



CITY OF CAMPBELL

City Manager's Office - Human Resources Division

September 12, 2011

Honorable Richard J. Loftus, Jr.
Presiding Judge
Santa Clara County Superior Court
191 North First Street
San Jose, CA 95113

FILED

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DAVID H. YAMASAKI
Chief Executive Officer, Clerk,
Superior Court of CA County of Santa Clara
BY D. ALDYCKI

Dear Judge Loftus, Jr.,

I am writing to you on behalf of our City Council which approved the attached response to the Civil Grand Jury's final report for 2010-2011, *Rehiring of Pensioners: Bad Policy, Good Business or Both?*, dated June 16, 2011.

The responses to findings and recommendations applicable to the City of Campbell are attached. The City of Campbell is committed to managing employee costs for long-term fiscal sustainability. We hope you find our response helpful.

Please feel free to contact me or Interim City Manager, Al Bito, at 408-866-2125 if you have any questions or need additional information.

Regards,

Jason T. Baker
Mayor

Cc: Council Members
City Manager

Attachment 1

City of Campbell Response to Findings/Recommendations:

Finding 1:

In spite of public opinion, there are situations that warrant rehiring pensioners and often it makes good business sense to do so. All managers interviewed follow existing procedures, which allow rehiring of pensioners.

Response: The City of Campbell agrees with the finding.

Recommendation 1:

If the County of the City/Town of Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, Milpitas, Mountain View, Palo Alto, San Jose, Santa Clara, Saratoga, Sunnyvale desire to end the practice of rehiring pensioners, they should make that official by means of a policy decision.

Response: The recommendation will not be implemented because it is not reasonable. The City evaluates on a case-by-case basis whether rehiring of a retired annuitant makes good business sense. Therefore, it would not wish to create a policy prohibiting this option.

Finding 3:

The fifteen towns and cities-Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, Milpitas, Mountain View, Palo Alto, San Jose, Santa Clara, Saratoga, Sunnyvale-and the County may be inadvertently creating a demand to rehire pensioners because the public sector retirement age is relatively young at 50 (police and fire) and 55 (administrative positions).

Response: The City of Campbell disagrees with the finding. It is Campbell's experience that the age of retirement is not the driving factor for most of our retiring employees. An employee who begins employment at a later age will typically retire at a later age. Consequently, it is our experience that total years of service is more of a factor than age at retirement.

Recommendation 3:

The fifteen towns and cities-Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, Milpitas, Mountain View, Palo Alto, San Jose, Santa Clara, Saratoga, Sunnyvale-and the County should continue to pursue a higher retirement age with its public sector unions and associations.

Response: The recommendation has been implemented for the City of Campbell's Miscellaneous group in which the retirement age formula was raised from 55 to 60 with the corresponding benefit lowered from 2.5% to 2.0%. A second tier pension plan was also implemented for all new Public Safety employees reducing the benefit formula from 3% to 2% while maintaining the retirement age at 50. As noted in our response to finding 3 above, it is not the City's experience that our existing retirement age levels are creating a higher demand to rehire pensioners.