



# Lodi police, fire pensions face rollback

By Jeff Hood

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LODI -- Lodi was the first city in San Joaquin County to sweeten retirement benefits for police and firefighters four years ago, when the state's pension fund was overflowing with dollars.

And it might be the first to roll them back.

The California Public Retirement System is demanding more dollars from cities already facing massive budget cuts because of the state's fiscal crisis. Reducing pensions is one way cities can control future costs and avoid cutting some public services.

Lodi City Manager H. Dixon Flynn suggested the City Council might want to roll back the 2000 increase to save money in the long run, not immediately, and create a two-tier pension system. Only new hires would receive the lesser benefit.

Gov. Arnold Schwarzenegger has suggested the state do the same as a way to save \$200 million a year from the general fund by 2010.

"There is a perception of the public that benefits for public employees are overly generous," Flynn said. "It's a very emotional thing, even though there are no (immediate) savings."

It's not just perception, though. California's public-safety employees have the country's richest pension system. Under the new benefit adopted in 2000, Lodi police officers and firefighters received a 50-percent increase in their retirement benefit. For example, an officer or firefighter can retire at age 50 and receive three percent of their final-year salary times the number of years served, up to a maximum of 90 percent.

Other city employees can retire at age 55 and receive two percent of their annual pay times years of service, instead of waiting until age 60.

The increased benefit was proposed at a time when the stock market was generating double-digit annual returns and the Calpers fund had far more money than it needed. But the stock market reached its peak in March 2000 and for the first time in its history Calpers lost money for three consecutive years. Suddenly cities were being asked to boost their contributions by millions of dollars to make up for losses.

"Everybody wants to put the blame on Calpers," pension spokesman Darin Hall said. "We didn't force (the pension increase) down their throats. We said it was available. What the rest of the country has learned is there needs to be a little more conservativeness on benefit

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enhancements."

Among those receiving a high annual payout is Lodi Mayor Larry Hansen, the city's former police chief, who retired in 2000.

Hansen defended the pension boost Tuesday during the City Council study session, saying it was a way for communities to compensate employees who put their lives on the line by facing armed suspects or by going into burning buildings.

"The city was one of the leaders and for good cause," Hansen said. "The people in this city have got respect for their public-safety (workers) and want to support them in that way."

Hansen warned that if Lodi is the first city to step back, it will be harder for it to recruit qualified public-safety workers, a belief echoed by Fire Chief Mike Pretz.

"With all due respect for people who think that's overly generous, if you're over 50 and an active firefighter, you have a tendency to break down more," Pretz said, adding that asking firefighters to remain in the field past 50 subjects cities to more workers' compensation claims.

Ron Roach, spokesman for the California Taxpayers Association, said higher pensions were promoted by city officials who benefited from them, and approved by elected officeholders anxious for endorsements from firefighters and police.

"If enough people understand what's going on and how ridiculous the benefits are, then they could put pressure on city hall to do something about it," Roach said. "If the private sector had pensions like government had, the private sector would go bankrupt. The public-safety unions have many legislators at the state level and local city councils by the throat. It's not that they give them money, but they endorse candidates, and they endorse the ones that are going to give them the best benefits, not necessarily the ones toughest on crime."

Megan Taylor, spokeswoman for the League of California Cities, a coalition that lobbies state legislators and provides education and advice for member cities' officials, said her group isn't aware of any city reducing benefits to pre-2000 levels.

"There is interest of all cities in finding ways to save money," Taylor said. "All the cities are seeing that these (benefit) packages get to be more and more expensive as time goes on. I don't think Lodi is alone in considering this kind of approach."

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