

**CITY OF MILPITAS**  
**MINUTES of: CITY COUNCIL (FINANCE) SUBCOMMITTEE**  
**Date/Time: Wednesday, September 29, 2010 – 4:00 p.m.**

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- I. CALL TO ORDER:** Council Member Debbie Giordano called the meeting to order at 4:05 pm

**Attendance:**

City Council: Council Member Debbie Giordano, Council Member Armando Gomez  
Staff: Emma Karlen

- II. PUBLIC FORUM: No Comments**

- III. APPROVAL of MINUTES: The August 4, 2010 meeting minutes were approved.**

**IV. ITEMS FOR DISCUSSION**

**A. Two-Tier Retirement Pension Plan**

**Emma Karlen, Director of Financial Services** – Provided Council Members with calculation options for changing the City’s future retirement pension plan. Note - the calculation guideline was provided by CalPERS and was not an actuarial study.

- 1) Change the retirement formula for future employees to a lesser formula.

Currently Miscellaneous employees have a retirement formula of 2.7% @ 55. If a second tier of 2% at 60 for new hires was established, there is a potential savings of \$780,000/annually. Currently Public Safety employees have a retirement formula of 3% @ 50. If we changed this to 3% @ 55 for new hires, there is a potential savings \$391,000/annually. However, it would take 15-20 years from now to realize the savings.

- 2) Change from a single-highest year to a three-year average without changing the retirement formula.

By making this change the estimated annual savings for Miscellaneous employees would be \$113,000 and for Public Safety employees the savings would be \$191,000. Once again, it would take 15-20 years from now to realize the savings.

**Council Members Giordano and Gomez** – Asked the Finance Director to prepare figures combining both of the retirement options for a greater savings. Additionally they would like to review other possible areas of cost savings in preparation for upcoming negotiations such as – sick leave payout process, longevity, incentive or extra pay, the 5-step pay increase program, the City’s share cost of medical premiums, etc.

**Emma Karlen, Director of Financial Services** – Forward to City Council today’s information on the retirement calculations along with the information obtained during the Budget Task Force and the list of benefit costs the City is currently paying employees. It will be determined if it is more appropriate for further discussions to take place during closed session prior to beginning negotiations.

**V. OTHER BUSINESS – None**

**VI. NEXT MEETING – The next meeting -- to be decided.**

**VII. ADJOURNMENT**