

ORDINANCE NUMBER O- 17770 (NEW SERIES)

ADOPTED ON MAY 26 1992

AN ORDINANCE AMENDING CHAPTER II, ARTICLE 4, DIVISION 1, OF THE SAN DIEGO MUNICIPAL CODE BY AMENDING SECTION 24.0105; DIVISION 2, BY ADDING SECTION 24.0211; DIVISIONS 3, 4, 5, 9, AND 10, BY AMENDING SECTIONS 24.0311, 24.0403, 24.0531, 24.0532, 24.0907.1 AND 24.1003; DIVISION 10, BY ADDING SECTIONS 24.1011 AND 24.1012; DIVISION 11, BY AMENDING SECTION 24.1110; BY ADDING DIVISION 12, ENTITLED "HEALTH INSURANCE;" DIVISION 9, BY REPEALING SECTION 24.0907.2, AND REENACTING THIS SECTION WITH CHANGES TO BECOME SECTIONS 24.1201, 24.1202 AND 24.1205; AMENDING DIVISION 12, BY ADDING SECTIONS 24.1203, 24.1204 AND 24.1206, ALL RELATING TO THE CITY EMPLOYEES' RETIREMENT SYSTEM.

WHEREAS, the 1990 Federal Budget Reconciliation Act requires that any public employee who is not a member of a qualified retirement plan must become a member of either that plan or be enrolled into Social Security; and

WHEREAS, certain categories of employees are affected by this requirement such as 1) part time, seasonal and temporary employees; and 2) unclassified and legislative members with voluntary membership who have not elected to join the Retirement System, and 3) police recruits, and 4) general members who elect not to join the Retirement System until completion of probation; and

WHEREAS, the San Diego Municipal Code presently prohibits employees age 70 years or older from becoming members of the Retirement System; and

WHEREAS, the Retirement System and the Supplemental Pension

and Savings Plans ("SPSP") are qualified plans under Federal tax law; and

WHEREAS, employees in categories 1 and 3 above will be covered by enrollment in a new SPSP-H program and general and legislative members under category 2 can be covered by SPSP; and

WHEREAS, safety members in unclassified positions are not eligible for SPSP; and

WHEREAS, general members in category 4 could be eligible for the new SPSP-H plan but would become ineligible at the completion of probation and mandatory enrollment into the Retirement System; and

WHEREAS, to ensure compliance with Federal law, the Board of Administration for City Employees' Retirement System ("Board") recommended changes to the San Diego Municipal Code to require that safety members in unclassified positions be enrolled into the Retirement System on and after July 1, 1991, and to require that all general members in classified positions eligible for membership be enrolled into the Retirement System on July 1, 1991, or on the date of employment, whichever is later; and

WHEREAS, to ensure compliance with Federal law, the Board has recommended the deletion of the age 70 membership prohibition; and

WHEREAS, as a result of meet and confer negotiations between The City of San Diego and various employee organizations an agreement was reached between the parties regarding improvements in retirement benefits; and

WHEREAS, the improvements in retirement benefits with

respect to general members included the award of creditable service under the 1981 Pension Plan as being the equivalent to City Employees' Retirement System ("CERS") service for the purpose of benefit calculation only, effective July 1, 1991; the purchase of service credit for periods of hourly employment prior to membership in CERS; the buy back of CERS contributions refunded to re-enroll in The 1981 Pension Plan; the award of post-retirement paid health insurance for members whose effective date of membership is on or after September 3, 1982; and reciprocity with California Public Employees' Retirement System ("PERS"); and

WHEREAS, these changes were voted upon by all general members pursuant to Charter section 143.1 with vote counted certified on April 13, 1992 with a vote of YES - 2279, NO - 611, and VOID - 14 on reciprocity with PERS and with a vote of YES - 2517 and NO - 393 with respect to the other benefits considered as a package; and

WHEREAS, the improvements in retirement benefits with respect to police safety members included the award of creditable service under The 1981 Pension Plan as being equivalent to CERS service for the purpose of benefit calculation only, effective July 1, 1991; the purchase of service credit for periods of hourly employment prior to membership in CERS; an increase in percent of final salary used in calculating the retirement allowance and an increase in employee contribution rates as follows:

POLICE

AGE AT RETIREMENT	FACTOR
50	1.2500
51	1.2700
52	1.2900
53	1.3100
54	1.3300
55	1.3500
56	1.3850

and reciprocity with PERS; and

WHEREAS, these changes were voted upon by all police safety members pursuant to Charter section 143.1 with vote counted and certified on April 13, 1992 with a vote of YES - 955, No - 108 and VOID - 7 on reciprocity with PERS and with a vote of YES - 1080 and NO - 20 with respect to the other benefits considered as a package; and

WHEREAS, the improvements in retirement benefits with respect to fire safety members included the award of creditable service under The 1981 Pension Plan as being equivalent to CERS service for the purpose of benefit calculation only, effective July 1, 1991; the purchase of service credit for periods of hourly employment prior to membership in CERS; an increase in percent of final salary as used in calculating the retirement allowance as follows:

FIRE

AGE AT RETIREMENT	FACTOR
50	1.0500
51	1.1100
52	1.1700
53	1.2350
54	1.3100
55	1.3850
56	1.3850

and reciprocity with PERS; and

WHEREAS, these changes were voted upon by all fire safety members pursuant to Charter section 143.1 with vote counted and certified on April 13, 1992 with a vote of YES - 545, NO - 58 and Void - 6 on reciprocity with PERS and with a vote of YES - 594 and NO - 7 with respect to the other benefits considered as a package; and

WHEREAS, the improvements in retirement benefits with respect to lifeguard safety members included the award of creditable service under The 1981 Pension Plan as being equivalent to CERS service for the purpose of benefit calculation only, effective July 1, 1991; the purchase of service credit for periods of hourly employment prior to membership in CERS; and reciprocity with PERS; and

WHEREAS, these changes were voted upon by all lifeguard safety members pursuant to Charter section 143.1 with vote counted and certified on April 13, 1992 with a vote of YES - 31, No - 0 and void - 1 on reciprocity with PERS and with a vote of

YES - 30 and No - 0 with respect to the other benefits considered as a package; and

WHEREAS, the improvements in retirement benefits for Unified Port District general members included the purchase of service credit for periods of hourly employment prior to membership in CERS and reciprocity with PERS; and

WHEREAS, these changes were voted upon by all Unified Port District members pursuant to Charter section 143.1 with vote counted and certified on April 13, 1992 with a vote of YES - 352 and No - 20 on reciprocity with PERS and with a vote of YES -346 and NO - 28 with respect to purchase of service credit for periods of hourly employment prior to membership in CERS; and

WHEREAS, the improvements in retirement benefits for retired members included an increase in the maximum Cost of Living Adjustment ("COLA") from 1.5% to 2.0% for eligible members who retired prior to October 6, 1980 (excluding special Class Safety members fluctuators) and an increase in Special Class Safety Widows' Benefits from \$150.00 to \$350.00; and

WHEREAS, these changes were voted upon by all retired members pursuant to Charter section 143.1 with vote counted and certified on April 13, 1992 with a vote of YES - 1996, No - 87, and VOID - 16; and

WHEREAS the certification for the vote of all members of the system is attached hereto as Attachment A, the results of which were reported to and unanimously approved by the Board at its Meeting on April 15, 1992; and

WHEREAS, the Board approved the conversion of the Retirement

Systems' actuarial funding methodology from Entry Age Normal Method to the Projected Unit Credit Method; and

WHEREAS, the Board directed the actuary to amortize all current liabilities as well as those liabilities incurred for any benefit improvements on a 30 year amortization period beginning July 1, 1991; and

WHEREAS, the premiums for the post retirement health insurance for eligible retirees is currently paid out of Surplus Undistributed Earnings; and

WHEREAS, Federal law prohibits the use of Surplus Undistributed Earnings to fund post retirement health care in this manner; and

WHEREAS, effective July 1, 1991, the City Auditor and Comptroller established a reserve in anticipation of the Retiree Health Insurance Trust Fund ("RHITF"); and

WHEREAS, the City Auditor and Comptroller transferred amounts sufficient to receive the contributions and to pay the premiums for Fiscal Year 1992 to fund present and future retiree health insurance liabilities; and

