

► **Hooked on fishing:** Hundreds of youngsters take bait to lake. **B1**

► **Counting down:** High school wrestlers take it to the mat. **C1**

Parade: See how your salary measures up in the 'what people earn' issue. **Inside**



Your Money

Even an unmarried couple can get tied up in financial knots. **E1**

Real Estate: Concrete's benefits include more than durability. **F1**



Eye Street: Local marine tech making waves in Hollywood. **D1**

SUNDAY
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THE PUBLIC PAYROLL
A periodic look at how taxpayer money is spent

Pension budget dilemma

Local governments sweetened retirement benefits for some public safety workers, but ballooning costs are putting budgets in peril

Firefighters and police officers began enjoying a new retirement benefit in the last few years that lets them retire more comfortably at a younger age.

But the unexpected costs of that benefit, known as "3-at-50," are about to clobber city

and county budgets.

Unexpected expenses will total millions of dollars annually and affect public spending for years to come.

How did the city and county come to this? And how can it be resolved?

City officials caught flat-footed by exploding costs

By **JAMES BURGER**
Californian staff reporter
e-mail: jburger@bakersfield.com

Bakersfield faces millions of dollars in unexpected retirement costs brought on — at least partially — by a new and lucrative pension deal for police and fire officers.

That means city taxpayers will soon see their dollars clean fewer streets and maintain fewer parks.

The city's mounting retirement costs are projected to drain the city budget of more than \$11 million over the next two fiscal years.

If current trends continue it will only grow worse in years to come.

Much of that debt is tied to a retirement deal known as "3-at-50."

The pension deal was so sought after, back in 1999, that the day Gov. Gray Davis signed a bill allowing cities and counties to offer 3-at-50, the phone started ringing at the city Human Resources department.

"The day after the law was signed

Please turn to CITY / A6

Accounting snafu leaves numbers that don't add up

By **DAVIN McHENRY**
Californian staff writer
e-mail: dmchenry@bakersfield.com

A number-crunching blunder has more than doubled the cost of 3-at-50 to county deputies, firefighters and other safety employees in 2001.

County officials thought they would have to spend roughly \$3 million each year to give safety employees the new retirement plan.

Now, they say the pension perk is going to cost them an additional \$5 million each year.

"We thought this was a pretty good deal when we first agreed to it," said Bill Douglas, the county administrator who negotiates with employee unions. "But it didn't turn out as good as we thought."

Clamoring for 3-at-50

County officials first began consid-

Please turn to COUNTY / A7



Source: city of Bakersfield, Kern County

Benefits of the 3-at-50 plan

Annual retirement benefit examples under 2-at-50 and 3-at-50 for various job descriptions assuming 25 years of service and retirement at the top pay scale for each position. The 3-at-50 retirement program allows firefighters and law enforcement officers to retire at age 50 and collect

an annual pension that is equal to three percent of the highest annual salary they ever earned — multiplied by the number of years they worked.

Job Title	Annual Salary	Retirement at 2@50 (previous plan)	Retirement at 3@50 (current plan)
Fire captain (Kern County)	\$69,804	\$26,795	\$40,192
Firefighter (city of Bakersfield)	\$53,589	\$20,000	\$34,902
Police officer (city of Bakersfield)	\$54,001	\$27,000	\$40,501
Police detective (city of Bakersfield)	\$60,803	\$30,401	\$45,602
Deputy probation officer (Kern County)	\$53,592	\$26,796	\$40,194
Detention sergeant (Kern County)	\$55,224	\$27,612	\$41,418
District attorney's investigator (Kern County)	\$74,484	\$37,242	\$55,863
Sheriff's commander (Kern County)	\$83,124	\$41,562	\$62,343

Numbers are rounded off.

Al-Qaida leader captured

Officials describe arrest of high-level member in raid as critical blow to group

By **KATHY GANNON**
The Associated Press

ISLAMABAD, Pakistan — In a spectacular victory for the U.S.-led war on terrorism, Khalid Shaikh Mohammed, the suspected mastermind of the Sept. 11 attacks and a senior operative in Osama bin Laden's al-Qaida network, was captured Saturday in a joint raid by CIA and Pakistani agents, officials said.

The arrest of Mohammed and two other men outside the Pakistani capital of Islamabad likely will hurt the terrorist organization's ability to strike and could provide the United States with new clues in the hunt for bin Laden.

"It's hard to overstate how significant this is," White House spokesman Ari Fleischer said. "It's a wonderful blow to inflict on al-Qaida."

Mohammed, 37, is perhaps the most senior al-Qaida member after bin Laden and his deputy, Ayman al-Zawahiri.

A naturalized Pakistani who was born in Kuwait, Mohammed is on the FBI's most-wanted list and allegedly had a hand in many of al-Qaida's most notorious attacks. The U.S. government had offered a reward of up to \$25 million for information leading to his capture.



Mohammed

Inside

■ **Profile**
Key leader in string of plots. **A21**

Mohammed is the third senior al-Qaida figure to be arrested in Pakistan. He was taken Saturday in Rawalpindi, Please turn to **ARREST / A2**

Turkish Parliament fails to pass U.S. military plan

By **LOUIS MEIXLER**
The Associated Press

ANKARA, Turkey — Turkey's Parliament dealt a stunning blow to U.S. war planning Saturday by failing to approve a bill allowing in American combat troops to open a northern front against Iraq.

The decision, which likely will strain ties with Washington, marked a setback to U.S. efforts to show Saddam Hussein that he is surrounded and

his neighbors support a U.S.-led coalition.

