

Date: October 18, 2017
To: Board of Retirement
From: James Wilbanks, Retirement Administrator
Subject: Resolution 2017-06 Defining Pensionable Compensation Pursuant to Government Code §7522.34 for Members Who Are Not Subject to Government Code §31461 (PEPRA Members)

Mendocino County recently approved a new collective bargaining agreement with employees represented by the Mendocino County Association of Confidential Employees (MCACE). The newly adopted agreement provides for longevity pay to members of MCACE, similar to that received by other bargaining units. The longevity pay for all other bargaining units is included in Pensionable Compensation.

The county created a new pay code for MCACE members to pay this item and did so without notifying MCERA and treated the item as though it is excluded from Compensation Earnable. When the issue was discovered, direction was given to the County to correct the matter. The attached resolution clarifies that the MCACE longevity pay is included in Pensionable Compensation.

I recommend the Board adopt the attached resolution.

RESOLUTION 2017 – [0406](#)

TO SUPERSEDE RESOLUTION 2017 – [02-04](#) DEFINING PENSIONABLE COMPENSATION PURSUANT TO GOVERNMENT CODE §7522.34 FOR MEMBERS WHO ARE NOT SUBJECT TO GOVERNMENT CODE §31461 (PEPRA MEMBERS)

WHEREAS, for those members who became active members on or after January 1, 2013, and who are subject to the California Public Employees’ Pension Reform Act (PEPRA) contained in Government Code §7522 et seq., the determination of their pensionable compensation is governed by Government Code §7522.34; and

WHEREAS, the pensionable compensation for those employee members who are subject to Government Code §7522.34 shall be the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules; and

WHEREAS, the Board has reviewed the current pay items and has determined which of those items are to be included in “pensionable compensation” and which items are not to be included; and

WHEREAS, it will be necessary for this Board, from time to time, to amend its determinations of pensionable compensation due to changes made by MCERA employers in their compensation schedules as well as changes in the law; Therefore be it

RESOLVED, that effective ~~September 13~~[October 18](#), 2017, resolution number 2017 – ~~02-04~~ is superseded and pursuant to Government Code §7522.34, the Board hereby makes the following determinations as to what is included in “pensionable compensation” and items of remuneration that are not included as of September 1, 2017:

1. Pensionable compensation shall include:

Pay Code	Description
406	Shift PM
407	Shift AM
409	Supervisor Shift
417	10% Bilingual
418	18.00 Bilingual
422	Confidential 5%
437	Retroactive Longevity
438	2.5% Longevity
439	5% Longevity
443	7.5% Longevity
444	10% Longevity
452	Retroactive Salary Adjustment
457	BA Incentive
481	481 Longevity Yrs of Svc 1
506	Shift PM – DSA \$2
515	Animal Handler

Pay Code	Description
520	Field/Specialized Training
521	Special Assignment
523	5% Bilingual – Probation
529	Resident Deputy Bonus
530	Officer In Charge
531	Officer In Charge Level 2
532	Detective/Investigator Premium
556	AA/AS/Supv Incentive MCLEMA
557	Supv Incentive MCLEMA
558	10% B/A Cert Incentive – MCLEMA
559	5% Regional
561	Hourly 5% Regional
567	3% Bilingual
581	Longevity Yrs of Svc 2

2. Pensionable compensation, at a minimum, shall not include, in any case, the following pay items.

A. The following pay codes are not included:

Pay Code	Description
303	Vacation Pay-Out Non Management
304	Vacation Pay-Out Management
424	On Call 3.50 Per Hour
427	On Call 4.50 Weekends
430	MERP Txble Reimb - Inactive
432	Insurance Stipend
434	Clothing Allowance
435	Supplemental Pay to Similarly Situated Members in the Same Grade or Class
440	On Call Regular
441	On Call Weekends/Holidays
445	Car Allowance
456	Board Of Supervisor Auto Allowance
514	Standby Pay – Weekday
516	Standby Pay – Weekend
525	Uniform Allowance
528	Housing
926	Uniform Non-Cash

B. Pursuant to Government Code §7522.34, pensionable compensation does not include the following:

1. Any compensation determined by the Board to have been paid to increase a member's retirement benefit.
2. Compensation that had previously been provided in kind to the member by the employer or paid directly by the employer to a third party other than the retirement system for the benefit of the member and which was converted to and received by the member in the form of a cash payment.
3. Any one-time or ad hoc payments made to a member.
4. Severance or any other payment that is granted or awarded to a member in connection with or in anticipation of a separation from employment, but is received by the member while employed.

5. Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.
6. Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.
7. Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.
8. Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.
9. Employer contributions to deferred compensation or defined contribution plans.
10. Any bonus paid in addition to the compensation described in subdivision (a) of Government Code §7522.34.
11. Any other form of compensation the Board determines is inconsistent with the requirements of subdivision (a).
12. Any other form of compensation that this Board determines should not be pensionable compensation.

3. Pursuant to Government Code §7522.10, whenever pensionable compensation, as defined in §7522.34, is used in the calculation of a benefit, the pensionable compensation shall be subject to the monetary limitations set forth in subdivision §7522.10.

FURTHER RESOLVED that any pay codes not specifically listed in this Resolution as included in pensionable compensation shall be excluded from pensionable compensation. In the event a new pay item is created by a plan sponsor, the new pay item shall be excluded from pensionable compensation unless, and until, this resolution is amended by the Board of Retirement to include the pay item in pensionable compensation.

FURTHER RESOLVED that the above listed determinations by the Board of what is included or not included in pensionable compensation, shall be in effect until such time as this Board, the Legislature or the Courts take action that as a matter of law requires a different determination.

The foregoing resolution introduced by Board Member, seconded by Board member, and carried this ~~13th-18th~~ day of ~~September~~October, 2017, by the following vote:

- Ayes:
- Noes:
- Abstain:
- Absent:

WHEREUPON, The Chair declared said Resolution adopted, and SO ORDERED.

_____ Attest: _____

Dan Gjerde
Board of Retirement Chair

James R. Wilbanks, Ph.D.
Retirement Administrator