



Sunnyvale

RTC 25-0902:
Paying and Reporting the Value of CalPERS
Employer Paid Medical Contribution & Increasing
the Salary Ranges for Department Directors

October 28, 2025

Background

- The City participates in CalPERS which provides employees with a defined benefit pension upon retirement.
- Two overarching pension categories – pensions for “Safety” employees and pensions for “Miscellaneous” employees.
- Pensions are funded by contributions from both the employee and the City.
- The City currently pays a portion of Classic employees’ CalPERS contribution (“Employer Paid Member Contribution” or “EPMC”) for all groups except the Public Safety Officers Association

More About EPMC

Classic Member – two tiers (hired 2012 or earlier)

- Member contribution
 - ◆ Misc: 7% (Tier 1), 8% (Tier 2)
 - ◆ Safety: 9%
- City pays:
 - ◆ Misc: 4%
 - ◆ Safety: 6%
- Employee pays remaining %

PEPRA Member – single tier (hired 2013 or later)

- Member contribution (adjusted annually by CalPERS)
 - ◆ Misc: 7.5%
 - ◆ Safety: 12.75%
- City is prohibited from paying any share
- Employee pays: Full share

Organizational Context

Why the Change?

- **Equity**
- **Transparency**
- **Consistency**

- City originally agreed to pay EPMC in exchange for salary increases,
- Disparity in pay for the same person completing the same duties
- PSOA negotiated removal of EPMC effective July 2025
- City in discussions with other labor groups;
- Overall City workforce now 61% PEPR and rising

Impact of EPMC Removal for Directors & City Manager

- Effective December 21, 2025, for Category F and City Manager
 - ◆ Note: City Manager follows Category F for benefits as outlined in the employment agreement
- Classic Category F employees will pay the full CalPERS employee share (7% – 9%) with the first pay period in 2026
- No change to PEPRA employees (already paying 7.5% - 12.75%)

Salary Range Adjustments

- Pay philosophy (2017):
 - ◆ Maintain equity by aligning Category F increases with PSMA
 - ◆ Does not apply to the City Manager; pay range determined by the Council
- This year (2025):
 - ◆ PSMA = 11.02% → Staff instead recommends 6.75%
 - ◆ Lower salary range adjustment will lead to compaction between PSMA and Category F Directors
- Note: Increased salary ranges do not mean automatic increase for incumbents

Recommendation

- Council to consider:
 1. Remove EPMC for Category F and City Manager effective December 21, 2025 (first pay period in 2026)
 2. Revise salary ranges for Category F with a 6.75% increase