The parliament vote was 264-250 in favor, with 19 abstentions. But speaker Bulent Arinc said the outcome fell three votes short of the simple majority required by the constitution.

Inside

■ **Summit**
United Arab Emirates asks Saddam to go. **A8**

fell three votes short of the simple majority required by the constitution. Please turn to **TURKEY / A2**

What's new:

Today, *The Californian* launches "Your Money," a weekly section devoted to personal finance. The section will include an expanded version of The Motley Fool, plus invaluable articles and tips on personal money issues.

■ Read about these and other upcoming changes in a column by Executive Editor Mike Jenner on the Editorial page in the Local Section.

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WEATHER



High: **00**
Low: **00**

See page B12 for complete weather information

FOR THE RECORD

John Moorhouse, a volunteer for the Southern Sierra Council of the Boy

Scouts of America received the Silver Beaver award from Debbie Spohn, Pathfinder district commissioner, during the

Southern Sierra Council Adult Recognition Dinner on Feb 7. A photo caption on Saturday's Community News page was incorrect.

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MORNING BRIEFING

NATION

Campaign tries to ignite McCarthy-style following

Outspoken in their opposition to a U.S.-led attack on Iraq,



Dean

Howard Dean and several Democratic presidential hopefuls are evoking memories of the seminal anti-war campaign, Minnesota

Sen. Eugene McCarthy's in 1968. McCarthy's strong second-place finish in New Hampshire helped galvanize opposition to the Vietnam War. **A3**

WORLD

Rallies point to divide of generations in S. Korea

South Koreans took to the streets Saturday for two large demonstrations that underlined a deep generational divide here

LOTTERY

Saturday's Lotto numbers

8-12-23-25-26	
Meganumber	1
Jackpot	\$23 million
Fantasy Five	1-15-20-25-26
Daily 3	3-6-2; 3-7-8
Derby	Horses 1-2-4
	Time: 1:44.27

Wednesday's Lotto numbers

13-23-37-38-40	
Meganumber	9

Wednesday's winners

Winners	Prize each
5 of 5 with Mega	0
4 of 5 with Mega	3 \$44,995
4 of 5 without Mega	51 \$1,323
3 of 5 with Mega	1,042 \$107
3 of 5 without Mega	1,732 \$58
2 of 5 with Mega	42,841 \$11
2 of 5 without Mega	24,167 \$11
1 of 5 with Mega	126,850 \$2
Meganumber only	214,493 \$1

in attitudes toward North Korea and the United States. **A20**

STATE

Chief asks state to probe indictments of S.F. officers

Police Chief Earl Sanders has asked the state to investigate whether San Francisco prosecutors exceeded their authority in a grand jury case that led to felony indictments of 10 officers, including Sanders and much of the department's top brass. **A3**



Californian Classifieds

Looking for a pet, painter, car, house, job, yard sale or just about any used item? Find it fast with a keyword search on the recently updated bakersfield.com classifieds. All the print classified line ads are online and accessible with an easy-to-use search function. Click on Classifieds.

Real Estate Link

Searching for a new home? The Real Estate Link has been completely remodeled to include not only resale home listings and agent information, but new home developments, available rental homes, local mortgage rates, real estate news and more. Go to www.bakersfield.com and click on Real Estate to check it out.

LOCAL

Palm Avenue sign dispute causing aggravation

The signs on Palm Avenue are enough to make one do a double take.

"It is never wrong to fight for what is right? Not for sale. The lord is our strength and savior."

Diana Joslin, who lives in the home the signs surround, say she's used to the stares, the questions and the dirty looks from passers-by.

"I wish I could put up big sign of my own that says 'these signs are not mine,'" Joslin said. **B1**

Group homes have mixed record in quality, safety

The chain of group homes that housed the 16-year-old boy arrested on suspicion of molesting a 9-year-old girl at a local bookstore last month has a mixed track record in quality and performance.

It's unknown which of the 10 Bakersfield Sails Homes for developmentally disabled children the teen-ager lived in. But documents suggest that some of the homes have had problems with staff members that could have put their clients at risk. **B1**

YOUR MONEY

Weight loss business getting bigger, bigger

The weight loss industry has seen a surge in business in



Tiger Woods

Woods and Toms move on to Match Play finals

CARLSBAD — Pushed to the limit for the first time all week, Tiger Woods advanced to the final of the Match Play Championship on Saturday by making a clutch par putt on the 19th hole and then watching Adam Scott miss from 3 feet.

Woods will play a 36-hole match against David Toms, who also survived a scare in another nail-biter against Peter Lonard.

Toms missed 4-foot putts on the 15th and 17th holes, only to recover on the final hole by making a 10-foot birdie putt.

After 62 matches in five rounds over four days at La Costa Resort, it all comes down to Woods against Tom with a \$1,050,000 check riding on the outcome. **C3**



David Toms

recent years, fueled in part by baby boomers hoping to look and feel young. Many boomers, born between 1946 and 1964, are starting to realize the dangers of obesity in their middle age, experts say.

In demand are services ranging from commercial diet programs to meal replacement bars and nutritional counseling. Companies report that boomers are about 40 percent of their customers. **E2**

REAL ESTATE

Company pours energy into new concrete houses

Concrete homes are springing up in four Bakersfield neighborhoods.

A local company is building and selling them, touting benefits such as increased durability and longevity, energy efficiency, fire resistance.

The homes are more expensive, averaging \$2 more per square foot, but require 44 percent less energy to heat and about 32 percent less energy to cool than wood-frame houses of comparable size. **F1**

EMPLOYMENT ZONE

Searching for new job doesn't have to be hard

Losing a job and starting over, even beginning a new

career, can take months, with experience sometimes proving to be a handicap.

