

CITY OF PACIFICA  
FINANCING CITY SERVICES TASK FORCE  
AGENDA

November 12, 2009  
7:00 PM  
Pacifica Police Station  
2075 Coast Highway

1. Call to Order
2. Approval of 10-22-09 Meeting Minutes
3. Questions from last Meeting
4. Department Review : City Attorney  
Parks, Beaches & Recreation Department
5. Oral Communications/Questions from the Public
6. Next meeting December 3, 2009

City of Pacifica  
Financing City Services Taskforce  
Minutes – October 22, 2009

1. Call to Order: 7:05 by Vice Chair Mary Ellen Carroll  
Pete Shoemaker, Bill Bent, Susan Getchell-Wallace, Bruce Banco, Sue Vaterlaus, Mary Ellen Carroll, Karen Ervin, Omar Saleh and Greg Cochran  
Staff: Steve Rhodes, Ann Ritzma  
Excused: Julie Lancelle and Mary Ann Nihart
  2. Approval of Minutes of 10-5-09 – Moved by Bruce Banco and second Bill Bent.  
Approved.
  3. Questions from Last Meeting – None.
  4. Department Review:  
Public Works  
Building and Planning (and not Economic Development)
  5. Oral Communications: Introduction of Planning Commission Chair:
  6. Roundtable: Discussion on how the group moves forward after the departmental presentations. Discussion on probability that meetings might continue until February to accommodate a public work session.
  7. Next Meeting: November 12, 2009 – Police Department - EOC.
- Adjourn: Bruce B. at 9:05 pm.

**CITY OF PACIFICA**  
**CITY COUNCIL AGENDA SUMMARY REPORT**  
August 10, 2009

AGENDA ITEM NO. 9

**SUBJECT:**

Consideration of Response to 2008-2009 Grand Jury Report – Reversing the Upward Trajectory of Employee Costs in the Cities of San Mateo County.

**ORIGINATED BY:**

Administrative Services

**DISCUSSION:**

On June 4, 2009, the San Mateo Grand Jury filed a report titled, "Reversing the Upward Trajectory of Employee Costs in the Cities of San Mateo County," which contains findings and recommendations pertaining to Pacifica. Under state law, the City has 90 days to provide a written response to reports forwarded to the City by a Presiding Judge. In this case, the City's written comments are due by September 3, 2009.

**BACKGROUND**

The 2008-2009 Grand Jury studied the following issue: "How can the escalation of employee costs in the cities of San Mateo County be reversed?" To study this issue, the Grand Jury conducted selected interviews and requested information from all San Mateo County cities. In the report from the Civil Grand Jury on Employee Costs, they note that the costs are increasing in cities throughout the County. At the same time, revenues have been slowing since 2000 and have not increased at the same rate as expenditures. This mirrors the situation in Pacifica, where the City has consistently experienced a structural deficit in the General Fund budget, which funds Police, Fire, Public Works, Recreation and Administration (the day-to-day services of the City). The result of this fiscal challenge has been many years of service and budget cuts in Pacifica.

As the Grand Jury report notes, Pacifica has in many cases taken steps to reduce the escalation of employee costs. The City currently addresses many of the recommendations in:

**Pension:** Offers the lower or lowest retirement plan options for most employees with the exception of Police Safety.

**Health benefits:** Caps the contributions to health care premiums and requires employees to pay for health premiums if the City's contribution does not cover the premium.

**Retiree health benefits:** Unlike many other cities, Pacifica participates in the lowest level CalPERS benefit program for both active and retired

employees reducing the post retirement liabilities and provides all employees, through collective bargaining, the opportunity to participate in Retirement Health Savings programs for post retirement health expenses.

**Shared services:** The City of Pacifica has successfully secured partnerships with other government entities for shared services to help achieve economies of scale and share resources.

*Fire services:* Member of North County Fire Authority (Brisbane, Daly City and Pacifica) jointly shares administrative, training and operational fire services.

*Human Resources:* Member of Calopps.org – a multi agency website designed for human resources recruiting that reduces advertising costs, staff time and improves customer service

*Human Resources:* Member of NorCAL – a multi agency program that provides employee training and development

*Insurance:* Member of two insurance pools – general liability and workers compensation that administers claims, provides training and programs and manages risks/costs for agency members.

*Other:* Library services with the County, Compensation and Classification information with a joint agency, participation in County/Regional programs for Fire Dispatch, Water Pollution Prevention and Mosquito Abatement.

The City is looking at alternatives that will address the ongoing budget issues. The City is mindful of its long-term fiscal responsibilities and believes further analysis is necessary before making long-term decisions. The City has embarked on a five-year financial planning process and is utilizing a community committee, Financing City Services Task Force, to look at cost effectiveness and quality of city services and city revenues. The City will use this process and its preparations for negotiations to evaluate the most prudent long-term solutions.

The City will also continue to work with professional organizations such as the San Mateo City Managers Association, Municipal Employee Relations Committee (MERC) and the San Mateo Human Resources Association for collaborative opportunities.

Attached are the draft letter to Presiding Judge Miram from Mayor Lancelle and a detailed response to the suggestions contained in the Grand Jury report on Employee Costs.

**FISCAL IMPACT:**

There is no fiscal impact to authorize the Mayor to send the attached letter. The City is and will continue to experience significant budget challenges as employee costs continue to increase and revenues decline or remain flat. The City Council has given the “Financing City Services Task Force” the task of reviewing current

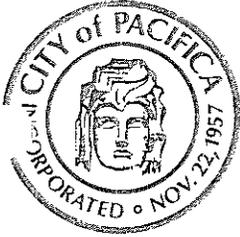
expenditures, revenues and services and making recommendations to the City Council by January 2010 that will address the current structural deficit.

**ATTACHMENTS:**

- 2008-2009 Grand Jury Report - Reversing the Upward Trajectory of Employee Costs in the Cities of San Mateo County, dated June 4, 2009  
[http://www.sanmateocourt.org/grandjury/2008/Employee\\_compensation.pdf](http://www.sanmateocourt.org/grandjury/2008/Employee_compensation.pdf)
- Draft City Response Letter to Grand Jury Report
- Detailed Responses to Grand Jury report
- Letter to Grand Jury from San Mateo City Managers Association Regarding Grand Jury Report

**COUNCIL ACTION REQUESTED:**

Staff recommends that the Council review the Mayor's draft letter and the detailed response to the Civil Grand Jury report, discuss and adopt any changes to these documents and then authorize the Mayor to sign and send this material to the Presiding Judge of the Superior Court.



*Scenic Pacifica*

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CITY HALL

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www.ci.pacifica.ca.us

**MAYOR**  
Julie Lancelle

**MAYOR PRO TEM**  
Sue Digre

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Peter DeJarnatt  
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James M. Vreeland, Jr.

August 10, 2009

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Honorable George A. Miram  
Judge of the Superior Court  
Hall of Justice  
400 County Center, 2<sup>nd</sup> Floor  
Redwood City, CA 94063-1655

Dear Judge Miram:

Thank you for the opportunity to review the 2008-2009 San Mateo County Civil Grand Jury's report regarding Reversing the Upward Trajectory of Employee Costs in the Cities of San Mateo County, dated June 4, 2009. The City appreciates the Grand Jury's report and understanding of the need to balance the public's interest in fiscally responsible government and recruitment and retention realities for local governments. The City of Pacifica continues to wrestle with the challenges of providing quality city services in a cost effective and efficient manner while providing affordable and responsible employee compensation and benefits.

The City of Pacifica is facing a \$3 million structural deficit and is working with our employees and a citizen task force to develop a five-year financial plan that will address the issue. The City has never had a surplus of resources, so many of the recommendations in the report have been part of Pacifica's operating model.

The City would like to bring to your attention the following factual inaccuracies contained in the Grand Jury's report:

In Table 3: Retirement Formulas for San Mateo Cities, Pacifica's Safety is divided into Police 3%@50 (enhanced) and Fire 3%@55 (standard safety).

In Table 8: Comparison of Population with City Size, Pacifica has 188 employees (FTE). It should be noted that when comparing cities, that the table should also include an additional column for wastewater plants. Fourteen (14) of the city's employees work in the Waste Water Treatment Plant.

The City of Pacifica is pleased to respond in detail to the action plan items and recommendations of the Grand Jury's report. I hope our comments and those of other San Mateo cities will be helpful to all as we negotiate the financially turbulent years to come.

Please feel free to contact me if you have additional questions or need information regarding this response to the Grand Jury's report.

Sincerely,

Julie Lancelle  
Mayor

Cc: Members of the City Council  
Stephen A. Rhodes, City Manager  
Cecilia Quick, City Attorney  
Kathy O'Connell, City Clerk  
Ann Ritzma, Administrative Services Director

Response to the Civil Grand Jury Action Plan:

1. **Create a two-tier retirement pension system for newly hired employees.**

The recommendation is partially implemented, as the City of Pacifica does not offer the most enhanced retirement pension system to all employees.

The City of Pacifica currently offers two of the lower retirement packages to fire and miscellaneous employees (3% @ 55 for Fire Safety and 2.5% @ 55 for Miscellaneous). The Police Safety retirement plan is 3% at 50 as stated in the report.

Although there was, at one time, some discussion about a retirement formula change for the Fire unit to 3% @ 50, the Fire unit and the City have remained with the less expensive plan that encourages firefighters to remain employed with the City until age 55.

It should be noted that PERS Retirement Plan formula for miscellaneous employees (non-public safety) is correctly reported at 2.5% at 55. The Management and Directors units also have an additional supplemental retirement plan of .5% at 55 through PARS. In order to qualify for the benefit, employees must be a manager for at least five years to vest in the plan and then must retire from the City. The benefit is forfeited if conditions are not met.

All Pacifica employees, public safety and non-public safety, pay the employee contribution share of the retirement costs. The employees pay the 8% (all non-safety employees) or 9% (safety) of the employee PERS contribution. The City of Pacifica pays the remainder – which fluctuates based on PERS actuarial calculations. Many cities pay, in addition to the employer share, the employees' share as well. The City of Pacifica does pay both the employee and employer share of the City Attorney's pension.

Although the employer contributions reflected in the Civil Grand Jury report are current, they do not reflect this history of these rates or the longer-term average of these rates. The City of Pacifica experienced a number of years when its employer rates were very low, even zero for a few years for the non-public safety employer rate.

The City of Pacifica does not pay for, nor do the employees receive, Social Security benefits. This is a savings of 6.2% of payroll costs for the employer.

Although the City has not implemented a two-tier system, the City of Pacifica will continue to consider the report's two tier provisions among other alternatives to address the costs of employee retirement benefits.

**1(b). Create a two-tier retirement health care system for newly hired employees.**

The recommendation is partially implemented, as the City of Pacifica does not offer fully paid health for employees.