WHEREAS, effective July 1, 1991, all premiums for City paid post retirement health insurance shall be paid from the separate RHITF established for this purpose; and

WHEREAS, the RHITF shall be funded by City contributions and earnings thereon; and

WHEREAS, the purpose of this Fund is to meet the requirements of Internal Revenue Code section 401(h); and

WHEREAS, it was the intent of the meet and confer process to

establish the maximum insurance premium payment in any given year as the amount currently charged by the Kaiser Plan or \$2,000.00 per year, whichever is less; and

WHEREAS, it is now necessary and appropriate to amend the Municipal Code to provide for the above recited changes; and

WHEREAS, the sections of the Municipal Code reflecting the above recited changes have been reviewed and approved by the Board; and

WHEREAS, the Board now recommends approval by the City Council of the amendments contained in this ordinance; NOW, THEREFORE,

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

Section 1. That Chapter II, Article 4, Division 1, of the San Diego Municipal Code be and the same is hereby amended by amending Section 24.0105, to read as follows:

SEC. 24.0105 Membership

a. Except such members of the Police and Fire Departments who were employed by The City of San Diego prior to July 1, 1946, and except such employees as have not heretofore been members of the Retirement System which is superseded in part hereby, and except as provided in Section 24.0105.1, membership in the Retirement System shall be compulsory and a condition of employment for all members of the classified service. Those employees who are not members of the Retirement System which is superseded in part hereby at

the date of the taking effect of this article, except police officer and firefighter who were employed by the City on or before July 1, 1946, shall be given the option of becoming members, as hereinafter provided.

b. Effective July 1, 1991, employees in the Classified Service are required to join the Retirement System on the date of their employment.

c. Employees in the classified service paid on an hourly basis are not eligible for membership in the Retirement System nor shall they accrue any benefits in this system. Salaried employees in the classified service including those working one-half (1/2) or three-quarter (3/4) time are eligible for and shall become members of the Retirement System. Retirement benefits shall accrue to the above eligible members in the same proportion to full benefits as their service relates to the service of a full-time member.

d. All salaried unclassified employees who are not safety employees shall have the option of electing membership in the Retirement System providing they are employed one-half (1/2), three-quarter (3/4) or full-time. Once the election to join the Retirement System has been made, it shall be irrevocable. Upon joining the System, they shall receive all the privileges and benefits afforded other members and shall be bound by all regulations governing such membership including those provisions relating to

withdrawal of accumulated contributions contained in Sections 24.0206 and 24.0308.

e. All eligible members in the Classified service transferring to the unclassified service pursuant to Section 117 of the City Charter shall be required to remain in and maintain membership in the Retirement System unless said person first terminates classified employment prior to assuming the unclassified position.

Section 2. That Chapter II, Article 4, Division 2, of the San Diego Municipal Code be and the same is hereby amended by adding new section 24.0211, to read as follows:

SEC. 24.0211 Upgrade of Benefits - General Members

Effective July 1, 1991, any general member who was enrolled and participated in the 1981 Pension Plan between September 3, 1982 and June 30, 1989, shall receive the same level of benefits provided general members in CERS, except as provided in Sections 24.1120, 24.1203 and 24.1204.

Section 3. That Chapter II, Article 4, Divisions 3, 4, 5, 9 and 10 of the San Diego Municipal Code be and the same are hereby amended by amending sections 24.0311, 24.0403, 24.0531, 24.0532, 24.0907.1 and 24.1003 to read as follows:

SEC. 24.0311 Upgrade of Benefits - Safety Members

Effective July 1, 1991, any safety member who was enrolled and participated in the 1981 Pension Plan between September 3, 1982 and December 31, 1987 shall receive the same level of benefits provided safety

members in CERS, except as provided in Section 24.1120.

SEC. 24.0403 Retirement Allowances -- Safety Member

The Board of Administration shall provide that upon retirement for service a safety member or an eligible safety member is entitled to receive a retirement allowance which shall consist of:

1. A service retirement annuity.
2. A creditable service pension.

The service retirement annuity is an annuity which is the actuarial equivalent of the safety member's accumulated normal contributions or the eligible safety member's accumulated normal contributions at the time of his or her retirement.

