

OFFICE OF THE CLERK
OAKLAND

OAKLAND CITY COUNCIL

79109

05 MAR -3 PM 3:38

RESOLUTION No. _____

C.M.S.

INTRODUCED BY CITY ATTORNEY RUSSO THROUGH RULES COMMITTEE

RESOLUTION OPPOSING A STATE MANDATED TWO-TIERED RETIREMENT SYSTEM FOR CALIFORNIA'S STATE AND LOCAL GOVERNMENT EMPLOYEES

WHEREAS, the citizens of the City of Oakland have a clear interest in attracting and retaining the highest caliber of employees to public service in order to insure that taxpayers get the quality of service they deserve and have come to expect; and

WHEREAS, a defined benefit pension system – as provided by CalPERS that offers nurses, teachers, firefighters, police officers and other public employees the security and dignity of a guaranteed pension upon retirement has been central to our efforts to recruit and retain the best and the brightest to serve our taxpayers; and

WHEREAS, a privatized defined contribution retirement system, such as that proposed by Assemblyman Keith Richman in his Assembly Constitutional Amendment 5 and Assembly Special Session Constitutional Amendment 1, will dramatically increase an employee's risk of losing their hard-earned retirement and result in additional retirement costs for already fiscally strapped state and local governments; and

WHEREAS, California's defined benefit retirement systems have afforded public employees retirement security that is unmatched in the private section; and

WHEREAS, by imposing a privatized defined contribution retirement system, state and local government's ability to offer attractive incentives for the best and brightest to choose public service will be effectively eliminated; and

WHEREAS, imposing a defined contribution retirement system on new employees creates a two-tiered retirement system that would devastate employee moral and likely, over time, impose unacceptable additional costs on taxpayers to maintain the existing retirement systems given that the funding base for the current defined benefit retirement plans will diminish; and

WHEREAS, a privatized retirement system encourages employees to change jobs more rapidly and jump to the private sector more quickly, creating a potentially devastating talent drain and higher ongoing costs for training and human resource; and

WHEREAS, studies performed by the Nebraska Retirement Systems and the Colorado Public Employees Retirement Association, as well as numerous studies from the financial community, conclude that defined contribution retirement plans are likely to provide inadequate retirement benefits, which could force many of our retirees into the social safety net, especially those in lower-wage occupations, thereby imposing an additional economic burden on California taxpayers; and

WHEREAS, the people of the City of Oakland, through their elected officials, have determined to offer and extend and enhance defined benefits to public employees; and

WHEREAS, ACA 5, ABX11 and a similar proposal submitted as an initiative for the upcoming statewide special election ballot, would substitute the judgment of local government with a state mandate that the City of Oakland create an entirely new defined contribution system for new public employees and require that taxpayer dollars be invested in private investment accounts for purposes of providing employee retirement; and

WHEREAS, this mandate violates a value that lay at the heart of local control – that decisions regarding compensation and benefit levels are, and should remain, the province of local government, without interference from the state or federal governments; and

WHEREAS, the effort to convert defined benefit pensions to defined contribution plans is part of a concerted national attack on worker's retirement security and social safety net, including efforts to privatize Social Security; now, therefore, be it

RESOLVED: that the City of Oakland strongly opposes the imposition of any mandatory defined contribution retirement system – whether for new or existing employees – as well as any mandate to create an optional plan for converting employees from a defined benefit plan to a defined contribution plan; and be it further

RESOLVED: that the City of Oakland specifically opposes Assembly Constitutional Amendment 5, Special Session Assembly Constitutional Amendment 1, as well as any and all measures proposed for the upcoming special election statewide ballot that would mandate the replacement of the current defined benefit retirement system with a private defined contribution system – whether for new or existing employees; and be it further

RESOLVED: that the City of Oakland will take all appropriate action within the Legislature, other local governments and the general public to actively oppose the imposition of a mandated defined contribution retirement system upon our taxpayers and our employees; and be it

FURTHER RESOLVED: that the City of Oakland urges California lawmakers and other stakeholders to develop meaningful reform within the current defined benefit retirement structure that assists in stabilizing employer contribution rates, while also protecting our ability to recruit and retain skilled public servants to serve California taxpayers.

MAR 15 2005

In Council, Oakland, California, _____, 2005

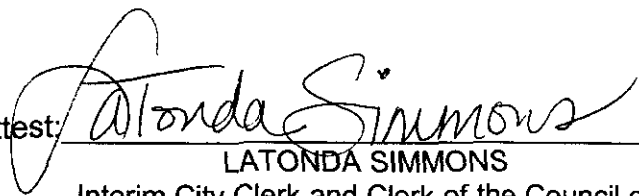
PASSED BY THE FOLLOWING VOTE:

AYES- Brooks, Brunner, Chang, Nadel, Quan, Reid, and President De La Fuente - 7

NOES- 0

ABSENT- 0

ABSTENTION- 0

Attest: 
LATONDA SIMMONS

Interim City Clerk and Clerk of the Council of
the City of Oakland, California