But, professional employment advisers say, job seekers can do certain things to stand out among the many others vying for limited jobs. And, they are there to help. **G1**

SPORTS

CSUB's Ceballos will be wrestler to watch

At No. 12 in the nation, Efrén Ceballos is the highest ranked Cal State Bakersfield wrestler entering the Pac-10 Conference Championships.

"I know a lot of guys are targeting me," the 125-pound Ceballos said last week before the Roadrunners left for Boise State. **C1**

Cowboys' Sutton hugs opposing Kansas players

LAWRENCE, Kan. — Kansas' 79-61 victory over Oklahoma State on Saturday didn't stop Cowboys coach Eddie Sutton from taking everybody by surprise.

After combining for 43 points in their final home game for No. 7 Kansas, Kirk Hinrich and Nick Collison went to the bench with 55 seconds left, hugging coaches and teammates as the sell-out crowd roared.

Then the noise reached a

crescendo as Sutton trotted all the way down the court to embrace the startled players who had just beaten his 16th-ranked team. **C6**

EYE STREET

Bakersfield man relishes role as marine tech

Marty Ruder fixed Kevin Costner's engine on the filming of "Waterworld."

He gave jet-ski lessons to "Baywatch" stars such as Pamela Anderson.

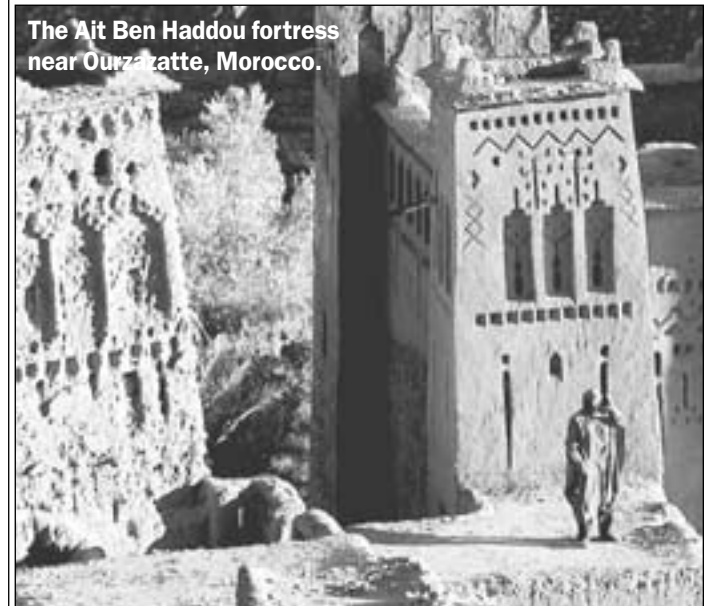
Recently, the Bakersfield native prepared a 50-foot, fiberglass camera boat for duty on

the upcoming film "S.W.A.T.," starring Samuel L. Jackson and Colin Farrell.

Ruder is marine tech to the stars. **D1**

Visitors to Morocco greeted by long history

In Morocco, medieval and modern, and East and West, are constantly juxtaposed. The Dar Si Said museum in Marrakech displays traditional carved and painted cedar ceilings and the bright, geometric-patterned tilework known as "zellij." The guards watching over the art wear uniforms topped by baseball caps. **D4**



The Ait Ben Haddou fortress near Ouzdatt, Morocco.

TURKEY: Leaders expected to meet today to discuss what action to take

Continued from A1

He then closed parliament until Tuesday.

Prime Minister Abdullah Gul hastily met with top ministers and party leaders after the vote. Before going in, a visibly shaken and angry Gul said, "We will assess all this."

Gul did not speak after that meeting. Private NTV and CNN-Turk television stations quoted unnamed officials as saying the government was not planning to resubmit the motion to parliament.

Officials were not immediately available for comment. The leaders of Gul's Justice and Development Party are expected to meet today to discuss what action to take.

U.S. Ambassador Robert Pearson rushed to the Foreign Ministry after the vote.

"We had certainly hoped for a favorable decision," he said. "We will wait for further information and advice from the government of Turkey about how we should proceed."

Turkish lawmakers had faced overwhelming public opposition to basing U.S. troops on Turkish soil. Yet Washington had been so sure of winning approval from close ally and NATO member Turkey, that ships carrying U.S. tanks are waiting off Turkey's coast for deployment and the U.S. military has thousands of tons of military equipment ready to unload at the southern Turkish port of Iskenderun.

For weeks, the Bush administration had been pressing Turkey to agree to a possible northern front, which would split Saddam Hussein's army between the north and the south, likely making a war shorter and less bloody.

The motion would have empowered Turkey's government to authorize the basing of up to 62,000 troops, 255 warplanes and 65 helicopters. In exchange, Washington promised \$15

billion in loans and grants to cushion the Turkish economy from the impact of war.

Besides that funding, Turkey also risks losing Washington's support which was crucial in securing billions in loans that rescued the country during an economic crisis in 2001.

The United States has also pushed Turkey's eagerly sought candidacy in the European Union. And if Turkey does not agree to host U.S. forces, it loses a say in the future of neighboring Iraq if there is a war.

That is a critical issue for Turkey, which fears that a war could lead Kurds in northern Iraq to declare an independent state and in turn inspire Turkey's own Kurdish minority.

Nonetheless, Turkey's governing party had difficulty selling the unpopular measure to the Turkish people and could not push through the motion despite its overwhelming majority in parliament.

Polls show as much as 94 percent of the Muslim-dominated Turkish public opposes a war with Iraq.