The creditable service pension for safety members who are not eligible for Social Security benefits is a pension derived from the contributions of the City, sufficient, when added to the service retirement annuity that is derived from the accumulated normal contributions of the safety member, to equal the fraction set forth in the following table opposite said safety member's age at retirement, taken to the preceding completed quarter year, multiplied by the sum of 1/50th of final compensation for each year, and fractions thereof, to which the safety member is entitled to be credited at retirement.

The creditable service pension for eligible safety members is a pension derived from the contributions of

the City, sufficient, when added to the service retirement annuity that is derived from the accumulated normal contributions of the member at the date of his or her retirement, to equal the fraction set forth in the following table opposite his or her age at retirement, taken to the preceding completed quarter year multiplied by the sum of

(i) 1/50th of final compensation, multiplied by the number of years, and fractions thereof, of creditable service prior to the integration date, plus

(ii) 1/50th of final excess compensation multiplied by the number of years and fractions thereof, of creditable service subsequent to the integration date.

TABLE I OF SECTION 24.0403

RETIREMENT CALCULATION FACTOR

LIFEGUARDS

AGE AT RETIREMENT	FACTOR
50	1.0000
51	1.0516
52	1.1078
53	1.1692
54	1.2336
55	1.3099
56	1.3099

FIRE

AGE AT RETIREMENT	FACTOR
50	1.0500
51	1.1100
52	1.1700
53	1.2350
54	1.3100
55	1.3850
56	1.3850

POLICE

AGE AT RETIREMENT	FACTOR
50	1.2500
51	1.2700
52	1.2900
53	1.3100
54	1.3300
55	1.3500
56	1.3850

SEC. 24.0531 Cost of Living Adjustment Effective Dates and Maximum Annual Change

a. The Board shall before July 1, 1971 and before each July 1 thereafter determine whether there has been an increase or decrease in the cost of living as provided in this section. Excepting those special class safety members whose retirement allowances are based upon 1/2 the amount of the current salary of their retired rank, every person receiving a monthly retirement allowance from this system on June 30, 1971 and each June 30 thereafter shall, on and/or effective July 1, 1971 and each July 1 thereafter, have his or her monthly retirement allowance then being received increased or decreased by that percentage determined by the Board to approximate the nearest 1/10th of one

percent of the percentage of annual increase or decrease in the cost of living which has occurred between the two previous January firsts, as shown by the Bureau of Labor Statistics Consumer Price Index, United States--All items. Such change, however, shall not exceed 2.0% per year and no decrease shall reduce the monthly retirement allowance below the amount being received by any person on the effective date of his or her retirement or the effective date of the application of this section, whichever is later. The amount of any cost of living increase or decrease in any year which is not met by the maximum annual change of 2.0% in allowances shall be accumulated to be met by increase or decreases in allowances in future years.

b. The allowance of all persons who retired from the 1981 Plan shall be adjusted each July 1, following the third anniversary of the commencement of the allowance. The adjustment shall be equal to 50% of the change in the all Urban Consumer Price Index for the San Diego area -- all items, except that such adjustment shall not exceed 10% annually. No adjustment shall reduce the allowance below the amount originally granted.

**SEC. 24.0532 Cost of Living Adjustment Program Shared
Between Employer and Members**

a. The cost of any anticipated cost of living increase in allowances which is based upon services rendered after the applicable date of this Division 5-B

shall be shared equally between the employer and the contributing member or safety member, with the individual member's contributions based upon his or her age at his or her nearest birthday at time of entrance into the Retirement System.

Commencing July 1, 1971 and until adjusted by the Board upon the recommendation of the Actuary, the contribution requirements of members and safety members as contained in Sections 24.0202 and 24.0302, respectively, plus surviving spouse contributions as contained in Section 24.0521, shall be increased by 15%. In addition, the contribution requirement for those members specified therein who are active members on or after June 30, 1985 shall be increased by 20%. These "cost of living contributions" will be separately totaled upon the retirement of members and safety members after July 1, 1971.

b. An amount equal to the Cost of Living Adjustment provided for in section 24.0531 shall be added to the normal monthly allowance and paid from these contributions until they are exhausted. Thereafter, the Cost of Living Adjustment will continue to be paid from employer contributions.