The City has capped contributions to health care premiums through a cafeteria plan. If the City's contribution does not cover the premium, employees must cover the premium. The City's contribution has remained flat or changes (up or down) depending on the CPI (which as been negative in the past months).

The City of Pacifica participates in the CalPERS health program at the lowest employer contribution level for both active and retired employees (legal minimum of \$101 per month). This has reduced the City's post retirement liability.

For retirees, Pacifica's Police Supervisors, Police Management, Department Directors, Battalion Chiefs and Firefighters all participate in a Retirement Healthcare Savings Account program, which allow employees to save for post retirement healthcare expenses. The majority of the City's miscellaneous, non-management, non-public safety, employees participate in the Teamsters Local 856 Retiree Medical Trust Program, which is fully independent of the City of Pacifica's liabilities.

The City, for most units, offers a cost effective City self-insured dental plan and optional (employee pays) vision plan. These plans are not available post retirement.

Alternatives such as these will continue to be evaluated and considered when addressing the long-term costs and liabilities of active and retiree health insurance benefits.

**2. Renegotiate contracts with the unions to modify benefits for existing employees and create a two-tier system for new employees.**

The recommendation has not been implemented as the City of Pacifica has long-term contracts in place and will not be negotiating until early 2010.

The City has been meeting with all units to discuss the budget constraints and options for cost containment including salary freezes, merit freezes and vacation sell back freezes. Several of the City's contracts will expire in 2010 and the City will begin negotiating in early 2010.

The City just concluded negotiations with the Battalion Chief unit and the contract was extended one-year with no increases and a freeze on vacation sell-back.

The City currently:

*Health care premiums:* Caps contributions to the cafeteria plan (monthly contribution that allows employees to purchase health and other benefits)

*Vacation accrual:* Caps vacation accrual and allows for vacation sell-back at current pay rate rather than being allowed to accumulate and be paid out at a future date at a higher cost.

*No Automatic Salary Increases (merit):* Salary increases are subject to successful completion of probation and there after a positive performance evaluation (within a capped salary range).

*Other leave time:* Administrative time has a no-cash value (use it or lose it).

*Conversion of sick leave:* Sick leave can only be only for retirement service credit upon retirement from the City (limiting cost and use of this provision) or a portion of sick leave can be cashed for a contribution to a retirement health savings program.

As with other benefits and terms of employment, changes will be considered during negotiations between employee groups and the City Council when agreements are open in the future.

- 3. Revise hiring practices, broaden salary comparisons with comparable jobs, consider the number of applicants for jobs, develop outreach programs to schools, and create multi-agency training programs with other cities and the County.**

The recommendation has been partially implemented.

The City of Pacifica competes with other agencies for recruitment and retention of its employees, including the County of San Mateo. Due to higher pay and benefits offered, the City has lost 15 police officers to neighboring agencies during the past 5 years. The costs of recruiting and training new police officers to replace its more experienced officers who have left the City to obtain better compensation, cannot be excluded from consideration as part of this evaluation, both in terms of cost and public safety concerns.

It should be noted that it is difficult at best to compare Police Officer and Fire Fighter salaries to the private sector. These public safety positions are for practical reasons not found in the private sector. For the City of Pacifica, police and fire department salaries/benefits comprise 65% of salaries/benefits paid by the City of Pacifica.

Pacifica has been very active with the San Mateo Human Resources Association. The group meets monthly and supports several cooperative training programs for all levels of employees and supervisors. The group has also done recruiting and presentations on local college and high schools campuses.

Pacifica also is a member of Calopps.org – an online website for recruitment. As a collaborative effort, Calopps provides agencies with cost effective recruiting strategies, an applicant friendly process and streamlined processing.

Similarly, the City of Pacifica is one of many cities and agencies in San Mateo, Santa Clara, Alameda, and Contra Costa counties that is a member of the Employee Relations Service (ERS – sometimes referred to as the Bay Area Employee Relations Service or BAERS) Joint Powers Authority (JPA). BAERS provides the City comprehensive salary and benefit data for use in labor negotiations, eliminating the need for creating this information in house.

In the past, BAERS analyzed comparable jobs in the public and private sectors for some of its client agencies. These reviews have shown some job classifications/groups have higher salaries in the private sector, some have higher salaries in the public sector and others (like police and fire fighter positions) do not have comparable positions in the private sector.

As required by State of California law, all salary and benefit discussions and agreements to change the salaries and benefits would be subject to the “meet and confer” process. Changing the basis for analyzing and setting salaries would also have the potential to significantly increase some salaries and decrease other salaries. This is something that could be considered in the future when employee agreements are open for renewal. At this time, only the Firefighters Unit MOU covering salaries and benefits is open and under negotiation in Pacifica.

- 4. Reduce the need for staff by expanding the use of technology, streamlining services, contracting out functions, and creating partnerships with other agencies.**

The City of Pacifica has explored these and other similar approaches and has implemented the following:

a. Shared services –

*Fire services:* Member of North County Fire Authority (Brisbane, Daly City and Pacifica) jointly share administrative, training and operational fire services.

*Human Resources:* Member of Calopps.org – a multi agency website designed for human resources recruiting that reduces advertising costs, staff time and improves customer service

*Human Resources:* Member of NorCAL – a multi agency program that provides employee training and development

*Insurance:* Member of two insurance pools – general liability and workers compensation that administers claims, provides training and programs and manages risks/costs for agency members.

*Other:* Library services with the County, Compensation and Classification information with a joint agency, participation in County/Regional programs for Fire Dispatch, Water Pollution Prevention and Mosquito Abatement.

b. Technology – Pacifica has enhanced service delivery without increasing staffing levels through the employment of new technology. Some examples include:

*Cal Opps* – the City participates in this web-based job openings system with other cities, helping to increase and improve the applicant pool for employment opportunities within the City.

*Recreation Programs* – online registrations – the City implemented software programs that allow residents to enroll and pay for recreation programs. Public convenience improved significantly with the same or slightly reduced staffing resources

*Financial software* – new software improvements will allow immediate access by Departments to financial information and will allow staff to prepare custom financial reports, enter data directly into the system for approval (time sheets, purchase orders, work orders)

*Enhanced website* - offers easy-to-use and more comprehensive information to its residents and provides access to public meeting notices, staff reports and City documents.

**5. Increase public involvement and make labor contracts public –**

The City of Pacifica has explored these and other similar approaches and has implemented the following:

Memorandums of Understanding (MOUs) with employee unions and salary schedules have been and are public within the City of Pacifica. Copies of the MOUs and salary schedules are available on-line at the City of Pacifica's website, [www.cityofpacifica.org](http://www.cityofpacifica.org). Approval of these documents are placed on the City Council agenda and they are available in advance of the meetings. The agreements include a staff report, summary of the negotiated items, a draft memorandum of understanding and salary appendix. During the meeting the Council may choose to discuss these matters should any member of the public wish to do so.

- 6. If the City Council does not create two-tier retirement pension and health system for new hires, the Council should place ballot measures for two-tier systems on the ballot for voters to consider.**

The City of Pacifica does not believe that the ballot initiative process is necessary to address the Grand Jury's concerns. Utilizing citizen and staff advisory groups and a historically active citizenry, the City of Pacifica believes that citizen's interests are well expressed and that a representative form of decision making is effective in addressing compensation and benefit decisions.

#### Responses to the Civil Grand Jury's Recommendations

- 1. Convene at least one public session in 2009 devoted to controlling employee costs by reviewing all applicable issues in this report.**

The City has placed this matter on its August 10, 2009 under consideration section of the City Council agenda. All issues in the Civil Grand Jury's report will be reviewed. Should the City Council determine that more public meetings are needed, they will be scheduled.

- 2. Create a "Citizen Wage, Benefit and City Staffing Task Force" consisting of five to seven members, drawn by lottery from resident applicants.**

The recommendation is not being implemented as the City is currently working with a citizen taskforce on a five-year financial plan for the City that encompasses services, expenditures and revenues.

The City of Pacifica agrees with the San Mateo City Managers Association response to this recommendation to oppose the creation of a citizen taskforce. As stated in their letter to the Civil Grand Jury on this matter: "the focus should be on continuing the education of all the stakeholders regarding this issue. The grand jury report is a stellar example of such an education. The consensus of the group was that more complete education and information would lead to better informed council members who could then

make better decisions in the long haul. Other concerns raised were primarily focused on the notion that undertaking such a complex subject would be best addressed by randomly selecting from volunteer applicants rather than selecting community members that have particular expertise, experience, and backgrounds that could provide valuable insight and resources to undertake the assignment. It appears that the Grand Jury members were concerned that the city council members could not be trusted to select the task force members, as they may appoint people that would be too supportive of current compensation practices. That thinking failed to consider the potential for biased volunteers to fill the applicant pool from which the names would be randomly selected.”



[Issue](#) | [Background](#) | [Findings](#) | [Conclusions](#) | [Recommendations](#) | [Responses](#) | [Attachments](#)

## **Summary of Reversing the Upward Trajectory of Employee Costs in the Cities of San Mateo County**

In the cities of San Mateo County, employees' wages and compensation packages continue to escalate, despite the deficit environment that has existed since the dot-com bubble burst and despite the aggravated deficits experienced in the more recent economic downturn.

To accommodate escalating employee costs, and balance their budgets, cities have increased user fees, raised taxes, issued bonds, transferred funds from their reserves, and postponed needed infrastructure projects. Because personnel costs typically comprise 70% of the operating budgets in the cities of San Mateo County, any cost-containment measures must halt and reverse the escalation of employee-costs.

In this report, the 2008-2009 San Mateo County Civil Grand Jury analyzes examples of wages, post-retirement health care and pension benefits, as well as current benefits and city hiring practices that increase public employee costs.

The report also recommends to cities and voters actions they can implement to reverse this upward trajectory.

The 2008-2009 San Mateo County Civil Grand Jury concludes and recommends that:

- The escalating employee costs can and should be reversed so civic services and infrastructure improvements are not neglected.
- In addition to stop-gap measures, such as temporary wage freezes and furloughs, long-term solutions should be implemented.
- Labor union contracts for newly hired municipal employees should be introduced to reduce the cost to cities of both pension and post-retirement health care plans.
- For current, as well as newly hired employees, salary increases, total days off, the ability to convert sick leave to cash, and vacation pay must be contained.
- The practice of narrowly basing salaries and compensation packages entirely on those of nearby cities should be reconsidered. Hiring practices should be expanded to include competition with the private sector.
- Where cost-efficiencies can be achieved, services should be contracted out to other cities or private sector firms.
- Cooperation between cities to reduce overlapping functions should be pursued.
- Political barriers to change exist because all those negotiating employee contracts--staff, unions and city council members--benefit when wage and compensation packages increase.
- Barriers to change should be neutralized by providing for increased public involvement and, possibly through ballot measures.



# Reversing the Upward Trajectory of Employee Costs in the Cities of San Mateo County

## Issue

How can the escalation of employee costs in the cities of San Mateo County be reversed?