Before the vote, 50,000 Turks staged an anti-war rally near parliament as 4,000 police stood guard. They chanted "No to War" and "We don't want to be America's soldiers." Some carried banners that read: "The people will stop this war."

After the speaker nullified the vote, hundreds of Turks celebrated in the streets of central Ankara, shouting anti-U.S. slogans.

"We are all Iraqis ... We will not kill, we will not die," they chanted. They also accused the Islamic-rooted Justice party of "collaborating" with Washington.

The Justice party was planning to meet today, said Reha Denemec, the party's deputy chairman. "We did not expect these results, but this is a democracy," he said.

ARREST: No one injured after shots fired; police hold family at gunpoint in search

Continued from A1

provide the United States with new clues in the hunt for bin Laden.

"It's hard to overstate how significant this is," White House spokesman Ari Fleischer said. "It's a wonderful blow to inflict on al-Qaida."

Mohammed, 37, is perhaps the most senior al-Qaida member after bin Laden and his deputy, Ayman al-Zawahiri.

A naturalized Pakistani who was born in Kuwait, Mohammed is on the FBI's most-wanted list and allegedly had a hand in many of al-Qaida's most notorious attacks. The U.S. government had offered a reward of up to \$25 million for information leading to his capture.

Mohammed is the third senior al-Qaida figure to be arrested in Pakistan. He was taken Saturday in Rawalpindi, a city near the Pakistani capital of Islamabad, Information Minister Sheikh Rashid Ahmed said.

CIA officers and Pakistani authorities carried out the operation that led to Mohammed's capture, according to American officials, who spoke on condition of anonymity.

"This is a great success today, but the war on terrorism goes on tomorrow," said Jim Wilkinson, a spokesman at U.S. Central Command in Tampa, Fla. "There's still a lot of work to do."

U.S. officials say Mohammed organized the Sept. 11, 2001, terror mission that sent hijacked passenger jets crashing into the World Trade Center, the Pentagon and a field in Pennsylvania, killing more than 3,000 people.

But even before then, Mohammed was wanted in connection with plots in the Philippines to bomb trans-Pacific airliners and crash a plane into CIA headquarters. Those were broken up in 1995.

He also has been linked to April's bombing of a synagogue in Tunisia. At least 19 tourists, mostly Germans, were killed then.

Bush 'pumped up' about capture of al-Qaida suspect

By JENNIFER LOVEN

The Associated Press

WASHINGTON — President Bush celebrated a major success in the fight against terrorism Saturday with the arrest of the al-Qaida operative suspected of planning the Sept. 11 attacks.

"That's fantastic!" the president said early Saturday when his national security adviser, Condoleezza Rice, delivered the news of Khalid Shaikh Mohammed's capture in Pakistan.

Mohammed was arrested early Saturday in a raid conducted jointly by American and Pakistani officials.

It was midnight Friday when CIA Director George Tenet first called Rice, who was staying at Camp

David with the president and first lady, to say that authorities were "pretty certain" they had Mohammed and two others, White House press secretary Ari Fleischer.

The confirmation came first thing Saturday and Rice called from her cabin to Bush's at the Maryland mountain retreat.

"It's hard to overstate how significant this is," Fleischer said. "It's a wonderful blow to inflict on al-Qaida."

Fleischer described Mohammed as a "savvy operational planner" of the terrorist network and a nuts-and-bolts leader.

Bush, portrayed as "pumped up" by a senior aide, characterized Mohammed as a "whale" of a get in the hunt for terrorists.

Mohammed narrowly escaped capture in a raid about a week ago in the southwestern town of Quetta, a Pakistani government source said. During that raid, a Middle Eastern man, possibly of Egyptian origin, was arrested, according to the source, who spoke to the AP on condition of anonymity.

"At the time of that raid in Quetta the authorities were looking for Khalid Shaikh but he escaped and from there they followed him to Rawalpindi," the official said. "They got information from the man they picked up in Quetta and from phone calls until they tracked him down to Rawalpindi."

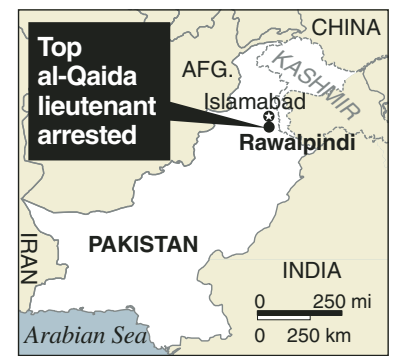
Senior government officials said the three men were arrested about 3 a.m. local time Saturday at a house where

Qadoos lives with his father. But Omar Qadoos, Ahmed's cousin, said only Ahmed, his wife and two children were in the house. There also was a guard outside, he said.

"The police pounded on the gate and then they rushed through. There was some firing, but no one was hurt and then they beat the guard and broke the lock on the front door," Omar Qadoos said.

He said police held the family at gunpoint while they collected cassettes, a computer and computer discs, leaving the floor littered with clothes, papers and other items.

Mohammed's tie to terrorism are deep. He is the uncle of convicted 1993 World Trade Center conspirator Ramzi



Yousef and one of his older brothers also belongs to al-Qaida. Another brother died in Pakistan when a bomb he was making exploded.

He also is said to be close to bin Laden's son, Saad.

In Washington, the FBI refused to confirm Mohammed was arrested or say whether the bureau was involved.

President Gen. Pervez Musharraf has said a small number of FBI agents are in Pakistan but only to provide intelligence on al-Qaida or Taliban fugitives from neighboring Afghanistan.

