



Incorporated October 22, 1956

# CITY OF SARATOGA

13777 FRUITVALE AVENUE • SARATOGA, CALIFORNIA 95070 • (408) 868-1200

COUNCIL MEMBERS:

Manny Cappello  
Jill Hunter  
Emily Lo  
Howard Miller  
Chuck Page

## FILED

AUG 31 2011

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

August 18, 2011

Santa Clara County Civil Grand Jury  
Office of the Civil Grand Jury  
c/o Honorable Richard J. Loftus, Jr.  
Presiding Judge  
Santa Clara County Superior Court  
191 North First Street  
San Jose, CA 95113

Re: 2010-2011 SANTA CLARA COUNTY CIVIL GRAND JURY REPORT REGARDING  
"REHIRING OF PENSIONERS: BAD POLICY, GOOD BUSINESS OR BOTH?"

Honorable Members of the Civil Grand Jury:

The City Council for the City of Saratoga has reviewed your June 15, 2011 report regarding Rehiring of Pensioners: Bad Policy, Good Business Or Both? ("Report") and authorized me to provide this response. The City Council appreciates not only the thorough and deliberate work of the Civil Grand Jury but also the useful information provided by the report regarding the personnel practices of other agencies in the region.

With respect to the specific applicable findings and recommendations in the Report, the City's response is set forth below:

*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.*

The City agrees. The City has found it useful to hire pensioners on a short term basis to provide interim services on several occasions.

*Recommendation 1:*

*If the County or 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.*

The recommendation has been implemented. The City does not desire to end the practice of rehiring pensioners and so will not be adopting a policy to end that practice.

*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) or 55 (administrative positions).*

The City agrees. The City has been working with its employee groups to explore options for increasing the retirement age.


*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.*

The recommendation has been implemented. The City is pursuing a higher retirement age with its public sector unions and associations. The Saratoga Management Organization and Saratoga Employees Association have agreed that for employees hired after the City completes the PERS-required process, the retirement plan will be a second tier plan of 2% at age 60 plan using a three-year average compensation to determine retirement benefits (CalPERS does not offer a pension formula requiring a higher retirement age). The City has made a similar policy decision with respect to benefits offered to future unrepresented employees (e.g., the City Manager and Human Resources Director) and hopes to reach a similar agreement with the one remaining employee group.

Thank you for your consideration of this response.

Sincerely,

  
Howard A. Miller  
Mayor, City of Saratoga

Cc: Members of the Saratoga City Council  
City Manager  
City Attorney