiscal Year 2014/15, OCII management and Local 21 and Local 1021 negotiated increases in employee salaries and in Employee Cost-Sharing that matched the salaries and cost-sharing provisions of comparable City labor agreements.
- On February 3rd, 2015 and again on June 16, 2015, the Successor Agency Commission ("Commission") approved these increases in memoranda of agreement (MOAs) with Local 21 and Local 1021 and in the Classifications of Positions and Compensation Schedules.
- On June 20, 2017, the Commission approved extensions of the MOAs through 2017-2019 and approved a revised Salary Resolution.

Prior Action: Employee Cost Sharing

- The MOAs required that the employee "contribution shall be on a pre-tax basis upon the effective date of a new CalPERS contract authorizing such treatment" and established the implementation dates below. To date, OCII has treated all of the employee contributions on a pre-tax basis.

    1. Effective the first day of the first full pay period after February 14, 2015: 1.00%;
    2. Effective the first full pay period in October 2015: additional 1.25%;
    3. Effective the first full pay period in July 2016: additional 1.25%.

Prior Action: Employee Cost Sharing

- In 2015 and through 2016, OCII approved, at CalPERS insistence, a new retirement contract because the then-existing CalPERS contract had originally been approved by the dissolved Redevelopment Agency of the City and County of San Francisco (“Former Agency”).
- The existing CalPERS contract incorporates the first two Employee Cost-Sharing provisions, but not the third employee contribution of 1.25% that went into effect in July 2016.

Resolution of Intention-Action Items

- OCII now seeks to amend the retirement contract with CalPERS to incorporate the third employee contribution of 1.25%.
- Amending the CalPERS contract ensures the continuing pre-tax treatment of the Employee Cost-Sharing. It also allows those employees who request a refund of their retirement contribution (instead of future retirement benefits) to receive the funds associated with the third employee contribution of 1.25%.
- To amend the CalPERS contract, CalPERS requires the Commission to adopt, as a first step, a Resolution of Intention. Subsequent steps include an election in which OCII CalPERS employees vote on the contract amendment and final Commission action to approve the amended contract.

THANK YOU

OCII