## Background

During the dot-com boom, from 1995 to 2001, the labor market was very tight, and the cities in San Mateo County and the rest of Silicon Valley had to offer competitively high wages, good benefits, and good pensions to attract qualified workers. The stock market was booming, and pensions were inexpensive to fund. Flush with revenues, city services and staff expanded. During this period, job security, salaries, pensions, and benefits became enshrined in union contracts, so when the dot-com bubble burst and city revenues declined, the cities found themselves chained to employee obligations they could no longer afford.

The police and firefighter unions were empowered to greatly expand wage and benefits for their members after California enacted a binding arbitration law in 2001. The law was struck down in 2003 by the California Supreme Court, but the negotiated gains were not reversed.

After the dot-com boom, cities started experiencing chronic deficits. New taxes and user fees were introduced, bonds were issued, and infrastructure projects were postponed to accommodate the new economic realities.

The economic downturn, which began in the fall of 2008, is exacerbating city fiscal problems for five major reasons:

- Revenues from property taxes are not increasing as much as projected.
- Revenues from sales taxes are decreasing.
- Contributions from the State are decreasing.
- Anticipation that the California Public Employees' Retirement System (CalPERS) will require cities to make larger than projected contributions.<sup>1</sup>
- Personnel costs are scheduled, by contract, to rise.

In this report, the 2008-2009 San Mateo County Civil Grand Jury takes a broad look at personnel costs in the cities of San Mateo County and examines what can be done to reverse their upward trajectory so that cities become economically sustainable.

Cities are limited to the following options for reducing personnel costs:

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<sup>1</sup> CalPERS is a retirement system that was created in 1932 to provide retirement benefits for state employees. As of 2007, CalPERS provides retirement benefits to approximately 443 of 478 California cities and to all the cities in San Mateo County.

- Cities can change pensions and retiree health care benefits<sup>2</sup> for new hires.
- Cities can renegotiate contracts for existing employees with the unions.
- Cities can change personnel policies.
- Citizens can consider ballot measures, which, if passed, could mandate change for new hires and for personnel policies. Such measures can be initiated by the cities or the citizens.

## Investigation

The 2008-2009 San Mateo County Civil Grand Jury interviewed city managers, city finance directors, and a union official. The Grand Jury reviewed labor contracts, various Comprehensive Annual Financial Reports, and city budgets. Additionally, the Grand Jury surveyed cities for information on employee compensation, retirement benefits, current benefits, obligations for post-retirement health care benefits, pension plans, and other information.

## Findings and Discussion

The 2008-2009 San Mateo County Civil Grand Jury found that:

- Eighteen cities forecast that employee costs will increase by at least 4% per year over the next five years, even as revenues decline.
- Approximately 70% of general fund budget expenses in most full-service San Mateo County cities are spent on employee salary and compensation packages because cities are primarily providers of services.
- The opportunity for significantly increasing revenues is limited to increasing taxes and fees.
- Controlling employee costs, from a long and short-term perspective, is the only meaningful way chronic deficits can be overcome.

The findings and discussion of the report are divided into three major sections:

- 1) Salary and Compensation Packages
  - a) Retirement Pension Benefits
  - b) Other Post Employment Benefits (OPEBs)
  - c) How Pensions and OPEBs are Funded by the Cities
  - d) Benefits for Current Employees
  - e) Salaries for Current Employees
- 2) Personnel Policies
  - a) How Wage and Compensation Policies Are Set
  - b) Staff Size
- 3) The Role of Politics
  - a) The Nexus Between City Council Members, Unions and Staff
  - b) Public Involvement

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<sup>2</sup> California Supreme Court ruled that retirement pension benefits cannot be decreased for existing employees but has not yet made a similar ruling on retiree health care benefits.

## **1. Salary and Compensation Packages**

### **a) Retirement Pension Benefits**

#### **Defined-Benefit Plan:**

Employees in a defined-benefit retirement system are promised a specific, life-long annual pension at the time of their retirement, related to their years of service and the salary they received at the time of retirement. In addition, as part of the pension plan, benefits are provided for disability and death, with payments in some cases going to survivors or beneficiaries of eligible members.

In the cities of San Mateo County, as well as many public sector organizations, benefited employees are enrolled in a defined-benefit retirement system. Benefited employees include all full-time employees and many part-time employees. The cities make Social Security contributions for non-benefited employees.

#### **CalPERS**

The defined-benefit plan in which city employees in the cities of the County are enrolled is CalPERS. Contributions made by the cities to retirement benefits are deposited in CalPERS. CalPERS invests, manages, and distributes money to employees when they retire. Cities are required to increase their contributions when the costs of benefits increase and/or when investment returns decline.

#### **Examples of How the CalPERS Formula Works for Regular Employees**

Each city chooses among legislatively approved formulas that determine the amount of lifelong pensions. The formulas are shown in Appendix 1. The most common formula for regular employees, who are workers other than police officers and firefighters, is 2.7% at age 55. Applying this formula takes 2.7% of the last year's salary multiplied by years of service, which they can start receiving at age 55, upon retiring.

- Regular city employees who worked for 30 years will receive 81% of their last year's salary for life.
- Regular city employees who worked for 20 years will receive 54% of their last year's salary for life. (Table 1)
- In addition, employees will receive an annual cost of living adjustment (COLA) of up to 2% a year.

#### **Examples of How the CalPERS Formula Works for Safety Employees**

##### **Police Officers and Firefighters**

The typical formula for safety employees is 3% at age 50, upon retirement, which means that an employees will receive 3% of their last year's salary, multiplied by the number of years of service, which they can start receiving at age 50.

- Employees who worked for 30 years, using that formula, will receive 90% of the last year's salary for life.
- Employees who worked for 20 years will receive 60% of the last year's salary for life.
- In addition, employees will receive an annual cost of living adjustment (COLA) of up to 2% a year.

Table 1 provides examples of lifetime retirement pension benefits based on the formulas reviewed above for regular and safety employees. The examples in the table assume that the employee has worked in the cities for the years specified, but in fact, the employees in the example below may have been in the CalPERS system with other cities longer than the table assumes, and if they were, their pensions will be larger than shown.

**Table 1: Examples of Lifetime Retirement Pensions**  
(Does Not Include Health Care Benefits or Annual COLAs)<sup>3</sup>

Employee	Last Year Salary	Number Years Worked and Age	Percentage of Last Year of Salary	Annual Retirement Pension
Regular employee 2.7% @ 55	\$110,725 <sup>(1)</sup>	30 years, age 55	81%	\$89,687
Regular employee	\$86,709 <sup>(2)</sup>	20 years, age 55	54%	\$46,822
Regular employee	\$63,465 <sup>(3)</sup>	10 years, age 52	27%	\$17,135
Safety employee 3% @ 50	\$110,968 <sup>(4)</sup>	30 years, age 50	90%	\$99,871
Safety employee	\$96,434 <sup>(5)</sup>	20 years, age 50	60%	\$57,860

(1) The median 2008 salary for regular employees with 30 plus years in South San Francisco.

(2) The median salary for regular employees with 20 years in South San Francisco.

(3) The median salary for regular employees with 10 years in South San Francisco.

(4) The median salary for a Hillsborough safety officer with 30 years.

(5) The median salary for a Hillsborough safety officer with 20 years.

**NOTE:** Employees carry their years of service with them as long as they stay in CalPERS, so a 52 year old employee may have been employed in South San Francisco 10 years, but s/he may have many more years for the purpose of calculating the actual retirement benefits s/he will receive.

<sup>3</sup> Formulas on Tables 1 and 2 express as percent of salary correlated with years of service and age for both safety and regular employees can be seen at: <http://www.calpers.ca.gov/eip-docs/member/retirement/service- retire/benefit-charts/pub-9-2.5percent-55.pdf>

Table 2 demonstrates the differences in lifetime pension benefits when a less generous formula is applied to regular employee salaries, as shown above in Table 1. In this case, the formula is 2% at age 55 and was the most prevalent formula used by cities until about 2006.

**Table 2: Lifetime Retirement Benefit For Regular Employees  
Using the 2% at Age 55 Formula**

<b>Employee</b>	<b>Last Year Salary</b>	<b>Number Years Worked and Age</b>	<b>Percentage of Last Year of Salary</b>	<b>Annual Retirement Pension</b>
Regular Employee	\$110,725	30 years, age 55	60%	\$66,453
Regular Employee	\$86,709	20 years age 55	40%	\$34,683
Regular Employee	\$63,465	10 years age 52 (Can collect in 3 years)	20%	\$12,729

Table 3 shows the retirement formulas used by cities at the beginning of 2009. Most cities increased their formulas from 2% at age 55 to the 2.7% at age 55 currently used. Also, instead of basing retirement on an average of the last three year's salary, the last year of salary is now most commonly used. Note that the cities appear to proceed in unison.

**Table 3: Retirement Formulas for San Mateo County Cities**

San Mateo County City	Retirement Formula - The Percentage Gained For Each Year Worked and Age Needed to Retire		Pension Based on Last Year's Salary or the Average of Three Years
	Safety	Regular	All Employees
Atherton	3% @ 50	2.0% @ 55	3 Year Average
Belmont (see Table 4)	3% @ 50	2.0% @ 55	Last Year
Brisbane (see table 4)	3% @ 55	2.7% @ 55	Last Year
Burlingame	3% @ 50	2.5% @ 55	Last Year
Colma	3% @ 50	2.5% @ 55	Last Year
Daly City	3% @ 55	3.0% @ 60	Last Year
East Palo Alto	3% @ 55	2.5% @ 55	3 Year Average
Foster City	3% @ 50	2.7% @ 55	3 Year Average
Half Moon Bay	3% @ 50	2.0% @ 55	Last Year
Hillsborough	3% @ 50	3.0% @ 60	Last Year
Menlo Park	3% @ 50	2.7% @ 55	Last Year
Millbrae	3% @ 50	2.7% @ 50	Last Year
Pacifica	3% @ 50	2.5% @ 55	Last Year
Portola Valley	-	2.0% @ 55	3 Year Average
Redwood City	3% @ 50	2.7% @ 55	Last Year
San Bruno	3% @ 50	2.7% @ 55	Last Year
San Carlos (see Table 4)	3% @ 50	2.7% @ 55	Last Year
San Mateo	3% @ 50	2.0% @ 55	Last Year
So San Francisco	3% @ 50	2.7% @ 55	Last Year
Woodside	-	2.5% @ 55	Last Year

Table 4 shows that some cities have introduced a two-tier system for newly hired employees (New Hires) in which the retirement formula is reduced. The employees who were in the system before the reduction will continue to receive the more generous pensions.

