#10

City of Palo Alto

City Council Staff Report

(ID # 3472)

Report Type: Action Items **Meeting Date: 1/22/2013**

Summary Title: 2013 Legislative Priorities

Title: 2013 State Legislative Priorities

From: City Manager

Lead Department: City Manager

Recommendation

Staff recommends that Council provide direction on and approve priority legislative issues for the 2013 legislative session.

Background

The last day to submit bill requests to the Office of Legislative Counsel is January 25, 2013. Staff is meeting with the City's state legislative representatives to explore potential legislation for the 2013 state legislative session. In preparation for these meetings, staff is seeking direction and approval of key priority legislative issues to guide these discussions.

Discussion

The potential issues identified below are not intended to be an exhaustive list of the legislative priorities that are important to the City and/or that the City may engage in advocacy efforts during 2013. As in past years, staff is bringing forward the City's guiding principles for legislative advocacy, and a more comprehensive list of both the state and federal legislative priorities to the Policy and Services Committee for discussion in February 2013 and to the full Council for approval.

Issues/Possible Legislation to Address:

1. *Require CalPERS to offer a wider range of health care options and flexibility to local governments:* CalPERS to provide a wider range of types and costs of HMO and PPO health benefit plans, including, for example, a high-deductible plan, a catastrophic-only plan, and a plan with lower overall premiums but higher co-pays and other participant cost-sharing features.

2. *Extend the three year highest average for calculation of pension*: Adopt a clean-up amendment to the Public Employee Pension Reform Act (PEPRA) that would allow cities to amend their pension plan applicable to new hires who are eligible for "classic" status (in this case, employees in CalPERS from another jurisdiction who transfer to another city) to the limited extent of changing the calculation of final compensation from single highest year to the average of the three highest consecutive years. A three-year average compensation would match the new PEPRA law and would save cities money since the three-year average would be less than the 12 highest months factor that would otherwise be applied in such situations.
3. *More flexibility for new hires to save money over the long term and tailor recruiting to a new generation who may prefer higher pay over benefits*: Allow cities to not require participation in PERS by new employees, and/or allow cities to participate in social security with greater flexibility. Having an option for employees choosing more pay over a lesser benefit, would allow cities to have flexibility in compensation and potentially attract and retain talent without increasing unfunded pension and health care liabilities.
4. *Eliminate costly and punitive CalPERS rules that restrict cities from hiring some job candidates:* Get rid of the returning employee "windfall pension" mandate that can allow some employees who worked previously for a city to return and capture a retroactive enhanced lifetime pension benefit at a higher pension formula than they previously had or are willing to accept in order to be re-employed.
5. *PEPRA clean-up and clarification:* Prevent CalPERS from implementing interim regulations that will inflate pensionable compensation by greatly expanding the types and number of eligible pay for calculation of retirement benefit, in conflict with the language and spirit of PEPRA. See Attachment A, CalPERS Circular Letter with Pensionable Compensation Items. The attachment to the Circular lists the special pay premiums that CalPERS intends to continue to count in base pay.
6. *Landfill capping requirements:* Secure postponement of State landfill capping requirements for a limited time while the City evaluates a potential Energy/ Compost facility on a 10 acre site on the now-closed Palo Alto Landfill, as endorsed by the Palo Alto electorate through adoption of Measure E in November 2012. Explore options for legislative support.

In addition, based on discussions during the City's 2012 study sessions with former Senator Simitian and Assembly Member Gordon and topics submitted individually by Council members for consideration, three additional priority areas that staff may be discussing with the City's legislators and tracking in the upcoming 2013 legislation session include: 1) CEQA reform (particularly as it relates to High Speed Rail), 2) State's Housing Element Process and Allocation, and 3) some form of dedicated funding for Caltrain.

Draft Motion:

Direct staff to explore potential legislation with the City's state legislators on the issues outlined in this staff report for the 2013 state legislative session.

