



Employer Services Division
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November 20, 2006

Monica Roldan Espinoza
Local Government Services Authority
50 Woodside Plaza, Suite 101
Redwood City, CA 94061

Dear Ms. Espinoza:

Recently the Public Employees' Retirement System's (CalPERS) Payroll Processing Unit requested that the CalPERS Compensation Review Unit review the compensation reported by the Local Government Services Authority a Joint Powers Authority (JPA) to insure that the JPA is in compliance with the laws and regulations regarding reportable compensation.

To facilitate this review, you submitted copies of the individual contracts between the JPA and each employee covered under CalPERS. This information was submitted to me by e-mail.

In reviewing each of the contracts provided, with only a few exceptions, the JPA seems to report base pay consistent with the amounts stated in the contract agreements. The JPA also reports the value of employer paid member contributions (EMPC) for some employees. In such cases it is reported correctly.

There is one area in which the JPA is not in compliance with California Public Employees' Retirement Law (PERL).

The JPA provides each employee with an individual contract agreement which sets forth the employee's base pay. The individual contract method of publishing base pay, does not fully comply with Government Code Section 20636(b)(1), which defines base pay or payrate as follows:

"(b) (1) "Payrate" means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours. "Payrate," for a member who is not in a group or class, means the monthly rate of pay or base pay of the member, paid in cash and pursuant to publicly available pay schedules, for services rendered on a full-time basis during normal working hours, subject to the limitations of paragraph (2) of subdivision (e)."

Monica Roldan Espinoza

-2-

November 20, 2006

The JPA's individual contracts do not clearly identify the base pay as being available to all employees in the same group or class.

Therefore, CalPERS request that the JPA create salary schedules that show each position title and the pay range for that position. The salary schedules may be divided based on each segment of the JPA – for example: Transportation Authority of Marin employees and the Transbay Joint Powers Authority employees. The salary schedules may be separated based job classification: such as Management, Non-Management, Executive staff , Confidential employees, or any other logical work related grouping.

Below is an example of how the JPA may list its salary schedule:

Position title	Step 1	Step 2	Step 3	Step 4
Media Manager	\$45.67	\$47.96	\$50.36	\$52.88
Exec Director	\$76.93	\$80.78	\$84.82	\$89.07

The salary schedule could show payrates as monthly payrates, hourly payrates, or annual amounts. The salary schedule should always show the payrate for a 40 hour per week full time work schedule. Salary schedules should show the lowest payrate for the job position and the highest payrate. As these ranges change the salary schedules should be revised. An employee's salary should not exceed that which is stated on the salary schedule for that position title.

The payrates stated on two of the contracts were not consistent with the payrates reported to CalPERS.

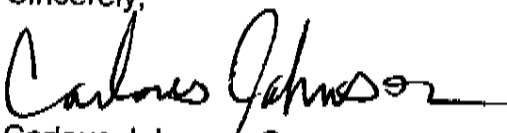
The contract for Mr. John Sindzinski lists his salary at \$10,583.33 per month. The salary reported to CalPERS by the JPA is \$63.509 per hour, which converts to \$11008.23 per month.

Ms. Julie Van Hoff's the agreed upon salary is \$5000 per month. However, the JPA reports an hourly payrate of \$49.615, which converts to \$8599.94 per month.

Please provide explanations regarding these discrepancies, and also please state the JPA's intent in regards to complying with the above request for a salary schedule.

Thank you in advance for your cooperation. If you have any questions, please feel free to contact us toll free at (888) CalPERS (225-7377).

Sincerely,



Carlous Johnson, Compensation Review Analyst
Employer Services Division