However, Pakistani police and intelligence officials say FBI agents have been involved in nearly every important terror arrest in Pakistan.

The Pakistani government says it has handed over more than 420 al-Qaida and Taliban suspects to the United States. Until now, the biggest catch so far was the arrest last March of al-Qaida's suspected financier, Abu Zubaydah, who was taken into custody in a raid in the central Pakistani city of Faisalabad. Abu Zubaydah, a Saudi-born Palestinian, was said to be a link between bin Laden and many of al-Qaida's operational cells.

Abu Zubaydah ran the Khalden camp in Afghanistan, where U.S. investigators believe many of the Sept. 11 hijackers trained.

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"I had some concerns about what it would do with our cash flow down the line ... but none of us expected it to be this bad."

— Bakersfield city Councilman Harold Hanson



"There was pressure because we need to be able to recruit and attract employees."

— Bakersfield city Councilman David Couch

CITY: Immediately after law was signed, phones started ringing

Continued from A1

— or even that night — I got a call from everyone saying, 'Let's go,'" said Carroll Hayden, Human Resources manager.

On the other end of Hayden's line were Bakersfield's police and fire unions demanding to reopen negotiations.

They wanted 3-at-50. They got it.

Before the bubble burst

It seemed a reasonable decision when the Bakersfield City Council approved 3-at-50 in 2001. It allows safety employees to retire at 50 with 3 percent of their salary per years of service.

The situation isn't unique to Bakersfield or Kern County. Local governments throughout the state that also approved 3-at-50 are having similar budget problems.

Bakersfield retirement accounts were so flush with cash, said city finance director Greg Klimko, that California Public Employees' Retirement System officials told the city it could coast for years on the money it had already invested.

So the city coasted — making only small payments to CalPERS for police officers and none for firefighters.

Then the technology stock bubble burst and the substantial returns CalPERS had been getting from its investments shrunk drastically.

Suddenly, Bakersfield didn't have any more "coasting" money.

Now CalPERS accounts are short billions of dollars and Bakersfield is facing a ballooning pool of retirement costs — just like a host of other cities and counties across the state.

The majority of Bakersfield's costs involve police and fire retirements.

While some of the increase was created when the stock market nose-dived, Klimko said, the majority is from retirement changes like 3-at-50.

The benefit went into effect for city employees on April 26, 2001.

A city firefighter, retiring at 50 after working for the city for 25 or 30 years, can now collect as much as 90 percent of his or her salary in retirement.

A separate benefit can supplement that amount — getting an employee very close to a retirement benefit of 100 percent of his or her salary.

The city's cost to provide those benefits has leapt upward as well — far beyond what city officials expected.

In the city's worst-case predictions, when 3-at-50 was approved by the Bakersfield City Council in February 2001, the cost seemed negligible.

"We looked at a fairly conservative worst-case scenario," said Councilman David Couch. "We tried to make it as close to revenue neutral as we could."

Costly perspective

But the view from atop the dizzy heights the stock market had scaled by 2001 may not have given the council the best perspective.



Police recruits Michael Gerrity, Rex Davenport, Dennis Park and Ryan Groves run through a simulated building search during Bakersfield police academy training.

CALIFORNIAN FILE PHOTO

The city had overpaid CalPERS in previous years and profits from that extra cash were projected to take care of city payments for many of its retirement programs for more than 10 years, Klimko said.

"What we tried to look at was what (CalPERS) thought the plan cost would be based on the June 30, 1999, figures," Hayden said.

Though talks started in late 1999, the council looked at the issue for 16 months before approving the 3-at-50 benefit for fire and police officers.

And, Hayden said, the police and fire unions had to make significant concessions to get the benefit.

"We had directions from the council — what they were looking at in a total compensation package for both groups," she said. "We tried to fit the cost of (3-at-50) into the compensation package."

Police union leaders agreed to delay the benefit until late 2003. They also gave up some salary increases, Hayden said. Fire union officials gave up higher across-the-board pay increases, she said.

"It really comes down to what the bargaining unit wants," Hayden said. "We extended the contract — got a three-year contract out of it. They

City of Bakersfield's retirement costs

Bakersfield was told by officials with the California Public Employees' Retirement System it had so much surplus money in its accounts it wouldn't have to pay into PERS for years. PERS stock market losses plus increased costs from 3-at-50 ate up the city's surplus. City officials now estimate retirement costs will balloon to more than \$11 million over the next two years.

City of Bakersfield employer share costs in percent of employee salary:

Fiscal year starting	Miscellaneous	Fire	Police
7-1-01	0%	0%	2.9%
7-1-02	0%	2%	5.6%
7-1-03	2.5%	13.7%	16.1%
7-1-04 (estimated)	9%	27.6%	31.6%

Source: city of Bakersfield

THE CALIFORNIAN

delayed or did not get some salary increases."

Three-at-50, the pay raises and other benefits were supposed to add up to about 5 percent of fire and police salaries each year.

Hayden and Couch said the council worked hard, in closed-door sessions, to weigh the financial impact.

Councilman Harold Hanson said the decision wasn't easy.

"I had some concerns about what it would do with our cash flow down the line," he said.

The council estimated that the stock market might take a hit and hurt

the city, "but none of us expected it to be this bad," he said.

In the end, Hanson said, the decision to approve 3-at-50 came out of a need to keep employees from leaving for other cities and counties that did offer the benefit.

"We wanted to retain a good relationship with public safety (unions)," he said.

The council was under pressure to approve the benefit Couch said, and not just from the unions.

"There was pressure because we need to be able to recruit and attract employees," he said.

