

RESOLUTION NO. 2013-5183

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
YORBA LINDA, RELATING TO THE COMPENSATION AND
BENEFITS OF THE CITY COUNCIL**

WHEREAS, on November 2nd, 2010, the Yorba Linda City Council adopted Resolution No. 2010-5019 relating to the separation of compensation and benefits for City Council members from the Management compensation and benefits resolution.

WHEREAS, California Government Code section 36516(d) provides that any amounts paid by the City for retirement, health and welfare, and federal social security benefits shall not be included for purposes of determining the maximum salary limitation set forth in California Government Code Section 36516(a), which is based upon the estimated population of the City as determined by the State Department of Finance, provided that the same benefits are available and paid by the City for its employees; and

WHEREAS, the City Council desired to have a separate resolution providing compensation and benefits for members of the City Council so that any future increases in compensation and benefits available and paid by the City for the City's employees will not automatically be available or apply to members of the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Yorba Linda as follows:

Section 1. Incorporation of Recitals. The recitals set forth above are true and correct and are incorporated herein.

Section 2. Compensation. The City shall compensate the Council members who took office on or prior to December 2, 2014 with a \$500 per month stipend. For Council members who take office on or after December 3, 2014, the City shall compensate the Council members with a \$525 per month stipend.

Section 3. Retirement. Employment with CITY is subject to the California Public Employees' Pension Reform Act of 2013 (hereinafter "PEPRA") and the California Public Employees Retirement System (hereinafter "CalPERS").

Pursuant to PEPRA (Government Code section 7522.04(e)) and for purposes of this Resolution, the provisions of Section 3 retirement, shall apply in their entirety to elected or appointed members of the City Council.

Pursuant to PEPRA, individuals who are employed by any public employer before January 1, 2013, and who become employed by CITY for the first time on or after January 1, 2013, shall be subject to the retirement plan that was available to comparable CITY safety or non-safety employees as of December 31, 2012, if the individual was subject to reciprocity with CalPERS.

Pursuant to PEPRA, individuals who were previously employed by CITY, and who become reemployed by CITY after January 1, 2013, shall be subject to the retirement plan that was in effect at the time they separated from the employment of CITY, regardless of the length in the break of service.

PEPRA requires a different benefit plan for CITY employees who are hired on or after January 1, 2013, and who are new employees and new members on or after January 1, 2013.

PEPRA defines a "new employee" to mean either of the following: an employee, including one who is elected or appointed, of a public employer who is employed for the first time by any public employer on or after January 1, 2013, and who was not employed by any other public employer prior to the that date. A "new employee" also means an employee, including one who is elected or appointed, of a public employer who is employed for the first time by any public employer on or after January 1, 2013,

and who was employed by another public employer prior to that date, but who was not subject to reciprocity.

PEPRA defines a "new member" to mean an individual who becomes a member of any public retirement system for the first time on or after January 1, 2013, and who is not a member of any other public retirement system prior to that date; an individual who becomes a member of a public retirement system for the first time on or after January 1, 2013, and who was a member of another public retirement system prior to that date that was not subject to reciprocity; or an individual who was an active member in a retirement system and who had a break in service of more than six months before returning to active membership in that same retirement system with a new employer.

Effective January 1, 2013, public employers that offer a defined benefit plan shall only offer the defined benefit formulas to new members established pursuant to PEPRA.

Effective January 1, 2013, each retirement system that offers a defined benefit plan for non-safety members who are new members, is required to use the formula set forth in PEPRA. To receive full benefits, the non-safety employee must be 62, at which time he/she receives 2% of the member's final compensation.

In CITY, the new miscellaneous formula for new members first hired on or after January 1, 2013, is 2% at 62.

Equal sharing of normal costs between public employers and public employees shall be the standard for new members. The standard shall be that employees pay at least 50% of normal costs. Employers cannot pay any of the required employee contribution for new employees who are also new members.

The "normal cost" is defined as the annual actuarially determined normal cost for the defined benefit plan of an employer expressed as a percentage of payroll.

New members shall have an initial contribution rate of at least 50% of the normal cost rate for that defined benefit plan, rounded to the nearest quarter of 1%, or the current contribution rate of similarly situated employees (miscellaneous members), whichever is higher. The contribution shall not be paid by the employer on the employee's behalf.

Once the new member's contribution rate is established, the employee's contribution rate can automatically be adjusted upwards or downwards, but only if the normal cost rate increases or decreases by more than 1% of payroll above or below the normal cost rate in effect at the time the employee contribution rate is first established, or the normal cost rate in effect at the time of the last adjustment of the employee contribution rate.

The employee contributions for new members may be more than one-half of the normal cost rate if the increase has been agreed to through the collective bargaining process subject to several restrictions.

Final compensation for new members shall now mean the highest average annual pensionable compensation earned by the member during a period of at least 36 consecutive months (or three school years if applicable), immediately preceding his or her retirement. The member also has the option of designating an alternative 36 consecutive month period during the member's applicable service.

Classic Members

This retirement plan only applies to classic members within the meaning of PEPRA. Classic members are those individuals employed by CITY prior to January 1, 2013. Classic members are also those individuals who are hired by CITY after January 1, 2013, and who were employed by another public agency prior to January 1, 2013, and who had membership with a previous reciprocal retirement system.

The City of Yorba Linda shall contribute the total amount of the employees' share of the retirement program (PERS) in the name of the employee. The City shall provide a retirement benefit package for the employees which is based on single highest year

compensation and includes unused sick leave credit, post-retirement survivor allowance and 1959 Survivors Benefits.

For the period July 1, 2013-June 30, 2014, classic members shall contribute 2.5% to PERS towards the employer share, and CITY shall contribute the balance of the employee's and employer's share of the contribution to PERS pursuant to Government Section Code 20516(a).

