

By CHELA ZABIN  
STAFF WRITER

The arrangement allows the city to report a salary to the Public Employees Retirement System (PERS) that adds the

"I'm mortified," said Councilwoman Betty Murphy, as she looked over the ordinance yesterday morning. Both Murphy and Eves had been on a special

Mayor Todd McFarren said the agreement was worked out between him, Radin and the city attorney. He said he didn't see any problem with boosting Radin's retirement benefits a little. Other council members said they had read the ordinance and

The city is not actually paying Radin more, nor is he going without benefits. Rather, the city essentially pays Radin the higher salary and Radin buys back the benefits, according to Finance Director Terry Stigall.

But because PERS benefits for retired city employees are based

Stigall and Radin said under the arrangement Radin would be getting "a couple hundred dollars" more per month. Because the increase raises Radin's three-year average by about \$8,500, he should receive about \$5,000 more per year.

Such an arrangement is not

When a similar arrangement for retiring Aptos-La Selva Fire Chief Al Forbes came to light in 1988, it drew a certain amount of public outcry and criticism. County Auditor-Controller Gary Knutson was against the deal, saying he believed "salaries should be set on comparative pay

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for comparative work."

Part of the outcry in the Forbes case had to do with the fact that the arrangement was made with the fire district's directors in a closed session, which was not the case in Watsonville. There were some threats of lawsuits over the Forbes deal, but none materialized.

The arrangement is not without cost to the city, although there is some disagreement on how much. Because a higher amount will be drawn from the PERS system by Radin than would have been the case otherwise, the city will have to pay a higher amount into it. Stigall, Radin and Mayor McFarren said

the increase would be insignificant because only one employee, Radin, will get increased benefits.

But Brian Hughes, assistant chief of the member services division at PERS in Sacramento, said it's wrong for the city to think it won't pay close to the full amount of the increase in the long run.

"That's really an unfunded benefit," he said, "the employer — and the taxpayer — will pay for it eventually."

Hughes said PERS is seeing these types of arrangements more and more and is trying to put a stop to them because they do raise the amount employers have to pay PERS.

"It could be that 10 or 15 years down the road the cost to the (agencies) will be so exorbitant that they couldn't afford it," he said.

## REFERENCE

WATSONVILLE  
REGISTER-PAJARONIAN  
March 9, 1990

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