Attachments:

- Attachment A. CalPERS Circular Letter with Pensionable Compensation Items (PDF)

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Reference No.:
Circular Letter No.: 200-063-12
Distribution: IV, V, VI, X, XII, XVI
Special:

Circular Letter

December 31, 2012

TO: **ALL CALPERS EMPLOYERS**

SUBJECT: **PUBLIC EMPLOYEES' PENSION REFORM ACT OF 2013 – NEW ENROLLMENTS, NEW AND REVISED FORMS AND PUBLICATIONS**

The purpose of this Circular Letter is to provide information regarding new enrollments and CalPERS forms and publications that were created or revised due to the Public Employees' Pension Reform Act of 2013 (PEPRA) and related Public Employees' Retirement Law (PERL) amendments in Assembly Bill (AB) 340.

NEW ENROLLMENTS

All new enrollments with an effective date of January 1, 2013, or later should be held until Monday, January 7, 2013. The necessary my|CalPERS system enhancements will then be available and you should resume processing transactions at that time. If an enrollment is required to be entered prior to that time due to other constraints, please call the CalPERS Customer Contact Center at **888 CalPERS** (or **888**-225-7377) for assistance.

Please note that enrollments with an effective date of December 31, 2012, or earlier may be processed as normal in my|CalPERS.

NEW FORMS

The new forms listed below will be available online after January 1, 2013. To access the online versions, please visit the Forms & Publications Center on CalPERS On-Line. Printed copies of the new forms are attached to this letter.

Member Reciprocal Self-Certification Form (PERS-CASD-801)
This form is for employers to use to identify if new employees are classic members due to reciprocity. It is extremely important for employers to properly identify the status of members at the time of hire.

While processing an enrollment in my|CalPERS, employers will identify if the new hire is coming from a reciprocal agency and be prompted to enter the necessary data elements which subject them to reciprocity. This form identifies those necessary data elements the employer is required to enter.

Based on the enrollment information entered by the employer, my|CalPERS will automatically determine the proper benefit group for the new employee. Employers must retain a copy of this form in the individual's employment records for auditability purposes.

Certification of MOU Impairment (PERS-CASD-800)
This form can be used by employers to notify CalPERS in writing if they certify that the terms of their Memorandum of Understanding (MOU), in effect on or before January 1, 2013, will be impaired by their compliance with the requirements of one or more provisions of Government Code Section 7522.30. See the form for more information.

Please review Circular Letter #200-055-12 for additional information on reciprocity and MOU impairment as it relates to PEPRA.

UPDATED PUBLICATIONS
The revised versions of the following publications will be available online in the Forms & Publications Center on CalPERS On-Line by January 1, 2013. Printed editions will be available in approximately 6-8 weeks:

- School Member Benefit Publication (PUB 2)
- State Safety Member Benefit Publication (PUB 7)
- Local Miscellaneous Member Benefit Publication (PUB 8)
- Local Safety Member Benefit Publication (PUB 9)
- Alternate Retirement Program (PUB 10)
- A Guide to Your CalPERS Service Credit Purchase Options (PUB 12)
- When You Change Retirement Systems (PUB 16)
- Employment After Retirement (PUB 33)
- A Guide to Completing Your CalPERS Disability Retirement Election (PUB 35)
- Reinstatement From Retirement (PUB 37)
- A Guide to CalPERS Community Property (PUB 38A)

The revised versions of the following publications are anticipated to be available online by January 15, 2013:

- Planning Your Service Retirement (PUB 1)
- State Miscellaneous & Industrial Member Benefit Publication (PUB 6)
- National Guard Member Benefit Publication (PUB 11)
- State Second Tier Election Application (PUB 52)

Please note that the dates of availability for the revised versions of the publications listed in this letter are subject to change.

We encourage you to visit the Pension Reform Impacts page on CalPERS On-Line at www.calpers.ca.gov for the latest PEPRA information and updates.

In addition, a new online training class, ***my|CalPERS Changes Due to the Public Employee's Pension Reform Act of 2013 (PEPRA)***, is now available for employers. This class reviews important changes to the my|CalPERS system based on PEPRA provisions.To enroll in online training, log in to in my|CalPERS and select the **Education** tab.

If you have any questions, please call the CalPERS Customer Contact Center at **888 CalPERS** (or **888**-225-7377).

