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RESOLUTION NO. RES-05-0003

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
LONG BEACH OPPOSING STATE-MANDATED TWO-TIERED
RETIREMENT SYSTEM FOR CALIFORNIA'S STATE AND LOCAL
GOVERNMENT EMPLOYEES

WHEREAS, the citizens of the City of Long Beach have a clear interest in attracting and retaining the highest caliber of employee to public service in order to ensure 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 the City's 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, could 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, including CalPERS, have afforded public employees retirement security that is unmatched in the private sector, and the imposition of a privatized defined contribution retirement system would effectively eliminate state and local government's ability to offer attractive incentives for the best and brightest to choose public service; and

WHEREAS, imposing a mandated defined contribution retirement system on new employees creates a two-tiered retirement system that could impose

1 unacceptable additional costs on taxpayers to maintain the existing defined benefit
2 retirement systems given that the funding base for the current retirement plans will
3 diminish; and

4 WHEREAS, a privatized retirement system encourages employees to
5 change jobs more rapidly and enter the private sector, thus creating a potentially
6 devastating talent drain and higher ongoing costs for training and human resource
7 development; and

8 WHEREAS, studies from the public and financial communities conclude
9 that defined contribution retirement plans are likely to provide inadequate retirement
10 benefits, which could force many City retirees into the social safety net, especially those
11 in lower wage occupations, thereby imposing an additional economic burden on
12 California taxpayers; and

13 WHEREAS, the people of the City of Long Beach through their elected
14 officials, have determined to offer defined benefits to public employees; and

15 WHEREAS, Assembly Constitutional Amendment 5 and Assembly Special
16 Session Constitutional Amendment 1 would substitute the judgment of local government
17 with a state mandate that the City of Long Beach create an entirely new defined
18 contribution system for new public employees and require that taxpayer dollars be
19 invested in private investment accounts for purposes of providing employee retirement;
20 and

21 WHEREAS, this mandate attempts to pre-empt the explicit authority of the
22 people in Charter cities, through their elected officials, to set the compensation and
23 benefit levels for their employees. This is a violation of the state Constitution and a
24 number of court decisions that reflect a value that lay at the heart of local control - that
25 decisions regarding compensation and benefit levels are, and should remain, the
26 province of local government, without interference from the state or federal governments;
27 and

28 WHEREAS, the effort to convert defined benefit pensions to defined

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1 contribution plans is part of a concerted national attack on workers' retirement security
2 and social safety net, including efforts to privatize Social Security; now, therefore, the City
3 Council of the City of Long Beach resolves as follows:

4 Section 1. That the City of Long Beach strongly opposes the imposition of
5 any mandatory defined contribution retirement system, whether for new or existing
6 employees, and opposes any mandate to create an optional plan for converting
7 employees from a defined benefit plan to a defined contribution plan.

8 Sec. 2. That the City of Long Beach specifically opposes Assembly
9 Constitutional Amendment 5 and Special Session Assembly Constitutional Amendment 1
10 that would mandate the replacement of the current defined benefit retirement system with
11 a private defined contribution system, whether for new or existing employees.

12 Sec. 3. That the City of Long Beach will take all appropriate action within
13 the Legislature, other local governments and the general public to actively oppose the
14 imposition of a mandated defined contribution retirement system upon our taxpayers and
15 our employees.

16 Sec. 4. That the City of Long Beach urges California lawmakers and other
17 stakeholders to develop meaningful reform within the current defined benefit retirement
18 structure that assists in stabilizing employer contribution rates, while also protecting the
19 City's ability to recruit and retain skilled public servants to serve California taxpayers.

20 I hereby certify that the foregoing Resolution was adopted by the City
21 Council of the City of Long Beach at its meeting of March 1, 2005 by the

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following vote:

Ayes: Councilmembers: Lowenthal, Baker, Colonna,
O'Donnell, Kell, Richardson,
Reyes Uranga, Gabelich, Lerch.

Noes: Councilmembers: None.

Absent: Councilmembers: None.



City Clerk