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From: Nick Galiotto [<mailto:nick@galiotto.net>]

Sent: Sunday, August 26, 2007 4:06 PM

To: Comment

Subject: Comments as Councilmember & PERS Retiree

Chairperson Gerald Parsky  
and Members of the Public Employee Post-Employment Benefits Commission

Although I was unable to attend the commission's meeting in San Jose on August 23rd, I would like to submit my comments for consideration in your deliberations.

I am currently a councilmember and immediate past mayor of the City of Mountain View. I am also a PERS retiree, having served 26 years with the Mountain View Police Department. My perspective on public employee post-employment benefits has been shaped by various experiences, from helping to initially establish the police officers' association under the Meyers- Miliias-Brown Act, to later managing city resources during a firefighters strike over the "2 at 50" PERS formula, to now participating in council negotiations with public employee bargaining groups.

The City of Mountain View has been innovative in proactively addressing the financial demands of providing competitive post employment benefits. The city several years ago recognized the unfunded liability issue regarding retiree health care and started building a reserve fund. However, the costs have accelerated exponentially so in order to maintain this defined benefit, the city has negotiated a 15% of premium sharing by both active and retired employees.

Also, recent employee contracts offer voluntary choice of a defined contribution health plan for new hires that provides portability of a personal account for those leaving the city's employ prior to the 15-year vesting of a defined benefit alternative.

While the city is following the new GASB protocol of budgeting annual amounts for both retirees and actives, the prospect of participating in a PERS health coverage investment program makes the defined benefit liability much more manageable in the long term. An eventual FUNDED liability is possible as is the case with the PERS retirement benefit.

With regard to the PERS retirement benefit, the city negotiated a cost-sharing with the bargaining units when adopting enhanced versions of existing plans. For public safety members, "3 at 50", and miscellaneous members, "2.7 at 55", in addition to paying the "employee" contribution, the employees pay a portion of the "employer's" contribution when a threshold cost to employer occurs. Since PERS has consistently hovered around the 100% funded liability mark for retirement, the city's individual liability for retirement funding is being responsibly addressed.

It is obvious that one size doesn't fit all, and the measures taken by Mountain View are not necessarily the most appropriate for other jurisdictions. However, the point is that the sky is not falling, and steps can be taken to control post employment benefit costs without jettisoning the defined benefit methodology. The approach used by Mountain View is consistent with the League of California Cities position that looks to both the financial well-being of local government and the need to attract and retain an effective public sector work force.

Thank you for the opportunity to comment on these issues that are critical to the future of California.

Nick Galiotto  
Councilmember  
City of Mountain View