



## Council Agenda Report

From: Shannon Foutz, Human Resources/Risk Manager

Subject: Approval of a Resolution and Introduction for First Reading by Title Only of an Ordinance Authorizing an Amendment to the CalPERS Contract by Reducing the Cost-Sharing Agreement for Unrepresented Confidential, Professional, and Management Employees in th

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Date: March 17, 2026

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### Facts

1. The California Public Employees' Retirement Law (PERL) authorizes public agencies and their employees to participate in the California Public Employees' Retirement System (CalPERS).
2. The City maintains a retirement contract with CalPERS covering three member categories: Police Safety, Fire Safety, and Miscellaneous (non-sworn) employees. Each category includes three benefit levels ("tiers"), with formulas that determine a member's monthly retirement allowance based on factors including years of service, age at retirement, and reportable compensation.
3. The City's CalPERS contract requires retirement contributions from both employees and the City. Pursuant to California Government Code Section 20516, employees may share in the cost of the employer's CalPERS contributions above the normal member contribution required under PERL.
4. Currently, Unrepresented Confidential, Professional, and Management (MGMT) employees in the Fire Safety and Police Safety first and second tier benefit levels contribute an additional ten percent (10%) toward the employer's contribution. Employees in the PEPRA tier contribute an additional six percent (6%).
5. The Wage and Benefit Summary approved by the City Council in December 2025 provides for a reduction in retirement cost-sharing contributions for safety managers of three percent (3%) as soon as administratively feasible, and an additional two percent (2%) effective January 3, 2027. As the first step toward implementing these adjustments, the City Council adopted [Resolution 26-002](#) on January 14, 2026, authorizing initiation of an amendment to the employer contribution cost-sharing agreement with the California Public Employees' Retirement System.
6. The amendment process required to implement these changes is governed by CalPERS procedures and the Government Code and includes the following steps:
  - a. Adoption of the Resolution of Intention (Attachment 1), initiating preparation of the final contract amendment.
  - b. Conduct and certification of a secret ballot election of the affected employee groups, as required by Government Code Section 20474.
  - c. Approval of contract change at the April 21, 2026, City Council meeting.
  - d. The contract amendment (Exhibit A to Attachment 1) becomes effective thirty (30) days following adoption.

- e. The three percent (3%) cost-sharing reduction for safety managers will take effect on May 24, 2026.
7. A second contract amendment, following the same statutory process, will be presented to the City Council later this year to implement the additional two percent (2%) reduction effective January 2027.

### **Options**

1. Take no action;
2. Approve a resolution and introduce for first reading by title only an ordinance giving notice of the City's intention to approve an amendment to the contract between the City of Paso Robles and the Board of Administration of the California Public Employees' Retirement System for the MGMT police and fire safety member categories.
3. Provide alternative direction to staff.

### **Analysis and Conclusions**

At present, police and fire managers contribute an additional six percent (6%) to ten percent (10%) above their required employee contribution to the California Public Employees' Retirement System. These additional contributions directly reduce employees' take-home pay and have increasingly been identified as a factor affecting the City's ability to recruit and retain highly qualified public safety management personnel in an increasingly competitive labor market.

In December 2025, the City Council approved a Wage and Benefit Summary that includes a phased reduction in CalPERS cost-sharing for safety managers. Under the approved structure, the additional cost-share will decrease by three percent in the first year and by an additional two percent in the second year, for a total reduction of five percent. This adjustment aligns safety manager contributions with those of POA-represented sworn officers, strengthens the City's competitiveness among peer agencies, and advances the City's goal of remaining an employer of first choice.

Implementation of these changes requires a formal amendment to the City's CalPERS contract and adherence to the procedural requirements established by state law. The actions before the City Council represent the next required steps in that statutory process to effectuate the previously approved compensation adjustments. Approval will allow the City to move forward with implementation in accordance with the established timeline while ensuring full compliance with applicable legal requirements.

### **Fiscal Impact**

The modification of CalPERS cost-sharing contributions for safety managers will decrease employee contributions and proportionately increase the City's employer contribution obligation, as the City will assume the three percent (3%) reduction in the first year and the additional two percent (2%) reduction in the second year that are currently paid by affected employees.

The fiscal impact of this adjustment was incorporated into the recently approved MGMT Wage and Benefit Summary and aligned with the negotiation parameters established by the City Council. The resulting increase in employer retirement costs has been accounted for in the adopted budget.

**CEQA**

The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

**Recommendation (Option 2)**

Approve Resolution 26-XXX and introduce for first reading by title only Ordinance XXXX, giving notice of the City's intention to approve an amendment to the contract between the City of Paso Robles and the Board of Administration of the California Public Employees' Retirement System for the MGMT police and fire safety member categories.

**Attachments**

1. Resolution 26-XXX - Resolution of Intention
2. Ordinance XXXX – Approval to Amend
  - a. Exhibit A - CalPERS Amendment to Contract