SEC. 24.0907.1 Surplus Undistributed Earnings

a. 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;

(3) An amount necessary to maintain such reserves as the Board deems appropriate on advice of its investment counselor and/or actuary;

(4) An amount sufficient to provide necessary funds to pay an annual supplemental benefit to Qualified Retirees, pursuant to the provisions and conditions set forth in section 24.0404. 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.

b. At the beginning of each fiscal year, the Board shall credit to the Reserve for Employer Contributions, for the sole and exclusive purpose of reducing retirement system liability, all Surplus Undistributed

Earnings as defined above.

c. 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 definition of this section and shall be certified by the City's independent public accountant.

SEC. 24.1003 Creditable Service for Part-Time or Hourly Service Prior to Membership

When city service not eligible for membership was tendered on a part-time or hourly basis equivalent to at least one-half time of two consecutive years or more

duration, the member may, after becoming vested, make the required contributions and interest as fixed by the Board and receive credit for the proportion of the time he or she was actually engaged in the performance of the duties of such position as it relates to the time required to perform the same duties in a full-time position. Any such determination will be the responsibility of the Board.

Section 4. That Chapter II, Article 4, Division 10, of the San Diego Municipal Code be and the same is hereby amended by adding new sections 24.1011 and 24.1012 to read as follows:

SEC. 24.1011 Reciprocal Benefits with the Public Employees' Retirement System

(a) Reciprocity

For the purpose of expediting the conclusion of reciprocal agreements with the Public Employees' Retirement System ("PERS") or other public agencies maintaining independent retirement systems, and to avoid problems in interpretation that may arise from a great variation in reciprocal provisions, the Board of Administration for PERS recommends the adoption of the reciprocal provisions set forth in paragraph (b) of this section into the retirement ordinances or plans of public agencies desiring to enter into a reciprocal agreement with PERS or other public agencies. In accordance with this recommendation, the Board of Administration for the City Employees Retirement System has adopted the Uniform Reciprocal provisions contained

in paragraph (b) of this section.

(b) Uniform Reciprocal Provisions

The purpose of these reciprocal provisions is to extend to the members of other public agency retirement systems (hereinafter "reciprocal system") which adopt similar reciprocal provisions into their retirement ordinances or plans pursuant to Sections 20042, 20043, 31840.2 and 45310.5 of the Government Code, and who by contract agree to extend the benefits thereof to this system, the following rights in this system, provided such member enters into employment under this system or the reciprocal system within six months of terminating his employment under such other or this system:

(1) Notwithstanding any provisions of this plan or a reciprocal system plan in the matter of vesting, a member whose movement between systems occurs as herein specified shall have the right to elect to leave his accumulated contributions on deposit irrespective of the amount of such contributions or the length of service credited to him.

(2) The age of entry for a person entering this system for purposes of fixing member contribution rates from a reciprocal system shall be his age at entry into such reciprocal system.

(3) The average monthly salary during any period of service as a member of a reciprocal system shall be considered compensation earnable by a member of this

system for purposes of computing final compensation for such member, provided he retires concurrently under both systems and is credited with such period of service under the reciprocal system at the time of retirement.

(4) Service, solely for purposes of meeting minimum service qualifications for benefits and retirement allowances under this system, shall also include service rendered as an officer or employee of a reciprocal system if the salary for such service constitutes compensation earnable by a member of this system.

(5) A member shall be retired for disability and receive a retirement allowance based on the service credited to him at the time of retirement during any period in which he receives a disability retirement allowance under a reciprocal system; provided, that such allowance shall not exceed an amount which when added to the allowance paid under the reciprocal system equals the allowance which would be paid for a nonindustrial disability if all the member's service had been credited under the reciprocal system; and provided further, that such allowance shall in no event be less than an annuity which is the actuarial equivalent of the member's contributions, whether or not the disability is for industrial reasons.

(6) The death benefit for a member who dies from

nonindustrial causes as a member of a reciprocal system shall not exceed an amount which when added to the death benefit paid for such member under the reciprocal system equals the maximum death benefit payable under that system; provided, however, that such death benefit shall be at least the amount of the accumulated contributions; and, provided further, that if death is caused by industrial injury or disease in the reciprocal system the death benefit shall be the amount of the member's accumulated contributions.