Hayden said Gov. Davis had, in giving the benefit to state corrections and California Highway Patrol officers, forced cities to seriously consider the benefit or lose employees to other cities.

"When those groups have already gotten it, it's hard to close the barn door," she said. "Local safety units across the state were clamoring for what they were seeing being given at the state level."

Balloon payment

The city decided to approve contracts with police and fire that included the 3-at-50 language.

"There were some of us that thought the costs were really going to escalate and others that thought not," Hayden said. "I don't think any of us right at that time would have predicted that the stock market would do what it did."

What the market did was drop a third of its value over the next two years as the technology bubble burst.

That sent CalPERS investments reeling sharply downward.

In December, the state retirement program informed Bakersfield officials that contribution rates would be going up to compensate for the drop.

That means the city's cost to fund fire retirement may jump from 2 percent of fire salaries this fiscal year to 27 percent in the 2004-2005 fiscal year. Police retirement payments are projected to go from 5.6 percent to 31.6 percent in the same period.

Add that to the more modest increases in retirement costs for other city employees, Klimko said, and the city is looking at paying upward of \$4.2 million more for retirement in the 2003-04 fiscal year.

Using CalPERS estimates the cost could leap to \$7 million or more in the 2004-05 fiscal year. The city's next two annual budgets will have to absorb \$11 million in unanticipated costs.

And similar costs will likely show up in the following years and possibly continue to grow.

Couch, who works as an investment counselor for Smith Barney, said the magnitude of the stock market's shift took everyone by surprise.

"We didn't look at the market going down as much as it did," he said.

But, even looking back in time with 20/20 hindsight, Couch said he thinks the council made the right decision with the information it had.

"I don't think we took a shortsighted view at all," he said.

City agencies brace for upcoming wave of departures

Top firefighters, police officers to retire en masse, taking years of expertise

By JAMES BURGER

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Twenty of Bakersfield's top firefighters and police officers plan to retire at the end of the year.

There's a good reason for the mass exodus.

Money.

In December two complementary pension benefits become active together for the first time — making it possible for city police officers and firefighters to retire with nearly 100 percent of their highest annual pay.

The "3-at-50" benefit lets sworn safety officers retire at age 50 and collect 3 percent of their salary for every year they've worked for the city.

But it has a salary cap of 90 percent.

A second benefit, called Employer Paid Member Contributions, allows the employees to count the city-paid portions of their annual contributions to California Public Employees' Retirement System as part of their salaries.

The city of Bakersfield, after a per-

son has been an employee for five years, pays the full 9 percent contribution all police and firefighters must make to participate in CalPERS.

"Under state retirement law you can count what the employer pays into (Cal)PERS as salary earnings for the member," said city of Bakersfield Human Resources Manager Carroll Hayden.

While that 9 percent paid by the city is allowed to be counted as income by employees, it isn't taxed as income, Hayden said. That's because the money isn't paid directly to employees. The pension money they get each year is taxed.

So, a long-term city employee can essentially count on a 9 percent raise right before figuring 90 percent of his or her annual salary — creating a real-life retirement benefit of 98 percent of actual salary.

It isn't surprising, in that context, that a flood of retirements is coming soon.

And, over time, the two benefits will cause firefighters and police offi-



"We recognized when this new retirement was negotiated that it was going to accelerate sudden retirements."

— Eric Matlock
Bakersfield Police Chief

cers to retire earlier than they would have in the past.

A "young man's" game

Take the Bakersfield Fire Department, for example.

Chief Ron Frazee is 45 years old. His three deputy chiefs and two of his eight battalion chiefs were born around the same time in the late 1950s.

In five years they will all probably retire around the same time — taking 162 years of experience and the top management with them.

"We're all within six to eight

months of the same age and were all around 45," Frazee said.

More immediately, he's expecting 10 of his staff, from firefighters to battalion chiefs, to retire in December and has been training people to step into those positions.

"Operationally it's not a big problem," he said of the impending retirements.

But having most of his command staff leave in five years will have a sharp impact on the department, Frazee said. The one thing Frazee doesn't want, as he and his top brass leave, is a sudden vacuum at the top.

"I want people to think, 'Oh the chief retired? When did that happen?'" he said.

Despite the challenges, Frazee thinks 3-at-50 is a good benefit.

"What people have to focus on is that firefighting is a dangerous job. It's a young man's game," Frazee said. "After you get over age 52 our workman's compensation claims go up because people get hurt easier."

He said he'd rather give his older employees a good retirement benefit than see them linger on the job until they get injured.

Weathering the wave

Police Chief Eric Matlock said he will lose seven detectives, two sergeants and a lieutenant at the end of December.

Collectively those 10 employees have 295 years of experience on the job, he said.

"We recognized when this new retirement was negotiated that it was going to accelerate sudden retirements," Matlock said.

Matlock also expects more retirements throughout 2004 until the situation stabilizes.

He, like Frazee, is working to train his senior police officers and sergeants to take higher positions.

But he is worried that a wave of sudden promotions could pull police officers off the street — especially in light of state budget troubles that are threatening to cut funding for Bakersfield police jobs.

"There is a huge deficit at the state level and I'm not sure if the picture is going to be clear before the summer," Matlock said.

That could cost the Police Department jobs next year — and the jobs that retirements leave open may have to be left unfilled to prevent layoffs.

Promoting officers into the empty jobs would have to wait, Matlock said, because street officers would be the city's top priority.

The Police Department is already running two academies a year but always has between five and 10 jobs that it can't fill, Matlock said.



CALIFORNIAN FILE PHOTO

Kern County firefighters exchange oxygen tanks as they work to extinguish a packing shed fire on Sandrini Road.

