Agenda Item 8a

November 20, 2013

ITEM NAME: Proposed Decision – In the Matter of the Appeal Regarding Reporting of Pay Increase in Lieu of Leave by TOWN OF MAMMOTH LAKES, Respondent.

PROGRAM: Customer Account Services Division

ITEM TYPE: Action

PARTIES' POSITIONS

Staff argues that the Board of Administration should adopt the Proposed Decision.

Respondent argues that the Board of Administration should decline to adopt the Proposed Decision.

STRATEGIC PLAN

This item is not a specific product of either the Strategic or Annual Plans. The determination of administrative appeals is a power reserved to the Board of Administration.

PROCEDURAL SUMMARY

Respondent Town of Mammoth Lakes submitted an appeal regarding the findings from an internal audit and argued the irrevocable five percent increase in base pay in lieu of leave fell within "payrate" and was properly reported as "compensation earnable." CalPERS acknowledged this request and advised Respondent the matter would proceed with the administrative remedy process. The matter was heard by the Office of the Administrative Hearings on July 24, 2013. A Proposed Decision was issued on September 12, 2013, denying Respondent's appeal and ordering Respondent to reverse the amount of additional compensation reported and submit an amended report of the corrected compensation to CalPERS.

ALTERNATIVES

A. For use if the Board decides to adopt the Proposed Decision as its own Decision:

   RESOLVED, that the Board of Administration of the California Public Employees' Retirement System hereby adopts as its own Decision the

Proposed Decision dated September 12, 2013, concerning the appeal of Town of Mammoth Lakes; RESOLVED FURTHER that this Board Decision shall be effective 30 days following mailing of the Decision.

B. For use if the Board decides not to adopt the Proposed Decision, and to decide the case upon the record:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System, after consideration of the Proposed Decision dated September 12, 2013, concerning the appeal of Town of Mammoth Lakes, hereby rejects the Proposed Decision and determines to decide the matter itself, based upon the record produced before the Administrative Law Judge and such additional evidence and arguments that are presented by the parties and accepted by the Board; RESOLVED FURTHER that the Board's Decision shall be made after notice is given to all parties.

C. For use if the Board decides to remand the matter back to the Office of Administrative Hearings for the taking of further evidence:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System, after consideration of the Proposed Decision dated September 12, 2013, concerning the appeal of Town of Mammoth Lakes, hereby rejects the Proposed Decision and refers the matter back to the Administrative Law Judge for the taking of additional evidence as specified by the Board at its meeting.

D. Precedential Nature of Decision (two alternatives; either may be used):

1. For use if the Board wants further argument on the issue of whether to designate its Decision as precedential:

   RESOLVED, that the Board of Administration of the California Public Employees' Retirement System requests the parties in the matter concerning the appeal of Town of Mammoth Lakes, as well as interested parties, to submit written argument regarding whether the Board's Decision in this matter should be designated as precedential, and that the Board will consider the issue whether to designate its Decision as precedential at a time to be determined.

2. For use if the Board decides to designate its Decision as precedential, without further argument from the parties.

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System, hereby designates as precedential its Decision concerning the appeal of Town of Mammoth Lakes.

BUDGET AND FISCAL IMPACTS: Not applicable

ATTACHMENTS

Attachment A: Proposed Decision
Attachment B: Staff's Argument
Attachment C: Respondent(s) Argument(s)

DONNA RAMEL LUM
Deputy Executive Officer
Customer Services and Support