(7) The governing body of this system shall on the request of a reciprocal system supply information and data necessary for administration of such system as it is affected by membership in and service credited under this system.

(8) Interpretation of these provisions shall be made with reference to interpretations that have been made relative to the Public Employees' Retirement System - 1937 Act County Employees' Retirement reciprocal provisions upon which they are based.

(9) These provisions shall apply only to a member whose termination and entry into employment resulting in a change in membership from this system to such other system or from such other system to this system occurred after such acceptance by the Board after the effective date specified in the agreement; provided, however, that provisions relating to computation of

final compensation shall apply to any other member if such provision would have applied had the termination and entry into employment occurred after such acceptance or determination by a system's governing board.

(10) Rights under this System shall be modified as necessary to conform to amendments to the Public Employees' Retirement Law or the County Employees' Retirement Law of 1937 as provided in Section 20042 of the Government Code.

SEC. 24.1012 Retirement Allowance of Fixed Pension Retirees

Effective July 1, 1992, all pensioners of the general membership who retired prior to July 1, 1971 and their surviving spouses, and all special class safety members and their surviving spouses who are presently receiving a widow/widower's fixed pension pursuant to applicable provisions of this Retirement System shall have their fixed pensions raised to \$350.00 per month.

Section 5. That Chapter II, Article 4. Division 11, of the San Diego Municipal Code be and the same is hereby amended by amending section 24.1110 to read as follows:

SEC. 24.1110 Post Retirement Cost of Living Adjustment

(a) and (b) [No change.]

(c) [Deleted.]

Section 6. That Chapter II, Article 4, of the San Diego

Municipal Code be and the same is hereby amended by adding Division 12, entitled "Health Insurance" to read as follows:

DIVISION 12

Health Insurance

Section 7. That Chapter II, Article 4, Division 9, is hereby amended by repealing Section 24.0907.2 and reenacting this Section with changes to become Sections 24.1201, 24.1202 and 24.1205 in new Division 12 to read as follows:

SEC. 24.1201 City-Sponsored Group Health Insurance for Eligible Retirees

From and after January 8, 1982, The City of San Diego shall provide a City-Sponsored Group Health Insurance Program for all eligible retirees.

Eligibility for retiree participation in the Program is set forth in Sections 24.1202 and 24.1203 of this Division.

SEC. 24.1202 Eligibility for Employees Who Joined the System before September 3, 1982

(a) The plan shall be limited to:

1. All employees eligible for general membership in the City's Retirement System before September 3, 1982; or

2. Legislative officers; or

3. Safety members covered by Social Security Coverage as of December 31, 1981; or

4. All other safety members effective July 1, 1985.

(b) Employee must be on the active payroll of

The City of San Diego on or after October 5, 1980; and

(c) Employee must be eligible for and receive a retirement allowance from The City of San Diego; and

(d) Employee, including safety member, must retire on or after October 6, 1980.

SEC. 24.1205 Funding; Modification; Dependent Coverage

Retiree premiums shall be paid by the City from savings resulting from conversion to the Projected Unit Credit method of actuarial valuation through the Retiree Health Insurance Trust provided in section 24.1206 of this Division. The amounts, as verified by the Actuary as necessary to pay the current annual retiree health insurance premiums, associated costs and the annual contribution to the Retiree Health Insurance Trust, will be paid into the Retiree Health Insurance Trust Fund. Retiree health insurance premiums will be paid directly out of the Retiree Health Insurance Trust Fund. If sufficient funds are not available for the payment of health insurance premiums under this section, it shall be the responsibility of the City to provide such funds from sources as may be applicable.

Premium rates for eligible retirees shall be determined and established by the City. Health plan coverage for eligible retirees and eligible dependents is subject to modification by the City and the provider of health care services, and may be modified periodically as deemed necessary and appropriate.

Eligible retirees may elect to continue group health insurance coverage for eligible dependents at their own expense. Premium rates for such dependent coverage shall be determined and established by the City.

Section 8. That Chapter II, Article 4, Division 12, is hereby amended by adding Sections 24.1203, 24.1204, and 24.1206 to read as follows:

SEC. 24.1203 Eligibility for Employees Who Joined the System On or After September 3, 1982

(a) The Plan shall be limited to those general members whose effective date of membership is on or after September 3, 1982; and

(b) Employee must be on the active payroll of The City of San Diego on or after June 30, 1992; and

(c) Employee must be eligible for and receive a retirement allowance from The City of San Diego; and

(d) Employee must retire on or after July 1, 1992.

