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SR legislator proposes 100% pensions for police, firefighters

Evans says bill would curb abuses, fraud, but cities, counties charge plan would be too expensive

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By KERRY BENEFIELD
THE PRESS DEMOCRAT

A Santa Rosa legislator is proposing to allow future firefighters and police officers to retire with full pay, drawing fire from cities and counties that say they are struggling just to pay current pensions.

Democratic Assemblywoman Noreen Evans said her bill, ABX1 6, would curb pension abuses and fraud by encouraging public safety employees to take regular retirement over disability pay.

She said she is willing to accept changes in the bill, but she argued that public safety employees deserve the boost.

"If they have put over 30 years of faithful public service, they deserve that and I think most people believe that," she said.

Ron Puccinelli, Sebastopol's finance director, disagreed.

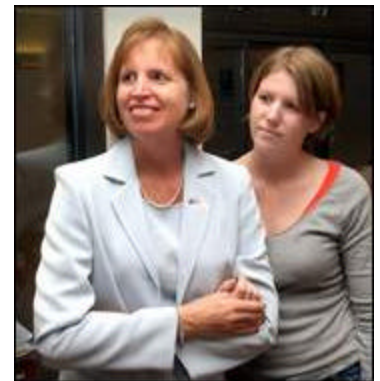
"Who else in the world gets 100 percent?" he said. "Whenever that hits, you are going to have to cut something else to pay for it."

In Sebastopol, retirement costs were less than \$100,000 four years ago. Next year, the city will pay \$764,000, he said.

Evans said her bill should cut expenses for local government, but she did not have specifics about the financial impact.

Critics say the bill's language is unclear and fraught with inconsistencies that could cost cities and counties millions of dollars in additional benefit payments.

Evans, a former Santa Rosa city councilwoman, called the worries "valid concerns. I think where it gets unwarranted is whipping up some fear that it is not going to get changed. I'm going to modify it so that it meets the concerns I'm hearing."



Courtesy photo

Noreen Evans

Assemblywoman says bill will be modified to address concerns.

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The bill would boost the cap on retirement pay from 90 percent to 100 percent for police and firefighters enrolled in the California Public Employee Retirement System.

CalPERS now covers about 113,000 active public safety employees and almost 14,000 inactive employees. Evans' proposal would affect only those employees hired on or after Jan. 1, 2006.

It also would prevent employees from converting overtime, holiday pay and vacation days into a cash equivalent that would boost their final-year compensation and subsequent retirement pay, Evans said.

Evans said she is carrying the bill at the request of Assembly Speaker Fabian Nuñez, D-Los Angeles.

"This is part of the Assembly Democrats' pension reform plan that will ultimately be negotiated with the governor," she said.

But one Capitol insider said Evans was tapped to shepherd a bill that was hastily crafted by Democrats seeking a counter-proposal to the governor's plan to overhaul public employee pensions. Evans' bill was passed May 25 by the Assembly Public Sector Committee on a 4-2 party line vote.

"I think she agreed to be the author of something she thought would do something different than, unfortunately, what it does," said Steve Keil, legislative coordinator with the California State Association of Counties.

City and county officials also said the bill is sloppily written and does not eliminate the potential inflation of final compensation or rein in disability fraud and so-called "chief's disease," where employees claim a work-related disability and retire with those benefits in addition to retirement pay.

"She has to amend that section of the law," Keil said. "By inadvertence, she will create an industrial disability retirement that is much bigger than it is now. It's simply sloppy crafting, not intent. It has to get cleaned up or it could create some costly problems."

Pension costs are one of the fastest-growing portions of local governments' budgets and officials expressed concern that those costs will grow further under the bill.

In Santa Rosa, the city is making \$12.5 million in pension payments to public safety employees, in addition to \$26.9 million in annual salaries, said Bill Mushallo, Santa Rosa's financial planning manager. Overall, the city spends about 37 percent of its budget on public safety salaries and pension payments.

Sonoma County will spend about \$59.5 million on its public safety payroll next year and an additional \$12 million on pension payments. In Lake County, about \$9 million is spent annually on public safety salaries and \$1.3 million on pension payments. In Mendocino County, public safety salaries total just under \$10 million, but \$4.5 million goes toward pensions.

Cities and counties can offer pension packages that are less generous than the existing 90 percent state cap, but run the risk of losing employees to neighboring public safety agencies that offer better deals.

In Lake County, public safety employees who put in 25 years get a retirement check equal to about 50 percent of their final year's pay. It is far less than in some neighboring cities and counties and Lake County has lost employees because of it, said County Administrative Officer Kelly Cox.

"We are not a wealthy county. We don't have the resources to compete with some of the revenues available", he said.

The League of California Cities has not taken an official stance, but it said it will oppose the bill barring any changes to the language.

"It is a definite benefit increase which means a definite cost to local government," said Dwight Stenbakken, deputy executive director of the league, which represents 478 cities throughout the state.

"We have probably gone over the level of what is acceptable to the public," he said. "We would like to see some rollback of benefits and what is offered."

Employees in Sonoma and Mendocino counties, neither of which is covered by CalPERS, already can receive 100 percent of their pay on retirement if they work long enough.

Pension overhaul has been the focus of intense debate in Sacramento as Gov. Arnold Schwarzenegger identified it as a top priority. The governor later rescinded his proposal to adopt a 401(k)-type pension system for new employees and phase out pension plans that guarantee specific benefits. However, he vowed to return to the subject.

Capital watchers say Evans' bill has little chance to get past Schwarzenegger.

"I'm not sure what the strategy is. This is a bill I don't think the governor is going to sign. He is the one who jumped on the pension issue," Stenbakken said.

But Evans vowed to press forward.

"I know it's a thorny issue, but I never shy away from those where I think it's best for the public," she said.



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