

ORDINANCE NO. O-15353  
(New Series)

(O. 81-67)

OCT 6 1980

AN ORDINANCE AMENDING CHAPTER II, ARTICLE 4, OF THE SAN DIEGO MUNICIPAL CODE BY AMENDING SECTION 24.0907.1, RELATING TO USE OF SURPLUS UNDISTRIBUTED EARNINGS; ADDING NEW SECTION 24.0404 RELATING TO DETERMINATION OF AND QUALIFICATION FOR ANNUAL SUPPLEMENTAL BENEFITS.

WHEREAS, the City Council requested the Retirement Board of Administration (herein called "Board") to study the problem faced by retired employees as a result of extreme inflationary factors; and

WHEREAS, included within the request was the proposal that Surplus Undistributed Earnings experienced by the Retirement System (herein called "System") be treated in a manner so that 50% of said earnings be distributed to retirees under conditions and mathematical formulae to be developed by Board; and

WHEREAS, the Board established a special committee to study such distribution and submit its recommendations to the full Board; and

WHEREAS, said special committee met and deliberated on July 3 and July 15, 1980, and developed criteria for distribution to Qualified Retirees; and

WHEREAS, said criteria and distribution concept was reported to and approved by the full Board at its regularly scheduled meeting of July 18, 1980; and

WHEREAS, said distribution of Surplus Undistributed Earnings to Qualified Retirees constituted a change in pension benefits

requiring an amendment to the Municipal Code of The City of San Diego and a vote of the members of the System as required by Section 143.1 of the Charter of The City of San Diego; and

WHEREAS, the Board has fulfilled its Charter responsibility and submitted to the City Council the proposed plan for distribution of Surplus Undistributed Earnings for legislative approval by the Council prior to the election of the members of the System; and

WHEREAS, the City Council, by Resolution No. 242479, dated August 12, 1980, approved the plan and submission to the system members for a vote as required by the Charter; and

WHEREAS, the election was conducted and the membership vote tallied and certified on September 15, 1980; and

WHEREAS, the members approved the proposed change in benefits set forth in the plan; and

WHEREAS, it is now necessary to amend the retirement ordinances contained in the Municipal Code in order to effectuate said changes; NOW, THEREFORE,

BE IT ORDAINED, by the Council of The City of San Diego, as follows:

Section 1. That Chapter II, Article 4, of the San Diego Municipal Code be and the same is hereby amended by amending Section 24.0907.1 to read as follows:

SEC. 24.0907.1 SURPLUS UNDISTRIBUTED EARNINGS

At the beginning of each fiscal year the Board shall determine the Surplus Undistributed Earnings of the System and shall provide for the distribution of same as follows:

Fifty percent (50%) of such amount shall be credited to the Reserve for Employer Contributions for the sole and exclusive purpose of reducing the System's liabilities; fifty percent (50%) shall be credited to an account to provide monies to pay annual supplemental benefits to Qualified Retirees. Sums transferred to the Reserve for Employer Contributions shall be credited to the accounts of the City and its contracting agencies in the same proportion as the employer reserves for their active and retired members bears to the total of all employer reserves for all active and retired members on the preceding June 30. If, at the time of the annual determination, the amount provided for the supplemental benefits is less than \$100,000, no supplemental benefits will be paid in that fiscal year and the monies will be placed in a special reserve and be carried forward to ensuing years until such time as the amount to be provided for this benefit from ensuing Surplus Undistributed Earnings and the special reserve is \$100,000 or more.

Surplus Undistributed Earnings shall be comprised of investment earnings received for the previous fiscal year, as defined below, less:

- (1) an amount sufficient to credit interest to the contribution accounts of the members, City, and the Unified Port District at an interest rate determined by the Board and distributed in accordance with Section 24.0905 and related Board rules;

(2) an amount sufficient to meet the budgeted expenses and costs of operating the System, including all personnel and services for the fiscal year; and

(3) an amount necessary to maintain such reserves for contingencies as the Board deems appropriate on advice of its investment counselor.

Investment earnings received shall include, by way of example but not limited to, all interest received (net of interest purchased) on notes, bonds, mortgages, short-term money market instruments, and savings accounts; cash dividends received on stock investments; and all realized gains and losses from the sale, trade or conversion of any investments. It is the intent of this section that investment earnings for the purpose of distributing annual supplemental benefits to Qualified Retirees shall be determined on a cash basis, except that investment earnings shall be increased or decreased by the amount of the annual amortization of purchase discounts or premiums on interest-bearing investments earned in accordance with generally accepted accounting principles for financial reporting purposes. No subsequent changes in the method of accounting for the System shall affect the determination of investment earnings received. Surplus Undistributed Earnings shall be determined by the City Auditor and Comptroller in accordance with the definitions of this section and shall be certified by the City's independent public accountant.