KAREN DeFRANK, Chief
Customer Account Services Division

Enclosures
Member Reciprocal Self Certification Form (PERS-CASD-801)
Certification of Memorandum of Understanding (MOU) Impairment (PERS-CASD-800)

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"Pensionable Compensation" Items – New PEPRA Public Agency and School Members

CalPERS interpretation of the types of compensation that may be reported as "pensionable compensation" for CalPERS contracting agencies, provided those items meet the criteria contained in Government Code Section 7522.34(a), are listed below. CalPERS will initiate the regulatory process in 2013 to provide this list of items that may be reported as "pensionable compensation" for contracting agencies. More information on the proposed regulations will be provided to you as it becomes available.

In the meantime, the proposed list of "pensionable compensation" items below will be implemented, and can be reported on January 1, 2013, for new PEPRA public agency and school members. It is important to note that as the proposed regulations proceed through the regulatory process, some changes, including the items contained in this list, may be required.

Type	Reportable Special Compensation Items
Incentive Pay	• Dictation/Shorthand/Typing Premium • Longevity Pay • Marksmanship Pay • Master Police Officer • Physical Fitness Program
Educational Pay	• Applicator's Differential • Certified Public Accountant Incentive • Educational Incentive • Emergency Medical Technician Pay • Engineering Registration Premium • Government Agency Required Licenses • International Conference of Building Officials (ICBO) Certificate • Mechanical Premium (Brake Adjustment License, SMOG Inspector License) • National Institute of Automotive Service Excellence (NIASE) Certificate • Notary Pay • Paramedic Pay • Peace Officer Standard Training (POST) Certificate Pay

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"Pensionable Compensation" Items – New PEPRA Public Agency and School Members, Continued

Type	Reportable Special Compensation Items
Educational Pay, Continued	• Reading Specialist • Recertification Certificate • Special Class Driver's License Pay • Undergraduate/Graduate/Doctoral Credit
Special Assignment Pay	• Accountant Premium • Administrative Secretary Premium • Aircraft/Helicopter Pilot Premium • Asphalt Work Premium • Audio Visual Premium • Auditorium Preparation Premium • Bilingual Premium • Branch Assignment Premium • Canine Officer/Animal Premium • Cement Finisher Premium • Circulation Librarian Premium • Computer Operations Premium • Confidential Premium • Contract Administrator Coordinator Premium • Crime Scene Investigator Premium • Critical Care Differential Premium • D.A.R.E. Premium • Detective Division Premium • Detention Services Premium • DUI Traffic Officer Premium • Extradition Officer Premium • Fire Inspector Premium • Fire Investigator Premium • Fire Prevention Assignment Premium • Fire Staff Premium • Flight Time Premium • Float Differential Premium • Front Desk Assignment (Jail) • Fugitive Officer Premium • Gang Detail Assignment Premium • Grading Assignment Premium

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"Pensionable Compensation" Items – New PEPRA Public Agency and School Members, Continued

Type	Reportable Special Compensation Items
Special Assignment Pay, Continued	• Hazard Premium • Heavy/Special Equipment Operator • Height Premium • Housing Specialist Premium • Juvenile Officer Premium • Lead Worker/Supervisor Premium • Library Reference Desk Premium • Gas Maintenance Premium • Plumber Irrigation System Premium • Refuse Collector Premium • Street Lamp Replacement Premium • MCO Instructor Premium • Motorcycle Patrol Premium • Mounted Patrol Premium • Narcotic Division Premium • Paramedic Coordinator Premium • Park Construction Premium • Park Maintenance/Equipment Manager Premium • Parking Citation Premium • Patrol Premium • Police Administrative Officer • Police Investigator Premium • Police Liaison Premium • Police Polygraph Officer • Police Records Assignment Premium • Rangemaster Premium • Refugee Arrival Cleanup Premium • Safety Officer Training/Coordinator Premium • Sandblasting Premium • School Yard Premium • Search Pay Premium • Severely Disabled Premium • Sewer Crew Premium • Shift Differential

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"Pensionable Compensation" Items – New PEPRA Public Agency and School Members, Continued

Type	Reportable Special Compensation Items
Special Assignment Pay, Continued	• Solo Patrol Premium • Sprinkler and Backflow Premium • Tiller Premium • Tire Technician Premium • Traffic Detail Premium • Training Premium • Tree Crew Premium • Utility Meter Premium • Utilities Systems Operation Premium • Water Certification Premium
Statutory Items	• Fair Labor Standards Act (FLSA) • Holiday Pay