



CITY OF PETALUMA

POST OFFICE BOX 61
PETALUMA, CA 94953-0061

David Glass
Mayor

Keith Canevaro
Mike Harris
Mike Healy
Karen Nau
Mike O'Brien
Pamela Torliatt
Councilmembers

August 8, 2006

The Honorable Robert S. Boyd
Presiding Judge, Superior Court State of California
3035 Cleveland Avenue, Suite 200
Santa Rosa, CA 95403

RE: Grand Jury Final Report – Responses and Recommendations

Dear Judge Boyd:

The City of Petaluma is pleased to provide responses to recommendations for the Grand Jury Report, "The Impact of Yesterday's Promises", formatted in accordance with Penal Code section 933.05.

The Impact of Yesterday's Promises

R-1 The grand jury recommends that Supervisors, Council members and financial officers should verify that health or other lifetime benefit promises are secured properly and in compliance with reserve funding standards.

Petaluma's Response: Agree, with explanation.

The recommendation will be implemented by December 31, 2006.

R-2 The grand jury recommends that the Board of Supervisors and/or City Councils enlist actuarial expertise to audit this asset/obligation disclosure.

Petaluma's Response: Agree, with explanation.

The recommendation will be implemented by December 31, 2006.

R-3 The grand jury recommends that the advice of an expert should be solicited to consider the fairest most equitable way to offer health care benefits to public employees. This should be disclosed.

Petaluma's Response: Agree, with explanation.

The recommendation will be implemented by December 31, 2006.

City Manager's Office
11 English Street
Petaluma, CA 94952

Phone (707) 778-4345
Fax (707) 778-4419
E-Mail
citymgr@ci.petaluma.ca.us

Animal Services
840 Hopper Street Ext.
Petaluma, CA 94952
Phone (707) 778-4396
Fax (707) 778-4397

Risk Management
11 English Street
Petaluma, CA 94952
Phone (707) 778-1118
Fax (707) 778-8213
E-Mail
icabdr@aol.com or
riskmgt@ci.petaluma.ca.us

R-4 *The grand jury recommends to build a secure structure for maintenance of employee benefits should not be deferred.*

Petaluma's Response: This recommendation has been implemented.

The City of Petaluma has already implemented the recommendation of tracking retiree benefits through its accounting and financial recordkeeping system.

R-5 *The grand jury recommends full disclosure of each entities total benefit obligations along with information describing provisions to secure them. We are requesting this information between the end of each entities current fiscal year and December 31, 2006:*

- *Number of employees eligible for pension premiums.*
- *Number of retired employees receiving pension benefits.*
- *Financial obligation.*
- *What reserves are in place to insure these pension obligations.*
- *Obligation for health care coverage.*
- *Reserve amount in place.*
- *Amount required by federal authorities to secure these health care benefits.*

Petaluma's Response: This recommendation has been implemented.

The City of Petaluma has already implemented the recommendation. Bulleted information below is information already gathered in City's financial system:

- 329 employees are eligible for pension premiums.
- There are 88 employees and 7 council members who receive benefits.
- Current retired healthcare financial obligation is approximately \$69,000 annually.
- Due to the small annual obligation, the City has chosen to pay this benefit as part of the budget process with no reserve account. Maximum retiree benefit is \$100 per month, which requires 20 plus years of experience.
- No reserve fund required. City of Petaluma has no deferred liability.
- No reserve amount required.
- No reserve amount required.

Thank you for the opportunity to respond to the Grand Jury's report. If you have additional questions, please let us know.

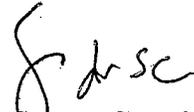
Sincerely,



David A. Glass
Mayor of Petaluma,
on behalf of the
Petaluma City Council



Michael A. Bierman
City Manager



Steven Carmichael
Administrative Services
Director

cc: Sonoma County Board of Supervisors
Sonoma County Clerk
Petaluma City Clerk
Petaluma City Council
Sonoma County Cities