• Section 2. That Chapter II, Article 4, of the San Diego Municipal Code be and the same is hereby amended by adding thereto a new Section 24.0404 to read as follows:

SEC. 24.0404 ANNUAL SUPPLEMENTAL BENEFITS--QUALIFICATION AND DETERMINATION

The purpose and intent of this section is to provide necessary guidelines for effectuating the payment of annual supplemental benefits set forth in Section 24.0907.1 of this Code by (a) identifying and defining those retirees qualified to receive such benefit and (b) establishing a method for determining the amount of the annual supplemental benefit.

A. QUALIFIED RETIREES: For the purpose of identifying those retirees who shall be deemed qualified to receive the annual supplemental benefit established in this Code, the following criteria shall apply:

1. The retiree must have completed a minimum of ten (10) years continuous service as a member of the system in order to be qualified;

2. The retiree must be on the retirement payroll for the month of October of any year in which benefits are to be paid except as provided otherwise in Section 3 of this ordinance for the first year's distribution;

3. Qualified Retirees shall be limited to the following classes:

- (a) Retired General and Safety members;
- (b) Retired Unified Port District members; and

(c) General, Safety and Unified Port District member survivors receiving monthly pensions from the system, provided the deceased general or safety or Unified Port District member had met the minimum continuous service requirement in subsection A.1. above.

4. Legislative and Special Class safety members and the survivors of both classes shall not be eligible for participation in the annual supplemental benefit program established by this Article.

B. DETERMINATION OF BENEFIT AMOUNT AND PAYMENT THEREOF:

For the purpose of determining the amount of the supplemental benefit payment to Qualified Retirees, the following process shall apply:

1. The Retirement Officer each year shall identify all Qualified Retirees on the retirement payroll for the month of October.

2. The Retirement Officer shall then determine the number of years of creditable service possessed by each Qualified Retiree identified in 1. above.

3. The number of creditable years for all Qualified Retirees shall be added together to determine the total sum of Qualified creditable years.

4. The total sum of Qualified creditable years shall then be divided into the total of Surplus Undistributed Earnings designated for distribution

pursuant to Section 24.0907.1 of this Code to arrive at a per annum dollar value for each creditable year.

5. The per annum dollar value shall then be multiplied by each Qualified Retiree's creditable service to determine the annual supplemental benefit to be paid each Qualified Retiree the following November.

6. Survivors of deceased Qualified Retirees, as defined in subsection A above, shall be eligible for annual supplemental benefits, said benefits to be determined in the same ratio as their monthly benefit bears to the monthly benefit received by their deceased retired spouse.

C. MISCELLANEOUS: The Retirement Board, with the cooperation and approval of the City Auditor and Comptroller, shall promulgate necessary rules to effectuate the provisions and intent of this Article.

Section 3. Irrespective of the provisions of Section 24.0907.1 relating to Surplus Undistributed Earnings, the total dollar amount of the first distribution of annual supplemental benefits to Qualified Retirees for fiscal year 1981 shall not exceed \$1,000,000.00 and shall be paid in the month of December, 1980, to those Qualified Retirees or survivors on the retirement payroll for the month of November, 1980.

Section 4. This ordinance shall take effect and be in force on the thirtieth day from and after its passage.

APPROVED: JOHN W. WITT, City Attorney

By Jack Katz  
Jack Katz, Chief Deputy

JK:lco:352  
9/18/80  
Or.Dept.:Retirement  
Aud. Cert.#81222

0-15853

# CERTIFICATE OF CITY AUDITOR AND COMPTROLLER

## CERTIFICATION OF UNALLOTTED BALANCE

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount \$ 1,000,000.00

Fund City Employee's Retirement System

Purpose Authorizing expenditure of funds for Annual Distribution of 50% of Surplus Undistributed Earnings, if any, to qualified retirees

*W. B. Sage*

Auditor and Comptroller of  
The City of San Diego, Calif.

Date September 16, 1980

By Don Munn

## CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution, can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with the requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said moneys now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to exceed \$ \_\_\_\_\_

Dated \_\_\_\_\_, 19\_\_\_\_

Auditor and Comptroller of  
The City of San Diego, Calif.

BY \_\_\_\_\_

\* FUND/  
DEPT.

ORG. NO.

ACCOUNT

JOB ORDER

BENEFITING  
DEPARTMENT

PURPOSE \_\_\_\_\_

VENDOR \_\_\_\_\_

\* USE FUND NO. ONLY WHEN USING GEN. LEDGER & REV. ACCTS., OTHERWISE USE DEPT. NO.



