

Impartial Analysis of Measure L

Measure L was placed on the ballot through the initiative process. If approved by a majority of voters, it would adopt an ordinance limiting defined benefit pensions for new employees of the City of Menlo Park hired after the effective date of the ordinance, excluding police officers. The initiative would have no impact on retirement benefits for current City employees or on retirement benefits for new police officers.

The initiative establishes 60 years of age as the minimum normal (full) retirement age for new employees. Retirement benefits can be offered to employees starting at an earlier age with reduced benefits, provided there is a cost savings.

The initiative establishes maximum pension benefits for an employee of no more than 2% of the employee's annual average base wage as defined by the California Public Employee Retirement System (CalPERS) [which would be no greater than the highest annual average base wage of the employee over a period of three consecutive years of employment], multiplied by the number of years of employment upon attaining age 60.

Under the initiative, employees must pay at least 7% of their salaries toward their retirement (with City paying balance of cost), except if the City's required contribution drops below 7%, the City may, but is not required to, pay part of the employee's contribution such that the employees' and City's contributions are effectively equal.

The initiative restricts the authority of the City Council to increase pension benefits for non-police officers in the future and prohibits the City from providing retroactive increases in retirement pension benefits. The limits imposed by the initiative may only be modified by approval of a majority of voters at an election.

If approved by the voters, the initiative would become effective upon expiration of collective bargaining agreements with the City's non-police bargaining units in effect as of the date of approval.

Some of the provisions of the initiative are inconsistent with the existing CalPERS 2% at age 60 pension benefit program. Court clarification may be required to determine if such inconsistencies would preclude participation in CalPERS for new employees or whether such provisions should be stricken or interpreted to permit participation in CalPERS. In the event participation in CalPERS pension plans for new employees is not allowed, it could result in additional costs and loss of projected savings to the City. If participation in CalPERS pension plans is permitted, the initiative is projected to result in long term cost savings.

Litigation has been filed challenging the validity of the initiative. It is expected that the litigation will continue if the initiative is approved by voters. The City will likely incur substantial legal fees in defending such litigation.

A “Yes” vote means the voter is in favor of placing limits on pension benefits for new City employees (excluding police officers) that could not be increased without future voter approval. A “No” vote means the voter is not in favor of these voter imposed limitations on pension benefits for new employees.

/s/ **William L. McClure**
City Attorney
City of Menlo Park

The above statement is an impartial analysis of Measure L. If you desire a copy of the Measure, please call the City Clerk’s Office at 650/330-6620, and a copy will be mailed at no cost to you. A copy of the Measure may also be found at www.menlopark.org