COUNTY: Officials strike \$9 million out-of-court settlement with company

Continued from A1

ering the new pension plan in late 2000, after state lawmakers voted to make it an option.

Before 3-at-50, safety employees' retirement pay topped out at 2.6 percent at age 55. If they chose to retire at 50 they would receive just 2 percent of their salary per year of service.

That system tended to punish employees who joined the department younger, said Donny Youngblood, a retired sheriff's commander. Because of the earlier formula, a deputy who served 30 years would make more in retirement if he had joined the force at 25 than at age 21.

"If you came to work younger it was a detriment," he said.

The push to increase safety retirement pay actually started at the state level in 1999. That was when the state granted the 3-at-50 pension to California Highway Patrol officers. Under 3-at-50, safety employees are allowed to retire at 50 with 3 percent of their highest salary multiplied by the number of years they worked.

At the last minute lawmakers also made 3-at-50 an option for cities and counties that are part of the state retirement system — which includes most cities and counties.

That triggered a competitive push by agencies to adopt 3-at-50, says Steve Keil, state legislative coordinator for the California State Association of Counties.

"It became a recruitment and retention issue," he said. "They (local police and sheriff's departments) don't want

to become a training ground. They don't want to spend \$100,000 training someone and then have them leave and go to the CHP at the first chance."

And so in August 2000, counties with independent retirement systems — like Kern County — were also given the option.

Local firefighters put the perk on the table right away. "We were in negotiations with the firefighters at the time and they immediately said 'This is part of our proposal,'" Douglas said.

County administrators agreed to study 3-at-50 and see how much it might cost. A firm, Watson Wyatt & Co., was hired to crunch the numbers. Called an actuary, Watson Wyatt & Co. calculated how the new perk would increase costs, using statistics that project life expectancies.

"They were the actuary for the retirement association for many, many years and it made sense to use the same actuary," said Scott Jones, the top county administrator. "It almost had to be that way."

Before the end of the year the report was back: It would cost the county an extra \$3 million a year to give 3-at-50 to all safety employees. That was the equivalent to a 3 percent raise, Douglas said.

"A cost-of-living raise around that time was 2 to 4 percent so we thought this would be about the same cost," Douglas said.

The county eventually agreed to a two-year deal with the firefighters that gave them a 4 percent raise and the 3-

at-50 pension. The county also reopened negotiations with deputies, detention officers, probation officers and investigators, giving them the new retirement plan in exchange for an extra year without receiving raises.

Three-at-50 took effect for all county safety employees Jan. 1, 2001, just four months after it was approved by state lawmakers.

It would be another six months before the county even had its first inkling that the costs were going to be far more than anticipated.

Multimillion-dollar boo-boo

In June 2001, the county retirement association did its annual actuarial study to make sure it had enough money in the system. While the main report did not focus on 3-at-50, it was mentioned in an addendum — which caught the eyes of administrators.

The actuarial report noted the county would soon have to begin paying for the cost of 3-at-50 and estimated it would cost approximately \$6.5 million. That was more than double the first projected cost.

"We started asking questions right away," Douglas said.

The county turned to Watson Wyatt & Co. Today, officials from the company and county refuse to discuss the details of the mistake.

That is because they struck an out-of-court deal in December. Watson Wyatt & Co. agreed to pay the county \$9 million and the county promised not to sue. The deal includes a confidentiality agreement.

"There was a miscalculation," Jones said. "That's about all I can say." "I can't add much," said Robert McKee, spokesman for Watson Wyatt

& Co. "We resolved it with the county last year."

Jones said supervisors will decide how to spend that money in upcoming months. But Jones plans on recommending the money be spent to bridge the gap between the original cost estimate for 3-at-50 and the final price tag.

When first proposed, the cost of 3-at-50 was expected to be 3.7 percent of the county's \$82 million in salary costs for safety employees. That added up to just more than \$3 million.

By June 2001, the cost estimate had been recalculated to roughly 8 percent, or \$6.5 million.

But even though the county had already begun handing out 3-at-50 retirements, its actual retirement costs did not increase until mid-2002.

The delay was due to the timing of the retirement association's actuarial studies. Each year the association studies how much money needs to be piped into its reserves to cover retired employee benefits in the future.

The annual calculations are based on the previous year's statistics, meaning that significant changes might not affect the county's annual contributions for up to a year and a half. And by July 2002, the county's cost for 3-at-50 had risen to a 10.3 percent increase, or \$8.5 million.

Part of the last increase was due to the delay between 3-at-50 going into effect and the county's first payment.

"That has just made it worse," Douglas said.

Covering their gaps

With a \$5 million difference between the original and final estimates, the Watson Wyatt & Co. settlement money will cover the county's

costs for less than two years.

To narrow the gap even more, the county is also considering passing some of the increased pension costs on to safety employees themselves.

The county is negotiating with the unions for all safety employees and has discussed the idea of increasing employee contributions to the retirement system to offset 3-at-50 costs.

County employees typically contribute to their retirement plan for the first five years, after which the county makes all payments. For safety employees the contributions can range from 13 percent to 19 percent.

According to Douglas, the county and unions had discussed the possibility of raising those contributions by up to 50 percent in 2000.

The county is now just trying to nail down exactly how much of an increase might be workable, Douglas said.

But union officials did not appear as excited about increasing employee contributions.

"Of course we don't want to pick that up. Nobody would," said Wally Grogan, president of the Kern County Fire Fighters' Union.

The exact details of how much employees might have to pay — or even if they will at all — are still up for negotiation, county and union officials said.