**Table 4: Cities That Have Reduced Retirement Formulas for New Hires**

San Mateo County City	Police		Firefighters		Regular Employees	
	Prior Hires	New Hires	Prior Hires	New Hires	Prior Hires	New Hires
Belmont *	-	-	3% @ 50*	3% @ 55*	2.0% @ 55	2.0% @ 60
Brisbane	3% @ 50	3% @ 55	3% @ 50	3% @ 55	2.7% @ 55	2.0% @ 60
San Carlos *	3% @ 50	3% @ 55	3% @ 50*	3% @ 55*	2.7% @ 55	2.5% @ 55

\* Belmont-San Carlos Fire Department

**b) Other Post Employment Benefits**

All San Mateo County cities provide other post employment benefits (OPEBs) in addition to pension benefits to their retirees. OPEBs typically include health, dental, vision, prescription, or other health care benefits provided to eligible retirees, their families, and in some cases, their beneficiaries. However, benefits vary widely, from no additional contributions after retirement, to full retiree and dependent coverage for life, after a vesting period. These health benefits are tax-free.

Retiree health insurance premiums have been escalating. The increased number of baby boomers reaching retirement age and employees retiring at a younger age are affecting this cost.

Cities are required by the Governmental Accounting Standards Board (GASB) to calculate their long-term retiree health obligations by June 2010, depending upon the amount of city revenues. Therefore, complete information is not yet available. The magnitude of the obligations may be seen in Table 5. Eligible employees are those that are already vested.

Table 5: Other Post Employment Benefits, Where Known<sup>4</sup>

San Mateo County City	Eligible Employees	Eligible Retirees	OPEBs Expenditures (\$/yr)	Estimated Liability (\$)	Health Expenditure per Retiree (\$/yr)
Atherton	34	12	33,365	-	2,780
Belmont	123	56	358,000	8,645,000	6,393
Brisbane	81	25	104,000	-	4,160
Burlingame	256	216	1,750,000	66,300,000	8,102
Colma	50	14	138,000	-	9,857
Daly City	520	294	-	-	-
East Palo Alto	-	-	-	-	-
Foster City	65	31	119,856	2,974,000	3,866
Half Moon Bay	50	10	8,722	-	877
Hillsborough	85	82	677,385	15,378,000	8,261
Menlo Park	235	67	-	13,000,000	-
Millbrae	90	50	267,754	0	5,355
Pacifica	110	10	21,908	-	2198
Portola Valley	-	-	-	-	-
Redwood City	534	248	1,274,543	51,844,000	5,140
San Bruno	-	-	-	2,040,000	-
San Carlos	106	60	242,000	6,691,000	4,033
San Mateo	540	380	722,000	20,000,000	1,900
So San Francisco	397	232	1,200,000	-	5,172
Woodside	47	34	-	-	-

### Modified Healthcare Plans

Hillsborough and Brisbane have recently introduced modified plans for all or some of their new employees. In both cases, the obligations of the cities end when the employee retires. For example, Hillsborough contributes \$75 a month to a tax-free Health Savings Account for each eligible employee hired after 2002, which, after vesting, the employee can take into retirement. Three of Hillsborough's four labor unions, including a police union, have accepted this arrangement. These plans are tax sheltered, and an employee can contribute to them. However, in both cases, the cities continue to fulfill more generous obligations to employees who were hired prior to adoption of the defined contribution plans.

In San Carlos, employees hired before January 1, 2009, who have worked with the city for ten years, receive a contribution to their health care of a minimum of \$610 per month for life. That amount increases by the same percentage as the contributions increase for current employees. However, for employees hired after January 1, 2009, that amount will decrease to \$350 per month, for life, for retired employees. The vesting period is 15 years. The amount will not fluctuate.

<sup>4</sup> Updated from the 2007-08 San Mateo County Civil Grand Jury report. <http://www.sanmateocourt.org/grandjury/2007/reports/benefits.pdf>

### **c) How Pensions and Other Post Employment Benefits are Funded by Cities**

To cover pension obligations made by the cities, city workers pay fixed rates into CalPERS, while the rate for cities is adjusted every three years. Rates are determined by the performance of CalPERS investments and the anticipated pension obligations, as calculated for each city. The payment is made as a percentage of employee salaries.

Table 6 shows the percentage of salary paid to both CalPERS and OPEBs (where known). Note how much higher contributions are for police, who are all eligible to receive retirement pensions based on the 3% at age 50 formula, compared to regular employees, most of whom receive a pension based on the 2.7% at age 55 formula, or less.

**Table 6: Employer Contributions as a Percentage of Salary to CalPERS and OPEBs  
(Where Known)**

San Mateo County City	Employer Contributions as a Percentage of Salary to CalPERS Retirement			Employer Contributions as a Percentage of Salary to OPEB Retirement (Where Known)		
	Safety Employees		Regular Employees	Safety Employees		Regular Employees
	Police	Firefighters		Police	Firefighters	
Atherton	38.66	-	20.10	-	-	-
Belmont	30.06	-	13.05	9.4	9.4	-
Brisbane	14.80	14.80	13.49	-	-	-
Burlingame	19.99	16.12	11.85	-	-	-
Colma	27.10	-	13.18	-	-	-
Daly City	22.25	22.25	19.67	2.5	2.5	2.5
East Palo Alto	19.08	-	11.58	-	-	-
Foster City	33.01	33.01	13.93	1.0	1.0	1.0
Half Moon Bay	30.33	-	13.39	-	-	-
Hillsborough	37.36	29.53	25.41	-	-	-
Menlo Park	34.90	-	15.24	4.0	4.0	3.2
Millbrae	16.88	19.58	11.91	-	-	-
Pacifica	37.52	31.37	22.23	20.0	15.5	5.9
Portola Valley	-	-	14.07	-	-	-
Redwood City	29.38	29.38	15.42	3.9	3.9	3.5
San Bruno	30.72	30.72	14.22	9.0	9.0	8.0
San Carlos	38.19 *17.63	52.24 *17.63	17.38	6.7	6.7	7.6
San Mateo	28.14	28.14	11.18	2.0	2.0	2.0
So San Francisco	29.13	29.13	17.22	-	-	-
Woodside	-	-	12.03	-	-	-

\*For new hires with 3% at age 55 (versus 3% at age 50, as shown in the figure above).

## Employee Contributions to Retirement Pensions and OPEBs are as Follows:

- Regular employees contribute 8% of their salaries to CalPERS when the city formula is 2.70% at age 55, and 7% into CalPERS when the city formula is less.
- Safety employees contribute 9% of their salaries to CalPERS when the city formula is 3% at age 50, and 8% into CalPERS when the city formula is less.
- Employees in San Mateo County cities contribute nothing to OPEBs.
- For non-benefitted employees, who are enrolled in Social Security and Medicare, both the employer and employee pay 6.2% of gross compensation up to the current limit of \$106,800, toward retirement benefits. The employer and employee each pay 1.45% of gross wages, with no limit, toward Medicare. The retirement age for receiving full Social Security benefits is 67 for persons born after 1960.

## Methods Cities Use to Cover Pension and OPEBs Debt

To meet the pension and OPEBs obligations already incurred, some cities such as San Carlos, San Mateo, Daly City, and Burlingame, have issued Retirement Obligation Bonds ranging in an amount from \$11 million to \$36 million. These bonds need not be voter approved.

Bonds scheduled to be issued by the City of Pacifica in 2008, to cover unfunded city employee pension liabilities in the amount of \$17.7 million, were not put up for sale because the municipal bond market had collapsed. Therefore, the City of Pacifica will continue to pay CalPERS interest on that obligation, which is currently 7.75%.<sup>5</sup>

The City of Menlo Park diverted \$13 million from its general fund to cover its retiree health care liability.

### d) Benefits For Current Employees

Benefits for current employees include:

**Healthcare:** In almost all cities, the cost of employee health, dental, orthodontia, and vision care is completely covered, or almost completely covered, by the cities. These costs are rising. In Daly City, for example, the cost of medical, dental, and vision per employee in 2009 ranged from \$977 to \$1,221 per month, up from \$884 to \$1105 per month, in 2008. In five County cities, any increase in the cost of health care for current employees is automatically applied to retirees.

**Other Benefits:** Other benefits include tuition, childcare costs, longevity bonuses, and others.

**Days Off:** Employees are paid time off for holidays, vacations, personal leave days, plus time for sick leave. Table 7 shows the number of possible days off for a regular, non-management

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<sup>5</sup> Emde, Lionel, *Pacifica Riptide*, "Our Fiscal Crisis: Pacifica Pension Obligation Bonds Unsold," April 19, 2009, [http://www.pacificariptide.com/pacifica\\_riptide/2009/04/our-fiscal-crisis-pacifica-pension-obligation-bonds-unsold.html](http://www.pacificariptide.com/pacifica_riptide/2009/04/our-fiscal-crisis-pacifica-pension-obligation-bonds-unsold.html), and confirmed by the City of Pacifica

employee who has worked for a city for four years. The median number of years of regular-employee tenure is approximately ten.

**Paid Time Off:** The number of vacation days typically increases based on length of employment. For example, a regular non-management employee in the City of Half Moon Bay will receive the following:

- After working four years, an employee will receive a time-off total of five weeks plus two days per year, not counting up to twelve days of sick leave.
- After working eleven years, an employee will receive a time off total of eight weeks plus three days per year, not counting up to twelve days of sick leave.

**Accumulated Vacation Days** can be:

- Converted to cash at termination or retirement and/or
- Added to the number of years of service and calculated into the retirement benefit, sometimes at the higher salary being received at retirement. Restrictions may be imposed. For example, in San Carlos, the maximum accrual time is two years, and any time beyond two years is cashed out.

**Unused Sick Days** can be:

- Converted to cash at termination or retirement. Cash conversion rates range from 15% to 50% of the value of unused sick leave. There are also caps on the amount of leave that can be converted.
- Added to the number of years of service and calculated into the retirement benefit.
- Applied as health credits: these are used to extend or enhance post-retiree health care plans.

