

Agenda Report

TO: CITY COUNCIL

DATE: August 16, 1999

FROM: City Manager

SUBJECT: SENATE BILL 339, PUBLIC EMPLOYEES RETIREMENT: LOCAL SAFETY MEMBERS

RECOMMENDATION

It is recommended that the City Council oppose Senate Bill 339 (Baca) - Public Employees Retirement, relating to the retirement benefits of local public safety employees and authorize the Mayor to send letters to the appropriate officials stating Pasadena's position.

BACKGROUND

Current law limits the retirement allowance of local public safety members to 75 percent of final compensation. Legislation was passed and sent to the governor two years ago that raised the limit to 80 percent of final compensation for public safety members. Governor Wilson vetoed that measure.

Senate Bill 498 was a recent bill relating to the retirement benefits of local public safety employees, however it raised the limit to 90% of final compensation. On May 18, 1999 the City Council approved sending a councilmember to meet with Senator Adam B. Schiff regarding the fiscal impacts of Senate Bill 498 and the City's opposition towards this movement. That bill failed to pass out of the Senate.

Senate Bill 339 was recently amended to add a section that is almost identical to the former SB 498. Authored by Senator Joe Baca, this bill increases the retirement benefit limit for local safety members of the Public Employee Retirement System (PERS) from 75% to 85% of final compensation for members who retire on and after January 1, 2000. This is slightly lower than SB 498, yet still expensive to local governments.

Bill Impact and Status

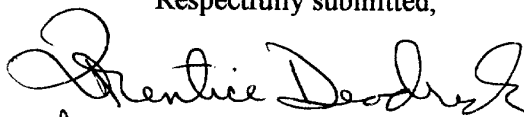
The bill mandates a major increased cost on local government in the Public Employees Retirement System. In addition, this bill does not change the age factor, but instead it extends the limit beyond the current cap of 75 percent. Consequently, public safety employees will be required to work longer to obtain the increased benefit. It is estimated that a public safety employee would need at least 33.33 years of service credit and a minimum age of 55.

On July 14th the bill was discussed in the Assembly PERS Committee and was re-referred to the Assembly Appropriations Committee. The hearing date for the next discussion is on August 18, 1999.

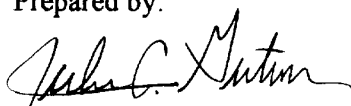
FISCAL IMPACT

If enacted into law, Senate Bill 339 represents yet another example of a State mandate without matching funds to local governments. For the City of Pasadena, it is estimated that passage of this bill would increase the employer contribution rate by a maximum of 2.8 percent resulting in a fiscal impact to the City of \$750,000 commencing in fiscal year 2000.

Respectfully submitted,


for CYNTHIA J. KURTZ
City Manager

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