



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jennifer Schembri

SUBJECT:
**RETIREMENT SOLUTIONS
STAKEHOLDER WORKING GROUP
MEMBERSHIP AND LOGISTICS**

DATE: September 27, 2019

Approved

Date

9/27/19

RECOMMENDATION

Approve the Retirement Solutions Stakeholder Working Group membership and logistics for the stakeholder group proposed in the Mayor's March 2019 Budget Message and approved by the City Council.

OUTCOME

City Council approval of the membership and logistics of the Retirement Solutions Stakeholder Working Group (Working Group) will allow the Working Group to be established and begin meeting.

BACKGROUND

The Mayor's March Budget Message for Fiscal Year 2019-2020 discussed the City's contributions to its two defined benefit retirement plans, which are projected to continue increasing by another \$50 million by Fiscal Year 2021-2022. The projected increases in retirement contributions may impact the service levels the City can provide to the community. In addition, the retirement costs may be increased by lower than anticipated investment returns and changes to the discount rates. Based on the potential impacts to the City's financial health from the increased costs, the Mayor called for a working group of key stakeholders to convene to address the current challenges of the City's two independent defined benefit retirement plans. This was approved by the City Council as part of the Mayor's March Budget message in early 2019.

The goal of the Working Group is to meet monthly to develop a shared understanding of the issues facing the City's retirement systems and to collaboratively develop a list of

recommendations. At the end of the Working Group's term, the list of recommendations will be transmitted to City Council for review and consideration.

ANALYSIS

The Working Group is projected to begin meeting in mid-October or November 2019 with an initial focus on the current status of the two retirement plans and the investment strategies currently being deployed by each Plan's Retirement Board. The Working Group will then be responsible for the meeting agendas for subsequent meetings in the following months.

Membership

There are several stakeholders who have an interest in dealing with the challenges presented by the high cost of retirement contributions. As the Mayor's March Budget Message stated, the City's bargaining units, administration, retirement board members, and staff all have an interest in helping to develop recommendations to address these issues.

The Administration recommends that the Working Group membership totals no more than 20 members. This is based on the City's past experiences working with a variety of stakeholders on retirement issues. Keeping the Working Group to this manageable level will help ensure the success of the Working Group.

As set forth below, the 19 recommended members of the Working Group provide representation from a range of active and retired stakeholder groups. These groups represent active City bargaining groups, Federated and Police & Fire retirees, community groups, City Council, and City staff. The Administration acknowledges that it is very important for all interested people to engage and provide their input on retirement issues. As such, each meeting of the Working Group will be open to the public and allow for public comments at the end of each meeting.

Name	Organization/Department Representing
Mayor Sam Liccardo	Mayor
Councilmember Dev Davis	City Council
Councilmember Raul Peralez	City Council
Tim Bussey	Silicon Valley Organization
Pat Waite	Citizens for Fiscal Responsibility
Robyn Zamora	Non-Management Union AFSCME – MEF
Julie Jennings	Management Union IFPTE - CAMP
Sean Kaldor	IAFF, Local 230
Paul Kelly	Police Officers' Association
Susan Devencenzi	San Jose Retired Employees' Association
Ray Storms	Police and Fire Retirees' Association
Jim Shannon	Budget Director

Julia Cooper	Finance Director
Matt Loesch	Federated Retirement Board
Vince Sunzeri	Police and Fire Retirement Board
Ghia Griarte	Police and Fire Retirement Board Investment Committee
TBD	Federated Retirement Board Trustee*
Roberto Pena	Retirement Services Director
Prabhu Palani	Retirement Services Chief Investment Officer

* The Federated Board is in the process of appointing two new public trustees. One of the new trustees will be invited to join the Working Group.

The Administration previously reached out to each of the above organizations to determine who would be interested and able to attend a majority of the meetings scheduled for the Working Group. Each of the recommended representatives will act as a liaison between their organization and the Working Group.

Meeting Schedule/Term

The Administration's recommendation is that the Working Group meet once a month, on the second Monday of each month. Should the second Monday be a City-observed holiday, the Working Group will meet the second Tuesday. As each meeting will be a different topic that may require research, a monthly meeting will give the presenters enough time to coordinate a presentation to the Working Group. The meetings will take place in the City Committee Rooms to accommodate any members of the public who would like to attend the meetings.

It is anticipated that the Working Group will begin meeting in October or November and have a term that lasts for six months. This will provide time for the Working Group to develop a list of recommendations to provide to City Council in 2020. Should an extension be required, it is recommended that the Working Group be given flexibility to extend their term by up to an additional four months.

EVALUATION AND FOLLOW-UP

Staff will provide the City Council with an informational memorandum when the six-month term is completed that will describe the list of recommendations that the Working Group has developed.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the October 8, 2019 Council Meeting.

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COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File no. PP17-010, City Organizational & Administrative Activities resulting in no changes to the physical environment.



JENNIFER SCHEMBRI
Director of Employee Relations
Director of Human Resources

For questions, please contact Cheryl Parkman, Assistant to the City Manager, at (408) 535-8152.