**TABLE 7: Days Off for a Regular Employee, Who Has Worked 4 Years with a City**

	Vacation Days per Year for a Regular Employee	Holidays	Floating or Personal Leave Days	Total Possible Days Off	Plus (+) Sick Days per Year
Atherton	15	11	1	5 weeks 2 days	+2 weeks 2 days
Belmont	10	11	2	4 weeks 3 days	+2 weeks 2 days
Brisbane	15	12 + 2 days @ 4 hr	3	6 weeks 1 day	+2 weeks 2 days
Burlingame	10	14	-	4 weeks 4 days	+2 weeks 4 days
Colma	10	13	3	4 weeks 3 days	+2 weeks 2 days
Daly City	13	10 + 2 days @ 4 hr	-	4 weeks 4 days	+2 weeks 2 days
East Palo Alto	10	12	-	3 weeks 1 days	+ 3 days
Foster City	12	11 + 2 days @ 4 hr	-	4 weeks 4 days	+2 weeks 2 days
Half Moon Bay	12	14	1	5 weeks 2 days	+2 weeks 2 days
Hillsborough	15	11	2	6 weeks	+2 weeks 4 days
Menlo Park	13	11	4 days + 2 hrs	6 weeks 1 day	+2 weeks 2 days
Millbrae	12	10	3	5 weeks 5 days	+2 weeks 2 days
Pacifica	11	11	2	4 weeks 4 days	+2 weeks 2 days
Portola Valley	10	13	0	4 weeks 3 days	+2 weeks 2 days
Redwood City	10	12	2	4 weeks 4 days	+2 weeks 2 days
San Bruno	10	11	3 days + 4 hrs	5 weeks	+2 weeks 2 days
San Carlos	12	10	5	5 weeks 2 days	+2 weeks 2 days
San Mateo	16	10	3	4 weeks 4 days	+2 weeks 2 days
South San Francisco	15	11 + 2 days @ 4 hr	-	5 weeks 2 days	+2 weeks 2 days
Woodside	-	13	24	7 weeks 2 days	none

## **e) Salaries for Current Employee**

Employee union contracts have automatic salary increases, known as “step” increases. The first increase will typically come after the initial six months in a position, and the last will be reached in 3.5 years.<sup>6</sup> Then, the employee may go on to Step II. These scheduled increases do not include pay-for-performance adjustments.

In addition, step categories are increased annually to reflect COLA increases. In the years starting July 1, 2008 and ending June 30, 2011, the COLA increase in one San Carlos contract is scheduled to rise by 9.5%.

It is beyond the resources of this Grand Jury to analyze the salaries of the twenty cities in San Mateo County. However, from the Bureau of Labor Statistics the Grand Jury learned that nationwide, state and local government workers are paid an average of \$25.30 per hour, which is 33% higher than the private sector’s \$19.00 per hour. The gap widens to 42% when pensions and other benefits are included.<sup>7</sup> The Grand Jury recognizes that the private sector covers a wider range of jobs than the public sector.

## **Representative Salaries**

From cities, the Grand Jury learned that:

- Daly City has 562 full-time employees, including police and firefighters. In 2009, the median salary for a maintenance worker without current benefits or retirement benefits is \$84,610. Twelve employees earned less than \$50,000 per year. One hundred ninety-five employees have base salaries of more than \$100,000.
- South San Francisco has 371 full-time employees, including police and firefighters, who have worked for the city at least one year. In 2008, the median salary, without current benefits or retirement benefits, was \$83,873. Without firefighters and police, the median salary was \$65,335. Twenty-five employees earned less than \$50,000 per year. Eighty-seven earned more than \$100,000.
- In Hillsborough, the 2009 median salary for 113 full-time employees is \$92,133 without current or retirement benefits. Ten employees will earn more than \$100,000, and four will earn less than \$50,000.
- In Foster City, the median salary in 2009, for 212 full-time employees including police and firefighters, is \$83,685 without current or retirement benefits. One employee will earn less than \$50,000. Fifty-six will earn more than \$100,000 a year.

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<sup>6</sup> An Administrative Assistant position in San Carlos, beginning in 2010, will make \$4,684 per month. After six months in that position, the employee will make \$5,108 a month. After three and a half years, that employee will make \$5,913 per month.

<sup>7</sup> <http://www.bls.gov/news.release/ecec.nr0.htm>

## Representative Increases in Salaries and Benefits

From newspaper articles the Grand Jury learned that:

- In Menlo Park, from 2001 to 2006, the number of full-time equivalent employees dropped 13%, but personnel costs increased 27%.<sup>8</sup>
- In 2007, Menlo Park employees received a 35% boost in pension benefits.<sup>9</sup>
- In the City of San Mateo, total payroll increased from \$54.1 million in 2006 to \$61.5 million in 2008-- an increase of 12.1%. These figures include current benefits but not retirement benefits.<sup>10</sup>
- In Burlingame, total payroll jumped 11% from 2006 to 2008.<sup>11</sup>
- On February 9, 2009, the Pacifica City Council approved a new one-year contract with the fire battalion chiefs represented by Teamsters Local 856, retroactive to July 1, 2008. The contract featured a lump-sum payment of \$4,778.96 for members of the bargaining unit, a three percent increase in the base hourly rate, and an option of two different health plans. The monthly contributions from the city per employee are either \$1,022 or \$1,154.<sup>12</sup>
- In January 2009, the Menlo Park City Council approved a raise that will increase the total pay for eight police sergeant positions 30 percent-- from \$107,086 to \$131,452-- by 2011. In that year, the new sergeants' contract will cost the city \$2.29 million, \$529,000 more than the \$1.76 million it paid in the current 2008-09 fiscal year.<sup>13</sup>
- For the five years from 2003-2008, the Consumer Price Index for the Bay Area increased by a total of 13.1% or an average of 2.6% a year.<sup>14</sup>

## 2. Personnel Policies

### a) How Wage and Compensation Packages are Set

From interviews, the Grand Jury learned that most cities set their compensation packages by surveying the wage index for a handful of like cities in the general area-- not for the employment market at large. In union negotiations, cities will often negotiate to a place on the wage index rather than negotiating what they think are reasonable salaries. If the wages in their percentile increase due to new negotiations, all negotiated salaries increase. Additionally, the Grand Jury learned that this practice of limiting the survey to other cities is based on the assumption people from the private sector are not qualified for public sector jobs.

The City of Burlingame stopped using this survey in 2008<sup>15</sup>:

A city official told the Daily Post: "The practice of using neighboring cities as an index had created a system where cities are essentially bidding against each other for the highest wages. The collective bargaining process makes it a 'keeping up with (the) Joneses' kind of thing.... It continually puts a great inflationary pressure on salary and wages."

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<sup>8</sup> *Almanac*. "Menlo Park Employee Benefits, a Growing Burden," July 5, 2006

<sup>9</sup> *Almanac*. "Menlo Park Contracts Will Boost Benefits 35%," February 14, 2007

<sup>10</sup> *Daily Post*, "San Mateo City Salaries Listed," March 3, 2009

<sup>11</sup> *Daily Post*, "Burlingame Slows Down Payraises," March 17, 2009

<sup>12</sup> *Ibid*: Emde, Lionel. For verification see <http://www.cityofpacificacivica.org/civica/filebank/blobload.asp?BlobID=3284>

<sup>13</sup> *Almanac*, "Viewpoint," May 6, 2009

<sup>14</sup> <http://www.squarefeetblog.com/commercial-real-estate-blog/2009/01/16/san-francisco-consumer-price-index-cpi-december-2008-update/>

<sup>15</sup> *Daily Post*, "Burlingame Slows Down Payraises," March 17, 2009

The impact of using such a survey is evident in the case of firefighter compensation. Firefighters often receive the same compensation packages as police officers and, in all cases more than regular employees. (Table 3) While there is a shortage of police officers, there are 300 to 1000 applicants for every firefighter job vacancy.

#### **b) Staff Size: Merging, Streamlining, and Contracting Services**

**Merging services:** From interviews, the Grand Jury learned that the twenty County cities have unnecessary duplication of services for small population pockets, and that there are many opportunities for services in different cities to merge. Some cities have merged their police and/or firefighters with other cities or outsourced the police and fire duties to the County. Some dispatch services have merged. Two neighboring cities share management recreation staff. The San Mateo County Office of Education supplies all payroll services for the more than 150 County public schools.

**Streamlining:** Many cities have streamlined functions by web-enabling their employment applications, building applications, Requests for Proposals, and other services.

**Contracting Services:** From interviews, the Grand Jury learned that services can be less expensive for cities to contract with private companies to execute functions usually performed by employees. Cities have contracted out childcare services that operate on city land, recreation services, landscaping, street sweeping, tree trimming, plan-checking, information technology functions, road surfacing, fleet maintenance, and custodial work.

When contracting services are considered, some cities will allow city departments to submit proposals to maintain the services in-house. There may be legal limitations in the types of services that can be contracted and the manner in which these services can be performed.

Table 8 shows there are differences among staff sizes in the twenty cities of San Mateo County. Many factors contribute to determining the “right staff size.”

**Table 8: Comparison of Population Size with City Staff Size**  
 (as of December 2008, not including part-time or seasonal workers)

San Mateo County City	Population	Full Time Equivalent Employees	Includes Police	Includes Firefighters
Atherton	7,194	51	yes	no
Belmont	26,078	135	yes	no
Brisbane	3,694	117	yes	yes
Burlingame	28,185	258	yes	yes
Colma	1,197	45	yes	no
Daly City	106,361	562	yes	yes
East Palo Alto	31,500	117	yes	no
Foster City	28,803	213	yes	yes
Half Moon Bay	13,046	52	yes	no
Hillsborough	10,825	115	yes	no
Menlo Park	30,785	244	yes	no
Millbrae	21,387	136	yes	yes
Pacifica	39,616	199	yes	yes
Portola Valley	4,500	14	no	no
Redwood City	75,400	546	yes	yes
San Bruno	41,750	253	yes	yes
San Carlos	27,718	111	yes	no
San Mateo	92,482	580	yes	yes
South San Francisco	60,552	495	yes	yes
Woodside	5,352	21	no	no

### 3. The Role of Politics

#### a) The Nexus Between Unions, City Council Members and Staff

In all San Mateo County cities, salaries, retirement pension plans, other post employment benefit plans, as well as the current health care benefits, workplace rules, salary ranges, and increases are negotiated by unions on behalf of their members. Each city negotiates with three to twelve unions, usually for three-year contracts. (Appendix 2)

The negotiating unit for San Mateo County cities includes city council members and the city manager. They negotiate with the assistance of a labor negotiator. There is a conflict of interest because council members and the city manager, as well as the union members, will benefit in some ways when salaries and compensation packages increase.

When compensation packages are increased senior staff also benefit because although not represented by a union, their salaries and benefits increase proportionally to those whom they manage. Some city council members will benefit financially because they can become vested after five years, during their second terms, and receive healthcare and pension benefits for life.

Additionally, city council members benefit because they will maintain union support, and, in almost all County cities, unions play an active election role. According to the December 2008 edition of the newsletter *Labor*, "The San Mateo County Central Labor Council was successful in winning 75 percent of endorsed local ballot measures and candidate races."

A *Daily Post* editorial<sup>16</sup> quotes from a candidate questionnaire, crafted by the unions for city council candidates, that includes the following sample questions:

"What steps would you support to balance the city's budget?  
a) require city workers to take unpaid time off,  
b) ask voters to raise taxes,  
c) reduce wages and benefits of city workers,  
d) increase user fees,  
e) lay off city workers."

"If elected, will you use your influence as a city council member to support workers who are organizing to form a union or negotiating for a union contract?  
a) yes, b) no."

"If the current city council votes to privatize the city's child care programs, will you vote to rescind this decision? a) yes, b) no."