SEC. 24.1204 Health Insurance Benefit

(a) One Hundred Percent (100%) of the retiree premium for eligible retirees under Section 24.1202 will be paid by The City of San Diego.

(b) The retiree premium for eligible retirees under Section 24.1203 shall be paid by The City of San Diego as follows:

(1) Five percent (5%) of the premium cost for each year, or prorated fraction thereof, of service

credit at retirement up to a maximum of one hundred percent (100%) with 20 years of service.

(2) The maximum amount of premium paid will be the lowest among the group plans sponsored by The City of San Diego which are available to retirees.

(3) The absolute maximum premium that will be paid on behalf of a retiree, regardless of actual premium cost, will be \$2,000.00 per year.

SEC. 24.1206 Health Insurance Trust

a. Retiree Health Insurance Trust Fund

All retiree medical benefits and premiums paid under this Division shall be paid from a separate Retiree Health Insurance Trust Fund, established pursuant to this section. The Retiree Health Insurance Trust Fund shall be funded by City contributions and earnings thereon. The purpose of this Fund is to meet the requirements of section 401(h) of the Internal Revenue Code.

b. City Contributions to Retiree Health Insurance Trust Fund

Subject to the requirements of section 401(h) of the Internal Revenue Code, the City's annual contributions to fund the Retiree Health Insurance Trust Fund shall be the amount of actual annual premium cost as provided in Section 24.1205. The City may make additional contributions to the Fund which shall be reasonable and ascertainable as required by the

Internal Revenue Code.

c. Internal Revenue Code Requirements

Solely to the extent required by the Internal Revenue Code, all retiree health insurance premiums paid by the Retiree Health Insurance Trust Fund shall be subordinate to the retirement benefits provided by the Retirement System. Also, the aggregate actual contributions for medical benefits, when added to actual contributions for life insurance protection (if any) under the Retirement System shall not exceed twenty five percent (25%) of the total actual contributions made after the effective date of this section to the Retirement System, exclusive of contributions to fund past service credits.

No part of the Retiree Health Insurance Trust Fund shall be used for, or diverted to, any purpose other than providing medical benefits or paying necessary and appropriate expenses attributable to the administration of the Fund.

Notwithstanding the prior paragraph, and solely as needed to meet the mandate of the Internal Revenue Code, any amounts remaining in the Retiree Health Insurance Trust Fund after satisfaction of all liabilities arising out of the operation of this Division (including but not limited to benefits payable in the future for existing members) shall be returned to the City. However, if any amounts are returned to

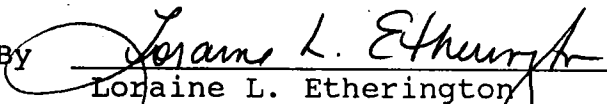
the City under this section, the City shall provide benefits in an equivalent amount to members of the Retirement System.

This section does not require separate accounts for key employees, because no member of the Retirement System is a key employee under the Internal Revenue Code.

Assets attributable to any forfeitures of benefits payable under the Retiree Health Insurance Trust Fund shall be used to reduce the City's contributions to fund benefits provided under this Division.

Section 9. 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 
Loraine L. Etherington
Deputy City Attorney

LLE:vlj:mrh
05/06/92
Or.Dept:Retire.
O-92-141
Form=o+t

MAY 26 1992

Passed and adopted by the Council of The City of San Diego on
by the following vote:

Council Members	Yeas	Nays	Not Present	Ineligible
Abbe Wolfsheimer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ron Roberts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Hartley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
George Stevens	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tom Behr	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Valerie Stallings	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Judy McCarty	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Filner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Maureen O'Connor	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

MAUREEN O'CONNOR
Mayor of The City of San Diego, California.

(Seal)

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

By *Linda Lujan*, 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

MAY 12 1992

MAY 26 1992

~~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.

By *Linda Lujan*, Deputy.

(Seal)

Office of the City Clerk, San Diego, California

Ordinance
Number

0 17770

Adopted

MAY 26 1992