



SOLEDAD

CALIFORNIA

August 22, 2011

The Honorable Adrienne M. Grover
2010 Presiding Judge of the Superior Court
County of Monterey
240 Church Street
Salinas, CA 93901

RE: City of Soledad Response to the 2010 Grand Jury Report

Dear Judge Grover:

We are in receipt of the Final Report of the 2010 Monterey County Civil Grand Jury. The City of Soledad is required to respond to the sections of the report entitled, "Public Employees' Retirement System in Monterey County" and "Suppression, Intervention and Prevention: Three Pillars of Fighting Gang Activity in Monterey County". The City responses are attached.

Thank you for reviewing and commenting on procedures used by jurisdictions in Monterey County, including the City of Soledad.

If you have any questions about our City responses, please contact me at (831) 223-5014.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred J. Ledesma".

Fred J. Ledesma
Mayor

Attachments

City of Soledad

RESPONSE TO THE 2010 GRAND JURY REPORT

The following is the City of Soledad's response to the 2010 Grand Jury Report, "Public Employees' Retirement System in Monterey County – CALPERS".

Grand Jury Findings: The Grand Jury has noted twelve (12) findings regarding the Public Employees' Retirement System in Monterey County. The City is required to respond to all findings to indicate agreement or disagreement.

Finding 1.1: The CalPERS retirement system is worth retaining.

Response 1.1: The City agrees with this finding.

Finding 1.2: Those local agencies that have binding arbitration have ceded their collective bargaining authority and responsibility to an individual arbitrator.

Response 1.2: The City agrees with this finding.

The City of Soledad does not have this provision in its collective bargaining agreements.

Finding 1.3: A vote of the electorate before granting increased retirement benefits has not been implemented as a check on overspending.

Response 1.3: The City has no basis to agree or disagree with this finding.

Finding 1.4: Some agencies may allow retired employees to come back to work part time at the same agency and receive retirement and a salary, provided they don't work more than 960 hours per year, the maximum allowed by CalPERS.

Response 1.4: The City has no basis to agree or disagree with this finding.

Finding 1.5: Some agencies may have practices that allow employees to increase or "spike" their base year salaries by converting unused sick leave or vacation leave to salary during their last year of employment.

Response 1.5: The City has no basis to agree to disagree with this finding.

The City of Soledad has a practice of converting unused sick leave to service credit at the time of retirement.

Finding 1.6: The practice of offering an employee up to two years unearned credit for retirement in exchange for taking an early retirement ("Golden Handshake"), as authorized by Section 20903 of the Government Code, may be subject to abuse.

Response 1.6: The City has no basis to agree to disagree with this finding.

The City of Soledad cannot comment as to the content of this finding since it has not utilized the "Golden Handshake" provision pursuant to Section 20903 of the Government Code.

Finding 1.7: Some employees do not pay an appropriate CalPERS retirement share.

Response 1.7: *The City has no basis to agree to disagree with this finding.*

Conditions and collective bargaining agreements vary from city to city and the County and therefore, the City of Soledad has no basis to agree or disagree with this finding.

For the City of Soledad, employee groups contribute towards their retirement as follows:

Unrepresented Miscellaneous employees pay four percent (4%) of the 7% employee contribution rate.

Unrepresented executive management miscellaneous employees pay four percent (4%) of the 7% employee contribution rate.

Unrepresented executive management Safety employees pay four percent (4%) of the 9% employee contribution rate.

Fire employees contribute seven percent (7%) of the 9% employee contribution rate.

Police employees contribute nine percent (9%) of the 9% employee contribution rate.

General and mid-management employees contribute five percent (5%) of the 7% employee contribution rate.

Finding 1.8: **Some employees may pay for all optional CalPERS benefits. Some employees may pay for some or a portion of some of these benefits and some may pay nothing for optional benefits received.**

Response 1.8: *The City agrees with this finding.*

Conditions and collective bargaining agreements vary from city to city and the County depending on local conditions and/or situations.

Finding 1.9: **Some agencies have no caps on the maximum amount of time one can accumulate in sick leave or vacation leave.**

Response 1.9: *The City has no basis to agree to disagree with this finding.*

The City cannot comment as to the content of this finding since it has not reviewed the policies of all jurisdictions in Monterey County.

The City of Soledad has caps on the maximum amount of time one can accumulate in sick leave and vacation leave.

Finding 1.10: **The California Legislature could enact changes that would limit new employees to 2% @ 55 for Safety with a 90% of salary retirement cap and 2% @ 60 for Miscellaneous in the CalPERS system with a 36-month salary base for each.**

Response 1.10: *The City has no basis to agree or disagree with this finding.*

The California Legislature has the authority to implement changes to the CalPERS system. For the City of Soledad, because we are already at 2% @ 60 for Miscellaneous with a 36-month salary base, this change from the California Legislature would have no impact. The City has a 36-month salary base for Safety. A change to 2% @ 55 for Safety would impact the City, as we are at 3% @ 55 for Safety employees.

Finding 1.11: CalPERS could be made more affordable to the agencies if new employees were provided, in lieu of benefits accorded to existing employees, a second-tier of benefits of 2% @ 55 for Safety employees with a 90% of salary retirement cap and 2% @ 60 for Miscellaneous employees, each with a 36-month salary base.

Response 1.11: The City agrees with this finding.

Finding 1.12: Some MOUs may not allow the reopening of negotiations to make prospective changes to salary and benefits in the event of unforeseen dire economic circumstances.

Response 1.12: The City agrees with this finding.

The MOUs in the City of Soledad include provisions to allow the reopening of negotiations to make prospective changes to salary and benefits in the event of unforeseen dire economic circumstances.