During an interview, a union representative told the Grand Jury in addition to supporting their candidates with funding, union members print, distribute, and mail literature, manage phone banks, and help with candidate campaigns. Unions will also negatively campaign against candidates they oppose.

#### b) Public Involvement

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<sup>16</sup> *Daily Post*. "Take the quiz unions give to candidates," February 9, 2009

Under California law, labor union negotiations are held in closed session. According to a survey the Grand Jury sent to twenty cities, less than half the cities in San Mateo County hold public discussions before the closed session. Almost all cities place the negotiated contracts on the city council consent calendar, where contracts may be voted on without further discussion among the council members, unless a member of the city council specifically requests that the contract be discussed.

At the September 8, 2008 City of Pacifica council meeting, for example, three contract issues appeared on the consent calendar and were adopted without discussion. The staff report did not describe the fiscal impacts of these decisions, referring readers to the fiscal year 2008-2009 budget in which the increases were anticipated.<sup>17</sup>

### **Ballot measures:**

In some charter cities and counties outside of San Mateo County, ballot initiatives have recently given citizens a chance to vote on retirement and health care benefits.

San Francisco, the City of San Diego, and Orange County have recently passed ballot initiatives as follows:

1. In June 2008, San Francisco voters approved two ballot measures limiting the future cost of retiree health care benefits:
  - a) New employees will contribute two percent of their salary to a new retiree health care fund and the employing agency will contribute one percent.
  - b) New employees must work ten years to receive half of their health care costs when they retire and twenty years for full coverage, whereas previously, if they worked five years they were 100% vested.
2. In November 2006, the City of San Diego required voter approval to any increases in retiree benefits.
3. In November 2008, Orange County voters decided that future retirement increases must be voter approved.

## **Conclusions**

The 2008-2009 San Mateo County Civil Grand Jury concludes:

1. Employee wages and compensation packages are not affordable. The escalating employee costs can and should be reversed in the twenty cities of San Mateo County.
2. Long-term solutions, in addition to stop-gap measures such as temporary wage freezes and furloughs, are needed.
3. Union contracts for new municipal employees can be introduced, reducing the cost to cities for both pension and post-retirement health care plans.
4. For current, as well as newly hired employees, salary increases, total days off, and the ability to accrue and cash out sick leave, can be contained.
5. The practice of basing compensation packages on those of nearby cities contributes to higher employee costs overall.

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<sup>17</sup> *Ibid*: Emde, Lionel; for verification see:

<http://www.cityofpacific.org/civica/filebank/blobdload.asp?BlobID=3110> see #6 on consent calendar & attachment  
<http://www.cityofpacific.org/civica/filebank/blobdload.asp?BlobID=3146> see consent calendar minutes

6. Cost-efficiencies have been achieved by contracting out some services to other cities or to private-sector firms.
7. Cooperation among cities to reduce overlapping functions has been successfully implemented.
8. Political barriers-to-change exist because the people negotiating employee contracts-- staff, unions and city council members-- all benefit when wage and compensation packages increase. These barriers can be neutralized with public involvement and, possibly, through ballot measures.

## Recommendations

The 2008-2009 San Mateo County Civil Grand Jury recommends that the city or town council of: Atherton, Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Millbrae, Pacifica, Portola Valley, Redwood City, San Bruno, San Carlos, San Mateo, South San Francisco, Woodside, take the following actions:

1. Convene at least one public session in 2009 devoted to controlling employee costs by reviewing all applicable issues in this report, including but not limited to the issues presented below. The session should result in a Wage, Benefit and City- Staffing Action Plan.
2. Create a Citizen "Wage Benefit and City Staffing" Task Force consisting of five to seven members, drawn by lottery from resident applicants, charged with:
  - a) Attending the session(s) convened per Recommendation One
  - b) Creating and reviewing the Wage, Benefit and City-Staffing Action Plan (Action Plan) that is produced by the Task Force from this session
  - c) If not satisfied with the Action Plan, recommending ballot measures, in consultation with the city attorney, for the city council to sponsor at the next regularly scheduled election

The items in the Action Plan should address but not be limited to:

- 1. Creating a two-tier system retirement and healthcare benefits system for new hires to:**
  - a) Replace current post employment healthcare plans with health savings plans.
  - b) Increase the age at which employees can start receiving retirement benefits from age 50 or 55 to age 60.
  - c) Base pensions on the average of the last three to five years of salary.
  - d) Make provisions for increasing employee contributions to current pension and post-retirement healthcare plans.
- 2. Renegotiating contracts with the unions to modify current benefits for existing employees and to create a two-tier system for new employees to:**
  - a) Eliminate the practice of converting accumulated sick leave to cash.
  - b) Reduce vacation time.
  - c) Reduce the number of personal days.

- d) Increase employee contributions to current health, vision, and dental insurance.
- e) Extend the length of time between automatic salary increases.

**3. Initiating competitive hiring practices to:**

- a) Broaden the compensation horizon by considering comparable jobs in both the private and public sectors.
- b) Employ more market-oriented compensation practices so that salaries can adjust up or down in times of high and low competition for labor.
- c) Consider the number of applicants for respective jobs, when negotiating salaries, noting, for example, that there are often 300 to 1000 applicants for firefighter jobs.
- d) Develop more applicants by initiating outreach programs to universities, community colleges, returning veterans, and local high schools, especially for police recruits.
- e) Join with other cities, and/or the County to create a central training center that promotes cross-training and succession planning for existing staff, and, additionally, introduces qualified applicants from the private sector to public sector service.

**4. Reducing need for Staff by:**

- a) Expanding the use of technology to streamline services.
- b) Exploring the possibility of contracting out some functions currently performed by city employees, while giving those employees the opportunity to cost-effectively retain those functions in house.
- c) Creating partnerships with other cities and/or the county to include, for example: payroll, human resources, landscaping, fire fighting, police, recreation, and, custodial work. The County already provides centralized training and dispatch services.

**5. Increasing Public Involvement by:**

- a) Holding public hearings before initiating closed session negotiations to counter balance strong union pressure in city council election issues and the fact that staff members, who negotiate compensation packages, receive the same negotiated benefits.
- b) Making public the Memorandums of Understanding (MOUs) with the unions that result from these negotiations.
- c) Placing the MOUs as a current agenda item after two weeks of making them public, and invite discussion in a public arena.

**6. Involving Taxpayers:**

- a) If a city council is reluctant to create a two-tier wage and compensation system addressing current and retirement pension and health benefits for new hires for the various unions, the city council should place ballot measures initiating such two-tier systems on local ballots and allow voters to support or reject them.

## **Appendix 1: CalPERS Formula Charts**

1. For Local Miscellaneous Members (dated 04-21-05)  
2% @ 55; 2% @ 60; 2.5% @ 55; 2.7% @ 55; 3% @ 60
2. For Local Safety Members  
2% @ 50; 2% @ 50; 2.5% @ 55; 3% @ 50; 3% @ 55

## **Appendix 2:**

Many cities post Union Contracts on their websites.

Go to:

1. City website.
2. City Departments
3. Personnel (or Human Resources)
4. And find the contacts listed there.

For Daly City, for example, which negotiates with 12 separate unions, go to [http://www.dalycity.org/city\\_services/depts/hr/mous.htm](http://www.dalycity.org/city_services/depts/hr/mous.htm)

**San Mateo County  
City Managers Association**

**Response to the San Mateo County Grand Jury Report  
On The Upward Trajectory of Employee Costs in Cities**

The Cities of San Mateo County have received and reviewed the "San Mateo County Grand Jury report on the Upward Trajectory of Employee Costs in the Cities of San Mateo County." We appreciate the efforts of the Grand Jury to elevate this very complex issue for cities and one that has recently been under much public scrutiny. This response is being sent on behalf of a San Mateo County task force that began cooperatively looking at the issue of public employee wages and benefits in the County in June 2008, prior to the release of the Grand Jury report. In this response, which has also been sanctioned by the San Mateo County City Manager's Association and Human Resources Association, we provide the following information:

I) Background information – in addition to what is provided in the grand jury report, this response will provide additional background information related to this issue.

II) Common and shared interests – the response will also highlight the stakeholders' common and shared interests. Stakeholders include the tax-payers, City Councils, City personnel, labor groups, and the grand jury.

III) General responses to the grand jury's recommendation – These responses will be provided from a regional perspective and elaborate on initiatives that have already been developed and/or implemented throughout San Mateo County.

I) Background Information:

As the grand jury states, two significant pieces of legislation were passed by the State of California in the late 1990s: enhanced retirement formulas for safety groups and binding arbitration for safety contract negotiations. This resulted in safety unions having tremendous leverage at the bargaining table and they were empowered then to bargain significant wage and benefit enhancements for their members. At this same time, cities were having much difficulty in attracting police and fire candidates in what was a very tight, "dot-com" labor market. As the grand jury recommends, cities did consider the number of applicants for these occupations when negotiating salaries in the 1990's. In that era, candidates were hard to come by and wages were not competitive with the overall Silicon Valley labor market. Many public employees do not participate in social security and do not have the stock option plans and 401(k) plans that were experiencing substantial investment return growth during the dot-com boom. The confluence of these events lead to wage and benefit enhancements that are beyond affordability in today's economy.

Another factor that contributed to pension enhancements was the proposed costs supplied by the California Public Employee's Retirement System (CalPERS). When initially adopted, pension enhancements were calculated by Cal PERS and reported in actuarial

## **San Mateo County City Managers Association**

evaluations to cost close to zero for many agencies. This was due to the unprecedented investment returns earned by the retirement system in the latter part of the 1990's. Although many agencies were skeptical of these "free benefits", the convergence of the tight labor market, binding arbitration and ostensibly inexpensive enhancements created a fertile environment for wage and benefit expansions for labor units. As more and more cities began implementing these benefits, others felt the pressure to provide the same for their employees. Similarly, when CalPERS made available pension enhancements for miscellaneous employees, the pressure of competitiveness, issues of within-agency equitability, and inexpensive enhancements caused many agencies to enhance miscellaneous benefits as well. Clearly over the last few years cities have realized that their worst fears were being realized and the costs associated with these salary and benefit changes were no longer sustainable.

In an effort to address the issues subsequently discussed in the Grand Jury's report, in the spring of 2008 San Mateo County cities created the Municipal Employee Relations Committee (MERC). The purpose of MERC is to identify and develop information and analysis that will assist municipalities in understanding the dynamics that are occurring relative to employee costs and recruitment, and to provide options for consideration for use by San Mateo County cities in addressing the employee cost growth that has been exceeding the growth in revenues.

The MERC Committee seeks to identify actions that could be jointly undertaken that would better inform the staff and elected officials, as well as, possibly secure resources that could initiate the development of an array of alternatives for consideration by the respective city councils throughout the County. A priority goal for the committee has been to develop confidential labor relations information that will allow the staff and elected leaders a better understanding of total employee cost trends in the county and how their jurisdiction fits into that broader picture. As evidenced by the testimony provided to the Grand Jury by different City Managers we believe the MERC has been able to elevate this important issue.