Passed and adopted by the Council of The City of San Diego on **OCT 6 1980**,  
 by the following vote:

Councilmen	Yeas	Nays	Not Present	Ineligible
Bill Mitchell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bill Cleator	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Bill Lowery	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Leon L. Williams	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fred Schnaubelt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mike Gotch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Larry Stirling	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lucy Killea	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Pete Wilson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

**PETE WILSON**  
 Mayor of The City of San Diego, California.

**CHARLES G. ABDELNOUR**  
 City Clerk of The City of San Diego, California.

(Seal)

By *Ellen Bovard*, Deputy.

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

**SEP 23 1980**, and on **OCT 6 1980**.

~~I FURTHER CERTIFY that said ordinance was read in full prior to its final passage.~~

I FURTHER CERTIFY that the reading of said ordinance in full was dispensed with by a vote of not less than a majority of the members elected to the Council, and that there was available for the consideration of each member of the Council and the public prior to the day of its passage a written or printed copy of said ordinance.

**CHARLES G. ABDELNOUR**  
 City Clerk of The City of San Diego, California.

(Seal)

By *Ellen Bovard*, Deputy.

Office of the City Clerk, San Diego, California	
Ordinance Number	<b>0-16353</b> Adopted <b>OCT 6 1980</b>

CERTIFICATE OF PUBLICATION

ES  
RECEIVED  
CITY CLERK'S OFFICE  
1980 OCT 28 AM 11:09  
SAN DIEGO, CALIF.

SAN DIEGO CITY OF  
12th floor, City Admin. Bldg.  
202 C St., San Diego, CA 92101  
ATTN: Ellen Bovard

IN THE MATTER OF

NO.

AN ORDINANCE AMENDING CHAPTER II, ARTICLE 4, OF  
THE SAN DIEGO MUNICIPAL CODE BY AMENDING SEC-  
TION 24.0907.1, RELATING TO USE OF SURPLUS UN-  
DISTRIBUTED EARNINGS; ADDING NEW SECTION 24.0404 ETC.

0-15353 MS

D.M. Showley

I, \_\_\_\_\_, am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above-entitled matter. I am the principal clerk of the San Diego Daily Transcript, a newspaper of general circulation, printed and published daily, except Saturdays and Sundays, in the City of San Diego, County of San Diego, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of San Diego, State of California, under the date of January 23, 1909, Decree No. 14894; and the

ORDINANCE NO. O-15353 (New Series)

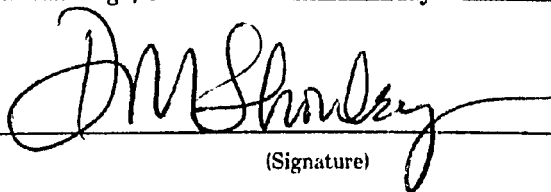
**ORDINANCE NO. O-15353**  
**(New Series)**  
AN ORDINANCE AMENDING CHAPTER II, ARTICLE 4, OF THE SAN DIEGO MUNICIPAL CODE BY AMENDING SECTION 24.0907.1, RELATING TO USE OF SURPLUS UN-DISTRIBUTED EARNINGS; ADDING NEW SECTION 24.0404 RELATING TO DETERMINATION OF AND QUALIFICATION FOR ANNUAL SUPPLEMENTAL BENEFITS.  
This ordinance provides that the surplus earnings from the Retirement Fund shall be allocated as follows: (1) Fifty percent shall be credited against the City's obligations for prior service benefits; (2) Fifty percent shall be distributed to designated retired employees by a formula based on years of service. Provided, however, that there shall not be a distribution in any year that the surplus earnings allocated for retirees is less than \$100,000.00; rather, such lesser amount shall be applied to subsequent year's distribution.  
A complete copy of the Ordinance is available for inspection in the Office of the City Clerk of The City of San Diego, 12th Floor, City Administration Building, 202 "C" Street, San Diego, CA 92101.  
Introduced on September 23, 1980.  
Passed and adopted by the Council of The City of San Diego on October 6, 1980.  
AUTHENTICATED BY:  
RENE WILSON,  
Mayor of The City of San Diego, California.  
CHARLES G. ABDELNOUR,  
City Clerk of The City of San Diego, California.  
(REAL)  
BY ELLEN BOVARD, Deputy.  
Printed October 21, 1980 80-1887

is a true and correct copy of which the annexed is a printed copy and was published in said newspaper on the following date(s), to wit:

October 21, 1980

I certify under penalty of perjury that the foregoing is true and correct.

Dated at San Diego, California this 21st day of Oct., 19 80.

  
(Signature)

$2 \frac{7}{8}'' \times 2 \times 7.33 = 42.15$