



PROFESSIONAL & TECHNICAL ENGINEERS, LOCAL 21, AFL-CIO
An Organization of Professional, Technical, and Administrative Employees

August 2, 2011

Gina Donnelly, Deputy Director of Employee Relations
City of San Jose
200 East Santa Clara Street
San Jose, CA 95113

RE: Normal Cost of Your Proposal Should Not Be a State Secret

Dear Gina,

We are in receipt of your letter dated July 29, 2011 and we don't quite understand what the resistance is to providing our coalition, the council and the public with what you project the Normal Cost to be of your retirement reform proposal. The Normal Cost of your proposal should not be considered a state secret that you are unwilling to provide since the Normal Cost of any plan is a critical component in the negotiating process and in evaluating savings.

We take issue with the second paragraph of your July 29, 2011 letter where you state that we have not provided costing out of our March 2011 proposal. That is not true and the last sentence of the very same second paragraph validates that this is not true. You state that your actuary has validated our Normal Cost projection to be 11.28%, thus the Normal Cost of our proposal is 11.28%. What is the Normal Cost of your proposal?

Your third paragraph says that you have projected cost savings for other bargaining units that have proposed opt-in plans yet have failed to do the same for our plan, why? Your third paragraph then goes on to state the obvious with regard to not knowing how many employees would opt-in to our proposed plan and that savings amounts would hinge on that number. We agree. But why not do the same mathematical projection you performed on the other bargaining unit proposals for our March proposal?

You then throw in the standard IRS jargon as a barrier without any suggestion as to what you believe the issue could be with employees individually volunteering to choose our 2% @ 60 plan. And of course, even though the council has directed you to evaluate opt-in proposals, it appears you have not taken any initiative in resolving what you believe may be an IRS issue. Please advise us if you have requested an advice letter, or have called the local IRS office or have met with the IRS. We certainly want to partner with you in expeditiously resolving this matter and we know you do as well since council direction is so respected.

Unnecessarily complicating our negotiations does not serve the city, its employees or its citizens' well. Your complicating the process may be confusing how you look at retirement reform so we will provide a simple suggestion:

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South Bay Office: 4 North Second Street, Suite 430 San Jose, CA 95113 T: 408 291-2200 F: 408 291-2203
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1. Provide Normal Cost of any staff proposal and each of the council approved proposals that were to be done by now, i.e.; Rocha plan (done), Constant plan (not done), staff proposal (not done), our March 2011 coalition proposal (done).
2. Negotiate and tentatively agree on a plan that meets our mutual goals.
3. Survey the impacted employees to count how many would opt-in and what their specific plan demographics are. Once this is done deliver this information to your actuary and our actuary so they can project savings.
4. Council can then vote on a plan.

This is not a difficult 4-step process. It will be difficult if you choose to continue to throw up barriers such as those in your second to last paragraph of the letter referenced above. You have chosen to not follow council direction and evaluate Councilmember Constant's proposal, it is not an allegation, go watch the video tape of the meeting and read the written proposal you provided to us. What authority is it that you believe you have to pick and choose what the council asks you to evaluate?

This is not a game, real lives will be impacted by what the city and our bargaining units hopefully can come to agreement on. We have an opportunity to protect services, allow for dedicated employees to retire with a fair and just retirement benefit, and save taxpayer dollars. This can only be achieved if you want to partner with us in tackling retirement reform in an intellectually honest manner. In that vein, here we go again:

INFORMATION REQUEST

What is the Normal Cost projection of your proposal for New Hires and Current Employees?

What is the Normal Cost projection of Councilmember Constant's proposal?

What are the projected savings of our March 2011 proposal if all employees chose to opt-in?

What are the projected savings of Councilmember Constant's proposal if all employees chose to opt-in?

Sincerely,



Nancy J. Ostrowski
IFPTE Local 21 Senior Staff
And SJ Coalition Chair - AEA, AMSP, CAMP

Cc: AEA Negotiating Team
AMSP Negotiating Team
CAMP Negotiating Team
Chris Platten, Esq.