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**CIVIL GRAND JURY**

CITY OF MOUNTAIN VIEW

OFFICE OF THE CITY MANAGER

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January 31, 2017

Ms. Tamara Davis, Deputy Manager – Jury Services  
Santa Clara County Civil Grand Jury – Superior Court  
191 North First Street  
San Jose, CA 95113

Dear Ms. Davis:

Thank you for your letter on behalf of the 2016-17 Santa Clara County Civil Grand Jury seeking a follow-up to the City of Mountain View's September 13, 2012 response to the Grand Jury's 2012 report entitled "An Analysis of Pension and Other Post Employment Benefits."

The City of Mountain View's updated response is enclosed.

Please contact Assistant City Manager Audrey Seymour Ramberg in my office at 650-903-6610 or [audrey.ramberg@mountainview.gov](mailto:audrey.ramberg@mountainview.gov) if you have any questions.

Sincerely,

Daniel H. Rich  
City Manager

DHR/LS/7/MGR  
614-01-30-17

Enclosure

cc: City Council

ACM

**Updated Response to Santa Clara Civil Grand Jury Report**  
*An Analysis of Pension and Other Post Employment Benefits*  
**January 31, 2017**

**Recommendation 1**

*The Cities should adopt pension plans to extend the retirement age beyond current retirement plan ages.*

City Response: This recommendation was implemented effective January 1, 2013, with the implementation of the California Public Employees' Pension Reform Act (PEPRA). Prior to the adoption of PEPRA, the City of Mountain View was proactive in working with employee groups to increase employee contributions to their retirement benefit as a way of reducing the impact of pension costs on City finances. This strategy was pursued in place of adopting a second tier of benefits which could include higher retirement ages.

**Recommendation 2A**

*Santa Clara County and the Cities of Cupertino, Los Altos, Monte Sereno, Morgan Hill, Mountain View, San Jose, Santa Clara, Saratoga and Sunnyvale should work to implement second tier plans.*

City Response: This recommendation was implemented effective January 1, 2013, with the City of Mountain View's implementation of PEPRA. Additionally, as noted above, the City of Mountain View has negotiated significantly higher than typical employee pension contributions as an effective method for addressing pension liabilities.

**Recommendation 2B – Does Not Apply to the City of Mountain View**

**Recommendation 2C**

*All Cities' new tier of plans should close the unfunded liability burden they have pushed to future generations. The new tier should include raising the retirement age, increasing employee contributions, and adopting pension plan caps to ensure pensions do not exceed salary at retirement.*

City Response: This recommendation was implemented effective January 1, 2013. As noted in the response to Recommendations 1 and 2A, the City of Mountain View has

negotiated significantly higher than typical employee pension contributions in order to address pension liabilities. Furthermore, when funding has been available, the City has made additional contributions toward the pension liability, totaling \$9.04 million since 2014-15. The City also believes additional reform is required at the Statewide level.

### **Recommendation 3**

*The Cities should adopt policies that do not permit Benefit enhancements unless sufficient monies are deposited, such as in an irrevocable trust, concurrent with enacting the enhancement, to prevent an increase in unfunded liability.*

City Response: The City of Mountain View supports this recommendation. The City does not anticipate any pension benefit enhancements for the foreseeable future.

### **Recommendation 4A**

*The Cities should require all employees to pay the maximum employee contribution rate of a given plan.*

City Response: The City of Mountain View has implemented this recommendation. City employees pay both the maximum employee contribution rate as well as a portion of the employer contribution rate for pension benefits.

### **Recommendation 4B**

*The Cities should require employees to pay some portion of the Past Service Cost associated with the unfunded liability, in proportion to the Benefits being offered.*

City Response: The City of Mountain View has implemented this recommendation. As noted previously, the City of Mountain View has adopted a different strategy for addressing costs associated with pension benefits, having negotiated with employee groups to pay part of the employer contribution for pension benefits. The employer contribution is based on both the normal cost of benefits and the Past Service Cost.

## **Recommendation 5**

*The Cities should immediately work toward implementing policy changes and adopting measures aimed at making full OPEB ARC payments as soon as possible.*

City Response: The City of Mountain View has implemented this recommendation, regularly contributing full ARC payments. Furthermore, the City also makes additional contributions as funding is available toward the unfunded OPEB liability, including \$6.5 million since 2014-15.

## **Recommendation 6 – Does Not Apply to the City of Mountain View**

## **Recommendation 7**

*The Cities should transition from defined benefit plans to defined contribution plans as the new tier plans are implemented.*

City Response: The City of Mountain View has implemented this recommendation for OPEB, instituting a defined contribution plan option for retirees' health benefits for nonsafety employees. As noted above, the City of Mountain View has focused on working with bargaining groups to increase employee contributions toward pension benefits in order to manage the City's costs associated with these benefits. Additionally, the City of Mountain View, as a member of the California Public Employees Retirement System (CalPERS), can only offer benefits as allowed under CalPERS law.