### II) Stakeholder Interests Regarding Escalating Costs of Wages and Benefits

In order to fully understand this issue from a policy perspective, MERC, the City Managers Association and the Human Resources Association felt it was imperative to identify key interests that should guide policy development and implementation for the elected officials within the County. Though not explicitly stated, these interests are embedded throughout the Grand Jury's report:

a) **Attract and retain a highly qualified municipal workforce.**

By and large, positions in the municipal workforce require specialized skills, knowledge and education. Cities employ a plethora of occupations from Engineers to Attorneys to Firefighters and Police Officers. Municipal governments must maintain a competitive compensation package that is adaptable to the needs of our diverse workforce as well as the fluctuations in the overall economy.

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City Managers Association**

b) Maintain City services and infrastructure.

Clearly the costs of maintaining the workforce cannot come at the expense of failing sewer systems, water plants, library services and recreation programs. The taxpayer who funds City services and programs should have those services and programs available to him/her now and in generations to come.

c) Honor the tenets of public service.

Many who join municipal organizations do so for the challenging and rewarding work, the ability to make a difference in their communities and the relative security in their positions in a stable organization. Cities don't offer the "glitz" associated with many private sector organizations, but we do offer a sense of purpose and meaning in serving the community. As such, we must examine our current compensation programs that reward performance and insure that these programs are not so costly that we are forced to continually reduce our workforces because of the exorbitant costs associated with each full-time equivalent employee.

III) General responses to the recommendations

MERC surveyed City Managers, Human Resources Directors and Finance Directors in San Mateo County regarding the Grand Jury's recently released report and has confirmed support for consideration of the options that follow. Many respondents pointed out that they currently employ the stated recommendations:

- a. Creating a two tier retirement and health-care benefits system for new hires.
- b. Replacing current post-employment health care plans with health saving plans funded during active employment with the agency.
- c. Lobbying Cal PERS to increase the age at which employees can start receiving retirement benefits from age 50 or 55 to age 60 for non safety employees
- d. Basing pensions on the average of the last three to five years of salary.
- e. Making provisions for increasing employee contributions to current pensions and post-retirement health care plans. In addition we believe that cities should be looking to active employees to pay for some portion of their health care, vision, and dental cost.
- f. Review the practice of converting accumulated sick leave to cash and consider placing caps on accumulation of sick leave.
- g. Broadening the compensation discussions by considering comparable jobs in both the private and public sectors. It is important to point out that some professions will not have comparable positions, especially sworn safety positions. A better comparison may be to look at the ratio of salary to benefit costs of private employers and also the average salary increases given in mid-size, private organizations in the region.
- h. Consider the number of applicants for respective jobs when negotiating salaries.

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- i. Develop more applicants by initiating outreach programs to universities, community colleges, returning veterans, and local high schools, especially for police positions.
- j. Join with other cities, and/or the County to create central training center that promotes cross-training and succession planning for existing staff.
- k. Using technology to streamline services.
- l. Explore contracting out some functions currently performed by city employees, but give those employees an opportunity to cost effectively retain those functions within the organization.
- m. Create partnerships with other cities and/or the county including payroll, human resources, landscape maintenance, firefighting, police, recreation, and custodial work.
- n. Making public the memoranda of understanding with labor units that come out of the labor negotiations. The majority of agencies clarified that the contracts are available at the public meeting where they're approved as well as posted on an on-going basis on the agency's website.

As the jury members know from their research, there are a number of examples in San Mateo County where cities have implemented two tier retirement benefits in both the areas of retiree health and retiree compensation. The same is true in the area of shared services. Additionally, in just the last few months the Human Resources Directors have rolled out a plan to implement a regional training program which would consolidate training programs offered to public employees in San Mateo County. For many years cities in San Mateo County have been involved in recruitment consortiums and outreaching employment opportunities to universities, community colleges, and local high schools, and just this year implemented a regional internship program for college students. These activities, coupled with a regional job applicant website and employee relations joint powers authority a few examples of shared or regionalized services that are effective and efficient models for government operations.

There was no support for the recommendation to "create a Citizen Wage Benefit and City Staffing Task Force consisting of five to seven members, drawn by lottery from resident applicants". Many felt the focus should be on continuing the education of all the stakeholders regarding this issue. The grand jury report is a stellar example of such an education. The consensus of the group was that more complete education and information would lead to better informed council members who could then make better decisions in the long haul. Other concerns raised were primarily focused on the notion that undertaking such a complex subject would be best addressed by randomly selecting from volunteer applicants rather than selecting community members that have particular expertise, experience, and backgrounds that could provide valuable insight and resources to under take the assignment. It appears that the Grand Jury members were concerned that the city council members could not be trusted to select the task force members, as they may appoint people that would be too supportive of current compensation practices. That thinking failed to consider the potential for biased volunteers to fill the applicant pool from which the names would be randomly selected.

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Although there is general support for conducting a public meeting(s) to solicit community input regarding potential actions or changes that would be appropriate relative to rising cost for public employees, there is concern that using that public forum to develop a specific action would be problematic from a labor relations and confidentiality standpoint. As employers, we have an affirmative obligation to collectively bargain with our units. However, there is agreement that the public input received at such a meeting should be taken into consideration in the development of an action plan to guide the city's future actions relative to labor negotiations.

There was no support for the recommendation to develop local ballot initiatives should the elected Council members be reluctant to support two tier retirement systems relative to pensions and health benefits. That recommendation appears to challenge the wisdom of the republic form of government where voters elect representatives to invest the time and energy to understand the issues and once so informed they vote to set public policy. Although we generally share and appreciate the members of the grand jury's passion for their conclusion that a two tier system is in order, we cannot support the notion that if duly elected representatives do not share their conclusion that an elected body should be denied its ability to make such a decision.

On behalf of the City Managers Association and Human Resources Association of San Mateo County I thank you for your attention to this very complex issue. As we examine the area of wages and benefits to public employees we will all need to work together and think creatively to attract and retain our workforce while still providing critical services to our community. The grand jury's report elevates the discussion and brings the issue center stage in San Mateo County. Clearly the situation that exists today did not occur over night nor will efforts to make desired changes be achieved over night. Although not addressed in the Grand Jury Report the legal constraints and labor laws relative to good faith bargaining will clearly constrain elected and appointed officials in their efforts to make suggested changes. We are hopeful that through collaboration and cooperation with elected officials and labor leaders we will implement many of the recommendations in the report.

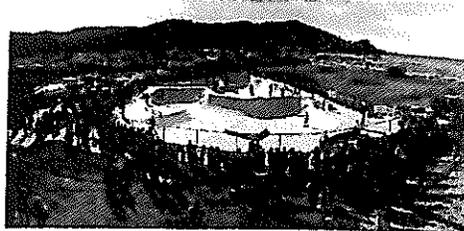
Sincerely,



Connie Jackson  
Chair San Mateo County City Managers Association

Cc: MERC Members  
City Manager's Association of San Mateo County  
Human Resources Association of San Mateo County

# City of Pacifica Parks, Beaches and Recreation Department

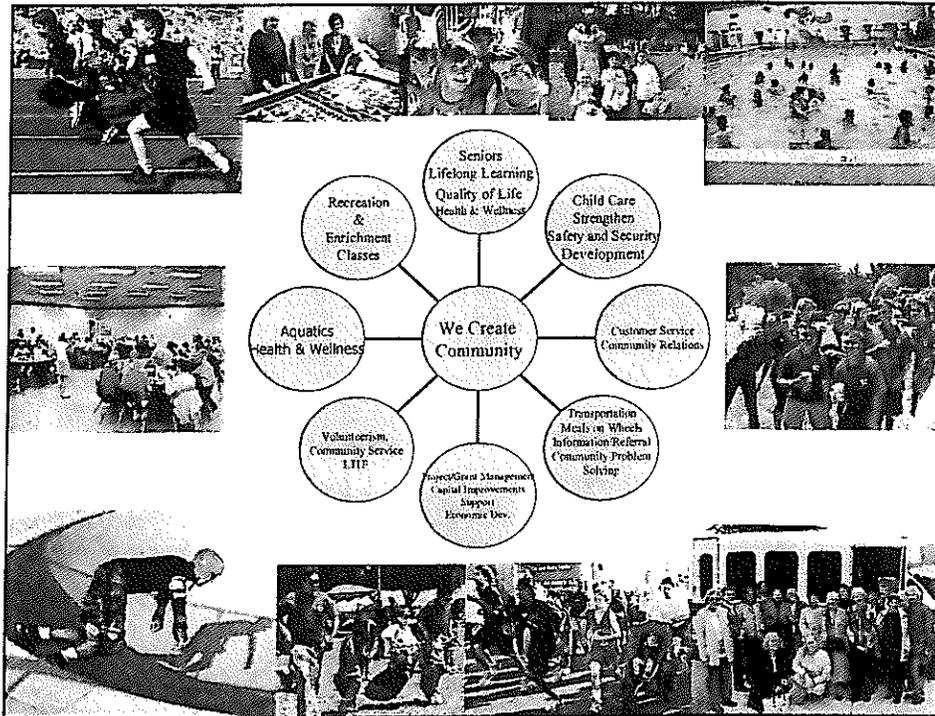


## Mission Statement



- **Creating a Safer, Stronger, Healthier Community**
  - To foster human development; promote health and wellness; strengthen safety and security by providing programs for children, youth and adults to play and learn;
  - To collaborate with other agencies; create positive recreational experiences; increase cultural unity;
  - To be a valuable resource that contributes to a healthy economic base and a desirable community via positive services that attracts workers, families, visitors and retirees.

