



STAFF REPORT

DATE: 04/02/2025
TO: Honorable Mayor and City Council Members
FROM: Human Resources Department

2025-137

REQUEST FOR CITY COUNCIL ACTION

SUBJECT:

APPROVAL OF RESOLUTION 2025-020, A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF CORONA ESTABLISHING ITS INTENTION TO AMEND ITS AGREEMENT WITH CALPERS

EXECUTIVE SUMMARY:

This staff report asks the City Council to adopt the resolution stating the City's intention to amend its contract between the City and the California Public Employees' Retirement System (CalPERS) to provide Fourth Level 1959 Survivor Benefits for its sworn Police employees, with employees paying for the entire additional cost, and to conduct first reading of Ordinance 3414, amending the City's CalPERS contract to provide the Fourth Level Survivor Benefit.

RECOMMENDED ACTION:

That the City Council:

- a. Adopt Resolution No. 2025-020, the intention to approve an amendment to the contract between the Board of Administration California Public Employees' Retirement System and the City Council of the City of Corona.
- b. Introduce, by title only, and waive full reading of consideration of Ordinance No. 3414, first reading of an ordinance authorizing an amendment to the contract

between the City Council of the City of Corona, and the Board of Administration of the California Public Employees' Retirement System.

BACKGROUND & HISTORY:

The CalPERS 1959 Survivor Benefit Program allows eligible survivors to receive a monthly allowance when CalPERS members who are not covered by Social Security pass away before retirement. There are five (5) levels to the benefit program, each varying in the dollar amount of monthly payments to survivors eligible for the benefit. Benefits are lowest for survivors at Level 1 and highest at Level 5. Currently, the City of Corona provides sworn Police employees with Level 3 survivor's benefit. Attachment 1 is a CalPERS publication summarizing the 1959 Survivor program.

ANALYSIS:

As part of the new Memoranda of Understanding (MOUs) approved with the Corona Police Employees Association (CPEA) and Corona Police Supervisors Association (CPSA) in December 2024, the City agreed to amend its contract to provide the Fourth Level Survivor benefit. CPEA and CPSA agreed to pay the full additional benefit cost through payroll deductions so that there is no new cost to the City. Shifting from the Third Level to the Fourth Level in the Survivor Benefit program will increase the monthly payments survivors will receive if a covered CalPERS member passes away before retirement.

Provision of this benefit enhancement requires an amendment to the City's CalPERS contract. The first steps in the contract amendment process are as follows:

- The public agency must adopt a Resolution of Intention to amend its CalPERS contract to include the Fourth Level Survivor Benefit. Government Code Section 7507 requires that the future annual costs or benefit change of the proposed contract amendment be made public at a public meeting at least two weeks before the adoption of the final Ordinance amending the CalPERS contract.
- The public agency must adopt an Ordinance approving the contract amendment after a waiting period of at least 20 days between the adoption of the Resolution of Intention and the adoption of the Final Ordinance.

The proposed actions on this agenda are the first steps in this process. It is recommended that the City Council adopt the Resolution of Intention and conduct the first reading of the Ordinance, amending the CalPERS contract to add the Fourth Level Survivor Benefit for CPEA and CPSA.

Next steps and timeline:

- May 5, 2025: Second Reading and Adoption of Final Ordinance
- June 6, 2025: Effective Date of Ordinance
- June 15, 2025: Effective Date of CalPERS Contract Amendment

FINANCIAL IMPACT:

The cost of this contract amendment for Fourth Level of 1959 Survivor Benefits is as follows, as identified in the actuarial variation for this plan amendment, which is attached (Attachment 4). The City’s first-year payment is zero, as noted below:

1. First-Year Employer Normal Cost	\$ 10,762
2. Five-Year Amortization of Unfunded Liability/Excess Asset Payment (fixed for 5 years)	(\$50,643)
3. First-Year Total Employer Cost	\$ 0

Costs for this benefit are pooled among the participating public agencies. As the actuarial report notes, at this time, both the Third Level pool and the Fourth Level pool have surplus funded ratios, at 472.4% funded and 103.3% funded, respectively. Going forward, the report states that *“the pool’s net cost will vary from year to year, depending on actual experience at the rate at which the existing surplus is amortized to offset ongoing employer normal costs”*.

While costs will vary over time going forward, there is no anticipated financial impact to the City’s budget associated with this action because those costs will be funded by employee contributions in accordance with the CPEA and CPSA 2025-2027 Memoranda of Understanding. As long as the provisions in these MOU remain unchanged, costs to the City for this benefit will remain at zero as employees in these groups will fund those costs through payroll deduction.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The approval of this action will not result in a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: GRECIA MORALES, HUMAN RESOURCES INTERN

REVIEWED BY: LORI SASSOON, CHIEF TALENT OFFICER

ATTACHMENTS:

1. Exhibit 1 – Resolution No. 2025-020
2. Exhibit 2 – Ordinance No. 3414
3. Exhibit 3 – 1959 Survivor Handout
4. Exhibit 4 – 4th Level Survivor Benefit Valuation Jan 2025