

**Council Meeting: April 3, 2012****SUBJECT: Discussion and Possible Action Regarding Governor Brown's Pension Reform Proposal****BACKGROUND**

On March 6, 2012, a report on Governor Brown's pension reform proposal was brought forward for Council discussion (RTC 12-060). This report provided a detailed analysis of all 12 points of the Governor's plan. As a result of the public hearing and the subsequent Council discussion on the report, Council approved a motion to revisit this issue with the intent of taking a vote on formally supporting the Governor's plan.

EXISTING POLICY

Council Fiscal Policy 7.1A.2.2 – Major financial decisions should be made in the context of the Twenty-Year Long-Term Financial Plan.

Council Fiscal Policy 7.1G.1.5 – Pension obligations will be fully funded annually and current pension contributions will not be deferred to balance current expenditures.

DISCUSSION

Governor Brown's plan, if implemented as proposed, is a comprehensive pension reform package that would significantly alter the current pension cost structure and benefit levels, providing significant fiscal relief to applicable government agencies. Since its introduction on October 27, 2011, the Governor's pension reform plan has continued to move forward through the legislative process. His plan is currently with a legislative conference committee, which is expected to review and provide recommendations on the content of the plan. Meanwhile, the Governor continues his efforts to move the plan forward, as legislative counsel has drafted formal language, one as a regular bill proposal and one as a constitutional amendment. Recently, Republicans in both the Senate and the Assembly have taken this formal language and introduced the Governor's plan as legislation. These pieces of legislation include Senate Constitutional Amendment 18, Senate Bill 1176, Assembly Constitutional Amendment 22, and Assembly Bill 2224. Complete information about these bills and constitutional amendments is available at the Official California Legislative Information website (www.leginfo.ca.gov). Following standing committee review, where public input is taken on proposed legislation, the next step would be for these pieces of legislation to move forward for a vote. A two-thirds majority would be required for each piece of legislation to pass.

Should Council approve support of the Governor's proposal, a letter of support will be drafted by staff to be signed by the Mayor. This letter will then be sent to the Governor, the members of the Senate and Assembly that represent Sunnyvale, and the League of California Cities.

FISCAL IMPACT

The fiscal impact of Governor Brown's proposal was covered in detail in RTC 12-060 (March 6, 2012). There is no fiscal impact for supporting Governor Brown's pension reform proposal. Pending the outcome of both the review by the legislative conference committee and the vote on the formal legislation in the Senate and the Assembly, staff will provide updated fiscal impact information to Council, if applicable.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center, and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

ALTERNATIVES

1. Approve support of Governor Brown's pension reform proposal.
2. Do not approve support of Governor Brown's pension reform proposal.
3. Approve support of specific aspects of Governor Brown's pension reform proposal.

RECOMMENDATION

There is no staff recommendation.

Reviewed by:

Grace Leung, Director, Department of Finance
Prepared by: Drew Corbett, Budget Manager

Approved by:

Gary Luebbbers, City Manager