



- **Board of Directors**
Legal and Claims Committee

2/10/2026 Board Meeting

7-4

Subject

Amend the Metropolitan Water District Administrative Code to conform Employer-Paid Member Contributions for unrepresented employees to CalPERS requirements; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

The proposed amendments to Administrative Code Section 6521 (Retirement) will reflect the current practice of paying the employees' seven percent (7%) Employer-Paid Member Contributions (EPMC) for unrepresented employees and reporting these payments to CalPERS in a manner consistent with existing, Board-resolution-approved retirement benefit structures. There are no substantive changes to current contribution amounts or monthly pension calculation methods.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option #1

Option #1

Amend the Metropolitan Water District Administrative Code to conform Employer-Paid Member Contributions for unrepresented employees to CalPERS requirements.

Fiscal Impact: None

Business Analysis: Administrative Code will be amended to conform EPMC to CalPERS requirements

Option #2

Do not amend the Metropolitan Water District Administrative Code to conform Employer-Paid Member Contributions for unrepresented employees to CalPERS requirements.

Fiscal Impact: None

Business Analysis: Administrative Code will not be amended to conform EPMC to CalPERS requirements.

Alternatives Considered

Not applicable

Applicable Policy

Metropolitan Water District Administrative Code Section 2451: Duties and Functions [Legal and Claims Committee]

Metropolitan Water District Administrative Code Section 6500: Unrepresented Classifications (Including Management and Confidential)

Metropolitan Water District Administrative Code Section 6521: Retirement

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Related Board Action(s)/Future Action(s)

Minute Item 44271, December 12, 2000, Item (Resolution 8722)

Minute Item 44452, May 27, 2001, Item 8-2 (Resolution 8740)

Minute Item 53184, March 14, 2023, Item 7-11 (Resolutions 9339, 9340)

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves organizational, maintenance, or administrative activities; personnel-related actions; and/or general policy and procedure making that will not result in direct or indirect physical changes in the environment. (Public Resources Code Section 21065; State CEQA Guidelines Section 15378(b)(2) and (5).)

CEQA determination for Option #2:

None required

Details and Background

Background

State laws governing CalPERS retirement compensation allow employers to pay a portion of an employee's normal contributions as special compensation and apply it in the calculation of retirement compensation. (Government Code sections 20636(c)(4) and 20691) In the early 2000s, the Board agreed to pay seven percent (7%) EPMC as earnable compensation upon retirement, first for represented employees and shortly thereafter for unrepresented employees. Thus, it adopted Resolutions 8722 and 8740 in that order implementing this benefit. In 2021, following an audit of EPMC programs statewide, CalPERS advised Metropolitan to update its earlier EPMC resolutions to clarify first, that these contributions are special compensation earnable upon retirement and second, that they apply only to persons with CalPERS or a Reciprocal agency membership before January 1, 2013, who are deemed Classic members. Accordingly, Metropolitan adopted Resolutions 9339 and 9340 on March 14, 2023. More recently, CalPERS advised Metropolitan to clarify Administrative Code Section 6521 to reflect the longstanding practice of paying EPMC for unrepresented employees and reporting those payments to CalPERS. Hence, the proposed code amendments have been prepared for Board consideration and adoption. There are no substantive changes to current contribution or monthly pension calculation amounts.

Project Milestone

Not applicable because amendments reflect current practice to comply with CalPERS pension calculations rules.



Marcia Scully
General Counsel

2/3/2026

Date

Attachment 1 - The Administrative Code of The Metropolitan Water District of Southern California (with changes marked)

Attachment 2 - The Administrative Code of The Metropolitan Water District of Southern California (clean copy)

Division VI
PERSONNEL MATTERS

Chapter 5
UNREPRESENTED CLASSIFICATIONS (INCLUDING MANAGEMENT AND
CONFIDENTIAL)

§ 6521. Retirement.

The District shall pay to the California Public Employees' Retirement System (CalPERS) on behalf of each employee an amount equal to the required employee contribution to CalPERS, referred to as Employer Paid Member Contributions (EMPC), not to exceed seven percent (7%) of each employee's salary for employees deemed Classic Members by CalPERS. Employees deemed as New Members are subject to the Public Employees' Pension Reform Act (PEPRA) and shall pay their own employee contributions.

The contribution shall be treated as an employer contribution made pursuant to Section 414(h)(2) of the Internal Revenue Code in determining the tax treatment of the contribution. Such contributions shall be treated for all purposes other than taxation in the same manner and to the same extent as contributions made by employees prior to June 30, 1985. Such contributions shall be paid from the same source of funds as used in paying wages to the affected employees. The employee does not have the option to receive the District-contributed amount paid pursuant to this section directly instead of having it paid to CalPERS.

Notwithstanding any provision in this Code to the contrary, the wages of each unrepresented employee shall be reduced by the indicated percentage of the amount of such employee's contribution paid by the District pursuant to the provisions of this section:

For such employees employed prior to January 1, 1981: 64.3%

For such employees employed on or after January 1, 1981: 100.0%

For employees in unrepresented classifications referenced in Section 6500, the District shall pay and report seven percent (7%) EMPC to CalPERS as special compensation. These contributions will be included in 'compensation earnable' for employee retirement purposes, effective May 27, 2001.

This section shall be operative only so long as the District pickup of the retirement contribution continues to be excluded from the gross income of the employee under the provisions of the Internal Revenue Code.

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