September 26, 2018

**Item Name:** Proposed Decision – In the Matter of the Appeal Regarding the Final Compensation Calculation of PAUL B. SHEFFIELD, Respondent, and CITY OF REDWOOD CITY, Respondent.

**Program:** Employer Account Management Division

**Item Type:** Action

**Parties’ Positions**

Staff argues that the Board of Administration should adopt the Proposed Decision, as modified. Respondent Paul B. Sheffield’s (Respondent Sheffield) position is included in Attachment C, if any.

Respondent City of Redwood City’s (Respondent City) position is included in Attachment C, if any.

**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 Sheffield signed an application for industrial disability retirement in January 2016, with an effective retirement date of “upon expiration of benefits.” Respondent retired on March 7, 2016. He has been receiving a service retirement allowance since that date. On July 14, 2017, CalPERS notified Respondent Sheffield and Respondent City that “premium specialty pay” was being excluded from Respondent Sheffield’s final compensation. Respondent City submitted an appeal of CalPERS’ determination, and the matter was heard by the Office of Administrative Hearings on July 10, 2018. A Proposed Decision was issued on August 6, 2018, affirming CalPERS’ determination and denying the appeal.
Alternatives

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

RESOLVED, that the Board of Administration of the California Public Employees’ Retirement System, pursuant to Government Code section 11517 (c)(2)(C) which authorizes the Board to “make technical or other minor changes in the proposed decision,” hereby modifies the Proposed Decision, to the only paragraph on page eight be changed to read: “The appeal of Respondent City of Redwood City from the determination by CalPERS that premium specialty pay must be excluded from the calculation of Sheffield’s retirement benefit is denied.” The third and fourth lines of paragraph seven on page three should be changed from “Sheffield and City filed notices of defense. They contend” to “Respondent City timely appealed CalPERS’ determination. Both Respondents contend.” The Board hereby adopts as its own Decision the Proposed Decision dated August 6, 2018, as modified, concerning the appeal of the City of Redwood City; RESOLVED FURTHER that this Board Decision shall be effective 30 days following mailing of the Decision.

B. 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 August 6, 2018, concerning the appeal of the City of Redwood City; RESOLVED FURTHER that this Board Decision shall be effective 30 days following mailing of the Decision.

C. 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 August 6, 2018, concerning the appeal of the City of Redwood City, 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.

D. 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 August 6, 2018, concerning the appeal of the City of Redwood City, 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.
E. 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 the City of Redwood City, 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 the City of Redwood City.

**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