



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Kansen Chu
Councilmember Ash Kalra

SUBJECT: **Revised Retirement Reform Ballot
Measure**

DATE: March 2, 2012

APPROVED:

DATE:

3/2/12

RECOMMENDATION

1. Repeal Resolution No. 76087.
2. Direct the City Manager to negotiate 2nd Tier retirement benefits for new employees and work collaboratively with bargaining groups to address sick leave payout.
3. Simplify the retirement reform ballot measure to only address changes to the retirement age.

BACKGROUND

We are in agreement that pension reform is needed but we disagree on how reform should be done. While we do not support the Mayor's pension reform plan, we agree that a sustainable pension plan is needed. We will support pension reform if it is done legally, collaboratively, and in a way that protects those who retired on a fixed income.

We strongly believe that the City can benefit from collaborative negotiating with our employees without the need to pursue a ballot measure that will most likely result in a costly court battle. We should be focusing our efforts on negotiating a 2nd tier instead and resolving sick leave payouts instead of continuing the fight to take away benefits from our current employees and retirees. Our dedicated city employees are well aware of the problem. Many of them have come forward with proposals that can save the City millions of dollars. We are disappointed that we have missed so many good opportunities to address pension reform through the negotiation process.

Lastly, we recommend we simplify the ballot measure to only address changing the retirement age. This is the only action that would require a change in the City Charter. There is a lot we can do legally to reduce the future liability of our pensions. Measure W passed by voters in 2010 has amended the Charter to allow the Council to exclude newly hired officers and employees from existing retirement plans and to create new retirement plans that would not be required to meet the minimum benefits established in the City Charter.

We do not believe we should position the City to incur legal battles and instead look towards immediate decisions that can bring positive results. We believe the City should only do what we are authorized to do and not act in any way that could put the City in legal jeopardy. In addition, it is important to understand all the legal consequences associated to the ballot measure before we make any decisions that involve a lot of legal risk.