Those negotiations are currently on hold while the county awaits the results of the state budget. The state has proposed cuts to county funding that could trigger layoffs in many departments, including the sheriff's and fire departments.

"If that happens then we've got a whole new problem," Grogan said.

Other groups want piece of benefits pie for their own

By DAVIN McHENRY

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Even as the county is reeling from unexpected costs of "3-at-50" retirements for firefighters and deputies, at least two other employee groups are looking to boost their own retirement plans.

Currently non-safety employees have a plan that is closer to "2-at-50." That plan applies to everyone at the county except deputies, firefighters, detention officers, district attorney investigators and probation officers.

But when they open negotiations later this year, county prosecutors, public defenders and public defender investigators are expected to ask to be reclassified as safety employees. That could end up earning them a "3-at-55" pension.

How much that might cost is not known yet.

The county's main employees union, Central California Association of Public Employees, has also been working quietly on getting a "3-at-60" retirement perk for non-safety employees. That would affect everyone from gardeners to planners to clerks.

And it would end up costing the county \$6.5 million, say county administrators.

The coveted 3-at-50 benefit allows safety employees to retire at age 50 and collect 3 percent of their highest annual salary multiplied by the number of years they worked.

While county employee unions are interested in both retirement perks, the county isn't negotiating until the state budget outlook becomes clearer, local administrators said.

"Frankly with all the doom and gloom everything is on hold," said Bill Douglas, the county's chief negotiator.

The new retirement plans were spurred by legislation giving local agencies the option for better retirements.

In September 2002, state lawmakers agreed to allow cities and counties to classify prosecutors, public defenders and public defender investigators as safety positions and give them 3-at-55.

The new retirement plan is expected to be on the table when the prosecutors' contract expires in September.

"It's probably something we are going to be asking for," said Bob Barton, of the Kern County Prosecutors' Association.

Barton argued that prosecutors' jobs are often stressful, like those of police and firefighters. The lawyers often work 80-hour weeks when trying a case, he said. And like police, they constantly interact with the bad guys, he added.

"I've had death threats, had my tires slashed," he said. "I sit with my back to the audience in court. With my back to the family members of people I am trying to put away."

County officials expect to discuss the perk in negotiations, but a study is needed to calculate costs, Douglas said.

Ward Wollesen, head of the main county union, said his staff has been talking to the county about the 3-at-60 plan for more than a year. The county has already studied the cost and pegged it at a 5.2 percent increase in its costs, or \$6.5 million, Douglas said.

Wollesen said the union is still interested, but the issue is delayed until the state budget is resolved and negotiations can restart.

"At that point we may or may not be asking for that enhancement," Wollesen said.

Any changes to the contracts have to be signed off on by the county Board of Supervisors.

Exodus of most-experienced workers decimates top ranks of county agencies

By DAVIN McHENRY

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In the last two years, hundreds of years of experience have walked out the door of some of the county's most vital departments.

The new 3-at-50 retirement plan has triggered an exodus from the county's public safety departments, including dozens of deputies, firefighters, probation officers, detention officers and district attorney investigators.

In the two years before 3-at-50 took effect, the county had 68 safety employees retire.

In the year and a half since there have been 164.

Three-at-50 makes it much more lucrative for safety employees to retire — and to retire earlier. They can retire at 50 and collect 3 percent of their salary per year of service.

It is not uncommon for many safety employees to get 100 percent of their salary when they retire, said officials at the Kern County Employees Retirement Association. Since pension pay is exempt from social security tax, an employee can actually end up pocketing more money annually by retiring.

"The last year I worked I made less money than if I had stayed home," said Donny Youngblood, a former sheriff's commander. "If you can get up to 90 percent of your salary you won't take a pay cut."

Youngblood was a commander

with the Sheriff's Department until last year. He left with 30 years of county service and three years of military credit, pushing his retirement pay to over 90 percent of his final salary.

While Youngblood said the new retirement formula wasn't the only factor in his decision to leave, it did have an impact. And it can be generous, he said.

"It's definitely a better deal," he said. "When I talk to other people about it, to teachers about it they say 'That's crap.'"

Getting out healthy

But there is a need for 3-at-50 too, Youngblood says.

"Nobody should do that job for more than 30 years," he said.

Decades of white-knuckle car chases and heart-pounding foot pursuits have caught up with deputies and police officers shortly after retirement, Youngblood said.

For Glenn Johnson, a retired sergeant in charge of robbery and homicide, it was being on call around the clock that finally wore thin.

"Even if they hadn't had 3-at-50, I would probably have retired anyway," he said.

Johnson acknowledged the new retirement formula was good for him. Instead of receiving 80 percent of his salary for life, he will now get 93 percent.

Like Youngblood and Johnson, most of the employees leaving the department are in the higher ranks and are walking off with decades of experience, said officials with the sheriff's and fire departments.

Over the past two years, the Sheriff's Department has lost 21 employees to 3-at-50 retirements, said Assistant Sheriff Phil Crosby. The loss of top administrators and supervisors was felt severely, he said.

The department lost two of three assistant sheriffs and several commanders. The pool of sergeants was also hit hard, Crosby said.

"It was a huge hit all at one time," he said.

Huge brain drain

The Fire Department has also been hit hard at the top levels. Half of the department's managers retired in the past two years. One-third of the department chief officers have also left, said Deputy Fire Chief Dennis Thompson.

"That's a huge brain drain," he said. "We're going to be faced with a lot of challenges."

The departures are going to require the department to beef up its training efforts, Thompson said.

Beyond that, Thompson said, he hasn't seen impacts to public safety and doesn't expect any, a sentiment echoed by other safety departments.