

# CITY OF SUNNYVALE

*The Heart of Silicon Valley*<sup>sm</sup>

456 WEST OLIVE AVENUE SUNNYVALE, CALIFORNIA 94086 (408) 730-7473

August 18, 2011

**FILED**

AUG 31 2011

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

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

Melinda Hamilton  
Mayor

Jim Griffith  
Vice Mayor

Otto Lee  
Councilmember

Christopher R. Moylan  
Councilmember

Anthony (Tony) Spitaleri  
Councilmember

David Whittum  
Councilmember

Re: 2010-11 Santa Clara County Civil Grand Jury Final Report –  
*Rehiring of Pensioners: Bad Policy, Good Business or Both?*

Dear Judge Loftus:

The Mayor and City Council of the City of Sunnyvale received the Santa Clara County Civil Grand Jury final report, *Rehiring of Pensioners: Bad Policy, Good Business or Both*, as filed on June 16, 2011. The City Council of Sunnyvale has determined, pursuant to Penal Code Section 933.05(a): the City agrees with applicable findings 1 and 3.

Pursuant to Penal Code Section 933.05(b), attached please find the requested responses from the City of Sunnyvale, as determined on August 9, 2011 with Report to Council 11-166.

The City of Sunnyvale believes there are instances when rehiring a pensioner makes the most sense operationally and financially. Therefore, as stipulated by current rules under CalPERS, the City opts to continue to have available the option to rehire pensioners on a case by case basis. Additionally, Sunnyvale continues to pursue a higher retirement age with its public sector unions and associations.

On behalf of the Sunnyvale City Council, I thank the 2010-11 Civil Grand Jury for detailing the findings and recommendations from its broad study of rehiring of pensioners in the County's fifteen cities.

Respectfully submitted,



Melinda Hamilton, Mayor

Attachment A: Response to Civil Grand Jury Report, *Rehiring Pensioners: Bad Policy, Good Business or Both?*

C: Honorable Members of Sunnyvale City Council  
Gary M. Luebbers, City Manager

**Response to Civil Grand Jury Report,  
Rehiring Pensioners: Bad Policy, Good Business or Both?**

Section 1:

As stated in Penal Code Section 933.05 (a), you are required to “Agree” or “Disagree” with each applicable finding(s), 1 & 3. If you disagree, in whole or part, you must include an explanation of the reasons you disagree.

Section 2:

As stated in Penal Code Section 933.05 (b), you are required to respond to each applicable recommendation(s), 1 & 3, with one of four possible actions.

**Responses by the City of Sunnyvale**

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.

City Response: Agree

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.

City Response: A policy would be the means to prohibit the rehire of pensioners, 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, and Sunnyvale desire to end the practice of rehiring pensioners. However, the City believes there are instances when rehiring a pensioner makes the most sense operationally and financially. Therefore, as stipulated by current rules under CalPERS, the City of Sunnyvale opts to continue to have available the option to rehire pensioners on a case by case basis.

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).

City Response 3: Agree

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.

City Response: The City of Sunnyvale agrees with this recommendation. We have negotiated a two-tier retirement with our public safety and increased the retirement age from 50 to 55. We have started discussions with our miscellaneous employee groups to modify their retirement plans and implement a second tier for new employees with a proposed retirement calculation formula change from 2.7 percent at age 55. Options to be considered, but not limited to, include: 2.0 percent at age 55, or 2.0 percent at age 60.