

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

SUBJECT: ACTUARIAL IMPACT OF PROPOSED CONTRACT  
CHANGES FOR UNIT 18 – MISCELLANEOUS MID-  
MANAGEMENT REPRESENTED BY THE SANTA ROSA  
MANAGEMENT ASSOCIATION AND UNREPRESENTED  
UNITS 10 – EXECUTIVE MANAGEMENT, 11 – MIDDLE  
MANAGEMENT AND 12 – CONFIDENTIAL

STAFF PRESENTER: FRAN ELM, DIRECTOR OF HUMAN RESOURCES

AGENDA ACTION: STUDY SESSION

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BACKGROUND

On November 19, 2013, the Council is scheduled to consider the approval of a contract with Unit 18 – Miscellaneous Mid-Management, represented by the Santa Rosa Management Association. Council will also consider approval of a document that describes the wages, hours and working conditions for employees designated in the City's unrepresented Units 10 – Executive Management, 11 – Middle Management and 12 – Confidential. The key elements of the proposed changes are:

1. Effective July 1, 2013, employees in Unit 10 - Executive Management will continue to contribute 2% of base salary toward the normal cost of pension. For Tier 1 and Tier 2 employees, the total pension contribution will be 10%. For Tier 3 employees, the total pension contribution will be 8.25%.
2. Effective July 13, 2014, employees in Unit 18 – Miscellaneous Mid-Management, represented by the Santa Rosa Management Association, and the City's unrepresented Units 11 – Middle Management and 12 – Confidential will receive a 2% salary increase and will pay an additional 1.5% toward the normal cost of pension benefits. For Tier 1 and Tier 2 employees, the total pension contribution will be 9.5%. For Tier 3 employees, the total pension contribution will be 7.75%.
3. Effective July 13, 2014, employees in Unit 18 – Miscellaneous Mid-Management, represented by the Santa Rosa Management Association, and employees in unrepresented Unit 11 – Middle Management will contribute .50% to the retiree health savings plan and the City contribution of .50% shall cease.

Actuarial impact of proposed contract changes for Unit 18 – Miscellaneous Mid-Management and working conditions for employees designated in the City's unrepresented Units  
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An increase in the member payment to PERS is generally considered a reduction in benefits. Before implementing the reduction of postemployment benefits for current employees (regardless of whether the benefits change increases or reduces City costs) the City must comply with the requirements of Government Code Section 7507, which requires the following:

1. The services of an actuary to “provide a statement of the actuarial impact upon future annual costs, including normal cost and any additional accrued liability when the organization is considering changes in retirement benefits and before authorizing changes in public retirement plan benefits or other post-employment benefits.
2. The actuary report will 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.
3. The actuary will be present to provide information at the public meeting at which the adoption of the benefit changes will be considered.

Therefore, Ms. Mary Beth Redding of Bartel Associates LLC will present the actuarial impact of the proposed contract changes.

Author: Cherice Fulton