Grand Jury Recommendations: The Grand Jury has made twelve (12) recommendations regarding Public Employees' Retirement System in Monterey County. The City is required to respond to all twelve recommendations.

Recommendation 1.1: Continue to participate in the CalPERS retirement system.

Response to R1.1: This recommendation has been implemented.

The City of Soledad is a member of the CalPERS retirement system.

Recommendation 1.2: Abolish binding arbitration in labor matters.

Response to R1.2: This recommendation has been implemented.

This recommendation does not apply to the City of Soledad because binding arbitration is not part of any of the City's collective bargaining agreements.

Recommendation 1.3: Require a vote of the electorate as a prerequisite to increase retirement benefits and thereby limit spending.

Response to R1.3: This recommendation requires further analysis.

While this recommendation is certainly an option, there is a cost to placing things on the ballot and the electorate does vote the City Council members into office and thus, has the ability and right to provide input and feedback on all decisions made by the City Council. Another option that would accomplish the same thing is to increase the public notice requirement for any changes to the retirement system contemplated by a jurisdiction.

Recommendation 1.4: Do not allow those who have retired from the agency to be re-employed by the same agency on a part-time basis.

Response to RI.4: This recommendation has not yet been implemented but will be implemented in the near future.

The City currently employs its Fire Chief, a CalPERS retiree, on a part-time basis and is limited to the 960 –hour threshold. With the anticipated transition to CAL FIRE for fire protection services, the part-time employment of the Fire Chief will no longer apply.

Recommendation 1.5: Prevent “spiking” the base salary.

Response to RI.5: This recommendation has been implemented.

The City of Soledad does not have this practice in place. In fact, both the Safety and Miscellaneous retirement formulas use the 36-month salary base.

Recommendation 1.6: Do not offer a “Golden Handshake.”

Response to RI.6: This recommendation has been implemented.

The City of Soledad does not have this practice in place.

Recommendation 1.7: Require employees to pay the CalPERS employee contribution rate.

Response to RI.7: This recommendation has been implemented in part.

All employees of the City of Soledad contribute a portion or all of the employee contribution rate. See City response to Finding 1.7 above.

Recommendation 1.8: Require employees to pay for all optional CalPERS benefits.

Response to RI.8: This recommendation has been implemented.

As the Grand Jury is aware, any changes of this type are subject to meet and confer. The City of Soledad does not provide optional CalPERS benefits.

Recommendation 1.9: Place a cap on the maximum amount of sick leave and vacation leave an employee can accumulate.

Response to RI.9: This recommendation has been implemented.

Sick leave and vacation leave caps are already in place in the City of Soledad, pursuant to the City’s Personnel Rules and Regulations.

Recommendation 1.10: Urge passage of legislation that new hires are limited to 2% @ 60 for Miscellaneous employees, 2% @ 55 for Safety employees with a 90% salary retirement cap, and a 36-month salary base for each.

Response to RI.10: This recommendation has been implemented in part.

The City of Soledad has a 36-month salary base for both Safety and Miscellaneous members. The City provides 2% @ 60 formula for Miscellaneous and 3% @ 55 for Safety.

Recommendation 1.11: Contract for a CalPERS retirement benefit for newly hired employees of 2% @ 55 for Safety employees with a 90% of salary cap and a 2% @ 60 for Miscellaneous employees with a 36-month salary base for each.

Response to R1.11: This recommendation has not yet been implemented.

There is no need to establish a second tier for Miscellaneous members since the City is already at the lowest retirement level. Establishing a 2% @ 55 formula (second tier) for Safety members is a mandatory subject of bargaining.

Recommendation 1.12: In all future MOUs, reserve the right to reopen negotiations in the event of unforeseen dire economic circumstances to make changes to salary and benefits with no reduction to salary and/or benefits already earned.

Response to R1.12: This recommendation has been implemented.

The MOUs in the City of Soledad include provisions to allow the reopening of negotiations to make prospective changes to salary and benefits in the event of unforeseen dire economic circumstances.

City of Soledad

RESPONSE TO THE 2010 GRAND JURY REPORT

The following is the City of Soledad's response to the 2010 Grand Jury Report, "Suppression, Intervention, and Prevention: Three Pillars of Fighting Gang Activity in Monterey County".

Grand Jury Findings: The Grand Jury has noted seven (7) findings. The City is required to respond to one finding and indicate agreement or disagreement.

Finding 5.4: Through a CalGrip grant, the Four Cities for Peace have joined in a cooperative effort to reduce gang crime in that area of the Salinas Valley.

Response to 5.4: The City agrees with this finding.

Grand Jury Recommendations: The Grand Jury has made seven (7) recommendations. The City is required to respond to two recommendations.

Recommendation 5.4: Every effort must be made by the leaders in the Four cities for Peace to establish and maintain communication and a database of shared information.

Response to R5.4: The City agrees with this recommendation. This recommendation has been implemented, in part.

Work continues through a policy level work group comprised of the Mayors, City Managers and Police Chiefs of the four cities and through a technical level work group to communicate at least monthly, but more frequently as needed to share information, data and community climate trends.

Recommendation 5.5: All of the ongoing suppression, intervention and prevention successes should be documented and presented to state and federal agencies on a regular basis to secure continued support.

Response to R5.5: The City agrees with this recommendation. This recommendation has been implemented, in part.

Work continues through a policy level work group comprised of the Mayors, City Managers and Police Chiefs of the four cities and through a technical level work group to communicate at least monthly, but more frequently as needed to share information, data and community climate trends. In addition, funding was secured for a grant coordinator and will continue to be pursued in order to develop and improve the databases needed.

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