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## Parks, Beaches and Recreation Department

- 3 Divisions – 2 Supervisors
  - Child Care Services
  - Recreation
  - Senior Services
- Full Time Staff = 23
- Part Time Staff = approx. 125 (37 FTE)
  - 63-Recreation
  - 59-Child Care
  - 3-Seniors (2 subs)
- Volunteers – 70 LITE
  - 145 Seniors
  - 25 Swimmer aides

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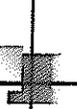


## Child Care



- Strengthening Community
  - Providing Low Cost, Reduced Cost and Free Child Care Programs for over 450 preschool and school age children
  - Over 60% of participants are subsidized via outside funding
  - Free and reduced cost preschool programs help to bridge the education gap for low-income families
  - Supporting single parent households
  - Enabling families to remain employed, seek employment, obtain training and education
- Enriching Lives
  - Highly trained, permitted, long-term staff
  - Quality curriculum plan providing personal enrichment
    - Academic Support
    - Recreational Activities
    - Cultural awareness
    - Environmental Stewardship

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## Child Care



- Bringing in \$1 million in state and county grants annually
- Over \$900 thousand in full-cost fees
- Variety of Programs
  - 12 School-age classrooms at 4 sites
  - 6 Preschool classrooms
    - 4 half-day
    - 2 full-day
  - Recreational enrichment programs

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## Recreation



- Providing Recreational Experiences along with Fun and Celebration
  - Special Events – Fun Fest, 4<sup>th</sup> of July, Junior Olympics, Holiday Extravaganza, Egg Hunts
  - Youth Programs – J-Teen Dances, LITE, Homework Center, After School Program, Summer Trips and Programs, Playgrounds
  - Children and Adult Classes
- Encouraging Healthy Lifestyles, Lifelong Learning
  - Aquatics – Rec Swim, Lap Swim, Lessons, Aerobics, Swim Team, Masters, Swimmer Aide, Rentals
  - Safety classes – CPR, 1<sup>st</sup> Aid, Lifeguard, WSI, AED
    - Employees (from all departments), public
- Strengthening Community Image & Sense of Place, Service to Community
  - Facilities – Parks, Beaches, Skatepark, Community Center, Fields, Permitted Events, Lease Management
  - Community Outreach, Committees, Liaisons, Volunteer Opportunities

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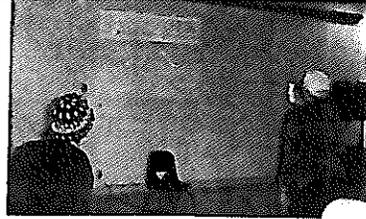
## Senior Services



- Facilitating Community Problem Solving
  - Transportation – medical appointments, shopping
  - Health insurance counseling, tax assistance, advocacy programs, homeowner and rental assistance, legal aid
- Promoting Health & Wellness
  - Medical equipment, flu shots, podiatry, nutrition, grief support
  - Exercise, physical fitness, dance
  - Social groups, clubs
- Lifelong Learning
  - Computer lab
  - Classes, lectures and workshops
- Service to Community/Volunteer Opportunities
  - Social groups, individuals, schools, county court program
  - Special events, entertainment, trips
  - Disaster preparedness

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## Senior Services



- Meals on Wheels
  - Prepared on-site by staff & delivered by volunteers to Pacifica homebound clients.
  - Average 52 meals per day (Mon.- Fri.), 12,000/year
- Congregate Lunch Program
  - Lunch is prepared by staff and served by volunteers Mon. – Fri.
  - Entertainment, classes and activities are centered around the lunch program.
  - Average 55 meals per day, 13,000/year
- Transportation
  - Transportation to and from the center, shopping trips, medical appointments and various local outings.
  - 18 passenger bus with wheel chair accessibility is utilized
- Information and Referral Services
  - Assistance with matching county-wide services for special senior needs.
  - Appointments made for services offered at Center
- Trips / Outings / Classes / Special Event
  - Wide variety of activities and classes for senior enjoyment and benefit.

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## Collaborations & Partnerships



- Funding:
  - California Department of Education
  - San Mateo County Office of Education
  - San Mateo County Community College District
  - San Mateo County Child Care Coordinating Council
  - San Mateo Consortium of Quality Programs
  - California Preschool Instructional Network
  - California School-age Consortium
  - Aging and Adult Services
  - Pacificans Care
  - Rotary Club of Pacifica
  - Kaiser Permanente
  - FSHIA
- Liaisons/Committees
  - Bike Park, Dog Park, Shorebird Protection, PB&R Commission, Pacifica Collaborative, Breathe America, Sports Groups, Historical Society, Safety Committee, Skatepark, Special Event Committees, Local Art Groups, FFOG, American Red Cross, BAPPOA, CPRS
- Collaborations:
  - Senior Housing Coalition
  - SIA (Seniors in Action)
  - Pacifica Sea Lions Aquatic Club
  - Pacifica School District
  - Jefferson Union High School District
  - Pacifica Lions / Lionesses
  - Pacifica Garden Club
  - HOPE Services
  - Redwood City Court Program
  - Meals on Wheels Coalition (County)
  - Providers Network (County)
  - Nutrition Providers Network (County)
  - Partnership for a Safe and Healthy Pacifica
  - Pacifica Libraries
  - 4H Club
  - Scouts
  - Interdepartmental
  - Local Businesses

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## Personnel Summary

POSITION	NUMBER OF BUDGETED FTE EMPLOYEES				MONTHLY/ HOURLY RANGE
	2006-07	2007-08	2008-09	2009-10	
DIRECTOR OF PB&R	1.00	1.00	1.00	1.00	11,597-13,262
RECREATION SUPERVISOR	1.00	1.00	1.00	1.00	6,090-7,004
CHILDCARE SUPERVISOR	1.00	1.00	1.00	1.00	6,090-7,004
ASSISTANT CHILDCARE SUPR.	-	1.00	2.00	2.00	4,371-5,217
FOOD/SENIOR SERVICE SUPR.	1.00	1.00	1.00	1.00	6,090-7,004
BLDG. MAINT. SPECIALIST	-	-	-	-	-
C. C. SITE COORDINATORS	5.00	5.00	4.00	4.00	3,016-3,672
RECREATION COORDINATOR	2.00	2.00	2.00	2.00	3,997-4,759
SR. SVCS. PROGRAM COORD	1.00	1.00	1.00	1.00	4,135-4,941
ADMINISTRATIVE ASSISTANT	1.00	1.00	1.00	1.00	3,933-4,696
FOOD SERVICES COORD	1.00	1.00	1.00	1.00	3,483-4,440
TRANSPORTATION/MGW	1.00	1.00	1.00	1.00	3,795-4,642
CHILDCARE ACTIVITY PROGR.	-	-	-	-	-
ADMINISTRATIVE CLERK II	1.00	1.00	1.00	-	-
RECREATION SPECIALIST	1.00	1.00	-	-	-
CHILDCARE TECHNICIAN	1.00	1.00	1.00	1.00	3,247-3,893
CHILDCARE TEACHERS (I,II,III)	6.00	7.00	7.00	7.00	2,253-3,672
LEAD TEACHERS-Unfunded	-	-	-	-	-
CLERICAL ASST/RECEPT	-	-	-	-	-
PART-TIME - MISC.	36.00	37.00	39.00	37.00	10-18.50/hr
<b>TOTAL</b>	<b>60.00</b>	<b>63.00</b>	<b>64.00</b>	<b>61.00</b>	

\*\* Total Hours Converted to FTEs

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## Parks, Beaches and Recreation Overview

For every \$1 spent, PB&R earns 84¢

- Budget – \$3.5 Million
- Revenues – \$2.95 Million
- Over \$1 Million in outside contracts & grants
  - California Department of Education Child Development Division
    - General contract
    - Full-Day State preschool contract
  - San Mateo County Office of Education
    - State Preschool contract
  - Child Care Coordinating Council (4C's)
    - Alternative payment contracts
  - San Mateo County Aging & Adult Services
    - Older American Act Funds - Federal
    - County Program Support
  - Pacificans Care

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## Fiscal Year 2009-2010 Budget Reductions and Impacts

- **Admin Clerk II – \$76,811** (salaries and benefits)
  - PB&R front office position– impacts customer service delivery and office efficiency; cross training of existing staff to take on additional duties. When pool reopens will have difficulty covering duties.
- **Reduction in part-time staff hours – \$57,300**
  - Higher ratios of children to teachers/staff in Childcare and rec programs; reduction in senior services part time hours; consolidation of child care programs during school breaks and reduced number of daily activities.
- **Departmental supplies - \$35,850**
  - Childcare, Recreation and Senior supply cuts will reduce the type of art activities offered, classroom furnishings and upgrades will not be replaced; math, science and environmental educational curriculum will be significantly cut.
- **Reduction in field trips - \$12,700**
  - Significant reduction in summer fieldtrips and planned holiday events; number of free swim lessons and "out of town" trips for subsidy children will be cut in half; reduction in recreation program special expense and trips.
- **Recreation Supervisor - \$131,715** (salaries and benefits)
  - Recreation Division Supervisor position is unfilled; not taken out of the current budget. Council decision to not fill. More responsibilities for existing managers.
- **TOTAL CUTS – \$314,376**

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## Impacts (continued)

- Senior Services Supervisor is now managing the Community Center (rentals, classes, etc.)
- Child Care Supervisor is now managing Recreation and Aquatics
- Higher staff to management ratios
- Projects will have limited management time:
  - Dog Park, Bike Park
  - Roy Davies refurbishment of parks
  - New youth, teen and senior programs
    - We will need to critically look at any new opportunities
  - Environmental education
  - New grant opportunities
- Less time to look for funding opportunities

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## Department Efficiencies

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- Cross Training and Shared Duties
- Increased use of volunteers
- Recreation interns
- Consolidation of child care programs during school breaks
- Mindful of staffing ratios
- Grant Acquisition
  - Lifeline Transportation grant for new bus - \$56,211

*These are not long term solutions*

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## 2009-2010 Revenue Increase

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- Community Center - \$7,000 – rate increase
- Admin Class Fee - \$5,000 – instructional and swim classes
- Child Care – \$42,000 - Full-cost childcare family fees up \$20 per month, during the school year, and \$30 per month for the summer.
- Playground/Summer Camp - \$5,000 – fee increase

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## Outside and One-Time Only Funding

History of obtaining and managing outside/one-time only funding

- Grant and Project Management
  - Skatepark
  - Beach Parking Lot
  - Park improvements
    - Fairmont West, Esther Hall, Community Center, Brighton, Frontierland
- Transportation – Senior bus expected this fiscal year
- Child Care SmartKids grants
  - Program/facility improvements
  - Program Expansion
- Community Center – roof, carpet and painting improvements, paving project, kitchen rehabilitation
- Successful administration of ongoing outside funding

This practice will continue

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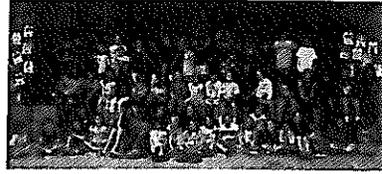


## Recommendations & Options

- Continue funding of Supervisor position – \$131,715
- Put Admin Clerk II position back in budget - \$76,811
  - Future budget years
- Part Time Staff (permanent PT, specialist, office help)  
\$17,000
- Increase I&R position 10 hours/wk, approx \$8,000
  - Increased need for individuals in our community
  - Look for outside funding/grant, partnership w/county
- Departmental Supplies, PT salaries

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## Parks and Recreation Essential to the lives of Californians



- Virtually every California household (98%) reports having visited a park or participating in a program during the past year, and two in every three households did so at least once in the past month.
- Half (50%) of California households reported that someone in their household participated in a structured park program at least once in the past year.

(California Parks and Recreation Society - CPRS, 2009).

"Creating a Safer, Stronger, Healthier Community"

## City of Pacifica Parks, Beaches and Recreation



*Thank You*



Questions?



"Creating a Safer, Stronger, Healthier Community"