For the period July 1, 2014-September 30, 2014, classic members shall contribute an additional 2.5% to PERS for a total 5.0% PERS towards the employer's share, and CITY shall contribute the balance of the employee's and employer's share of the contribution to PERS pursuant to Government Section Code 20516(a).

As of August 7, 2007, the City pays and reports the value of Employer Paid Member Contribution (EPMC) to CalPERS as additional compensation for each employee. This benefit shall consist of paying 7% of the normal contributions for employees, and reporting this 7% as compensation earnable.

New Members

This retirement plan only applies to new members hired by CITY on or after January 1, 2013.

The member contribution rate has been determined by CalPERS to be 6.75% of reportable compensation. The member contribution rate may change over time if the total normal cost rate for new miscellaneous members fluctuates by more than 1% of payroll over the estimated initial normal cost of 13.3% of payroll. The total normal cost rate will be impacted over time by the actual demographics of CITY's miscellaneous plan and the actuarial assumptions used in the funding of the retirement benefits. The member rate will be reviewed once a year by CalPERS when the actuarial valuation of CITY's miscellaneous plan is performed.

CITY shall promptly notify Association and the affected member of any change in the member contribution rate imposed by CalPERS during the term of this MOU. Any such change in the member contribution rate is mandatory, and it shall be implemented by City in accordance with the CalPERS notification. Any change in the member contribution rate during the term of this MOU imposed by CalPERS shall not be subject to the meet and confer process, and the parties specifically agree that changes in the member contribution rate for new members are outside the scope of representation.

Final compensation for new members shall now mean the highest average annual pensionable compensation earned by the member during a period of at least 36 consecutive months, immediately preceding his or her retirement. The member also has the option of designating an alternative 36 consecutive month period during the member's applicable service.

Section 4. Medical/Health Benefits for Council Members. The City shall provide the PERS Health Plan for medical insurance for the benefit of all members of the City Council and their dependents.

A. The City shall pay toward the annual cost of the health plan in accordance with the following schedule:

1. Effective January 21, 2013, the maximum monthly benefit for City Council members who took office prior to July 1, 2001 shall be \$1,242 per month. Effective January 1, 2014 the maximum monthly benefit for employees hired prior to July 1, 2001 shall be \$1,317 per month.

2. City Council members who took office on or after July 1, 2001 shall not be eligible for health insurance described above. Effective January 21, 2013, the City shall contribute \$1,020 per month toward a "cafeteria plan". Effective January 1, 2014, the City shall contribute \$1,095 per month toward a "cafeteria plan". The cafeteria plan is

utilized first to pay health insurance premiums; any residual amount may be applied toward the City Council member's deferred compensation.

B. Subject to the requirements and limitations set forth in California Government Code Section 53201 and other applicable law, the maximum monthly benefit for retired City Council members and their dependents that are eligible to participate in the PERS Health Plan shall be up to) \$1,167.00. The City will pay a percentage of the PERS Health Plan Premium on behalf of the retired City Council member and their dependents (the percentage covered by the City shall increase each year in accordance with PERS Health Plan rate formula).

C. In compliance with California Government Code Section 36516(d), the amounts paid by the City for medical/health benefits for City Council members shall not exceed the amounts paid by the City for medical/health benefits for City management employees.

Section 5. Dental and Vision Insurance/Employee Assistance Program. The City shall provide a self-insured indemnity plan for dental and vision insurance and employee assistance program benefits for the Council members and their dependents. The City shall pay toward the annual cost of the dental, vision, and employee assistance program.

A. Retired City Council members and their dependents that are eligible may participate in the City's self-insured dental and vision plans. The City will pay a percentage of the dental and vision insurance premium on behalf of the retiree and their dependents (the percentage covered by the City may increase each year in accordance with the PERS Health Plan rate formula).

Section 6. Office Expenses. The City shall provide the City Council members with City name badges, business cards and lapel pins.

Section 7. Automobile Expenses. Members of the City Council may receive an auto allowance of \$100 per month or may claim automobile reimbursement on approved expense claim forms furnished by the Finance Department for the use of his/her own private automobile, in the course of his/her City employment or on City business.

Section 8. Commercial Transportation Allowance. The use of private vehicles by members of the City Council on City business for out-of-town (within the state) trips for City business, may be approved by the City Manager when use of commercial transportation is not available, economical or practical.

Section 9. Council Member Expenses. Members of the City Council may be paid for expenses incurred when on City business requiring overnight accommodations, plus reimbursement for actual traveling expenses including food, hotel, transportation and conference registration upon approval by the City Council prior to the expense occurring.

Section 10. Effective Date. This Resolution shall become effective upon its adoption.

Section 11. Resolution No. 2010-5019 is hereby rescinded in its entirety.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of Yorba Linda on this 19th day of March 2013.



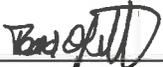
TOM LINDSEY, MAYOR
CITY OF YORBA LINDA

ATTEST:



MARCIA BROWN, CITY CLERK
CITY OF YORBA LINDA

APPROVED AS TO FORM:
RUTAN & TUCKER LLP



CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) **ss.**

I, **MARCIA BROWN**, City Clerk of the City of Yorba Linda, California, **DO HEREBY CERTIFY** that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Yorba Linda held on the 19th day of March, 2013, and was carried by the following roll call vote:

AYES: COUNCILMEMBERS: ANDERSON, HERNANDEZ, LINDSEY, SCHWING, YOUNG
NOES: COUNCILMEMBERS: NONE
ABSENT: COUNCILMEMBERS: NONE



MARCIA BROWN, CITY CLERK
CITY OF YORBA LINDA