

RESOLUTION NUMBER R-

284913

ADOPTED ON

NOV 14 1994

WHEREAS, the Council for the City of San Diego ("Council") is vested with the exclusive authority to establish the benefits for the members of the San Diego City Employees' Retirement System ("Retirement System"); and

WHEREAS, the Board of Administration ("Board") for the Retirement System is vested with the exclusive authority to administer the benefits provided exclusively by the Council under the Retirement System; and

WHEREAS, the Board is also vested with the exclusive authority to manage the Retirement System's trust fund; and

WHEREAS, the purchase of service credit in the Retirement System is a benefit available to members of the Retirement System; and

WHEREAS, the ability to purchase service credit in the Retirement System has created a variety of inequitable situations for a group of members (unclassified, part-time and hourly City employees) who are not represented by any bargaining unit; and

WHEREAS, San Diego Municipal Code section 24.1310 provides that any member seeking to purchase service credit must pay into the Retirement System both the employee and employer contributions which would have been made had she or he been a member during the time for which he or she seeks service credit, including the interest which would have accrued; and

WHEREAS, in 1989 and 1990, a number of broad changes were

authorized by the City Council which expanded the service eligible for purchase, expanded the number of employees eligible to purchase their previous City service and removed restrictions previously imposed upon the purchase of service credit; and

WHEREAS, the Board experienced delays for a variety of reasons in establishing procedures and staffing to implement these benefit changes; and

WHEREAS, the Board unanimously approved a waiver of a portion of the interest to be charged from June 30, 1990 to July 1, 1993, on purchases of service credit involving the affected employees; and

WHEREAS, this period was selected because it covered the period of delay and because it was estimated that it would take until the latter part of 1993 to accomplish the necessary changes to the Municipal Code; and

WHEREAS, the Board's approval of the partial interest waiver was based upon the substantial delay experienced by many members seeking to purchase service credit for their previous City service when through no fault of their own they were denied the opportunity to make their purchases; and

WHEREAS, the Board felt that it would not be fair to charge interest to those persons who would have purchased their previous City service during the delay when it was the tardiness of the Board and not the members that caused the delay; and

WHEREAS, the present recommendation waives interest from June 30, 1990 through July 1, 1994, reflecting the additional delay actually incurred in resolving this matter; and

WHEREAS, the Board sought review by the City Attorney and outside fiduciary counsel on the question of whether this action might constitute a gift of public funds; and

WHEREAS, both the City Attorney and fiduciary counsel indicated that the proposed interest waiver would not be a gift of public funds; and

WHEREAS, outside counsel suggested that the proposed waiver was more akin to a benefit determination and recommended that the matter be referred to the City Council for action; and

WHEREAS, the Board has referred the matter to the City Council for action; and

WHEREAS, the City Manager supports the City Council's approval of the interest waiver; and

WHEREAS, the interest waiver would maintain and enhance the confidence and morale of the System's current members, assure that the System's members will be treated fairly and equitably and retain qualified and competent employees; and

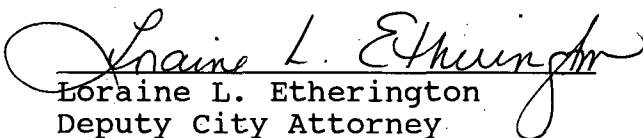
WHEREAS, with the recent amendment to the Retirement System regarding mandatory membership for all employees hired by the City on or after August 11, 1993, the proposed waiver becomes a one-time proposition; and

WHEREAS, there is no fiscal impact to the City by this action; and

WHEREAS, it is estimated that the theoretical maximum cost of the waiver to the Retirement System is approximately \$450,000;
NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the Board is hereby authorized to implement the waiver of a portion of the interest to be charged from June 30, 1990 through July 1, 1994, for certain purchases of service credit for previous City service involving unrepresented employees in unclassified, part-time and hourly service of the City.

APPROVED: JOHN W. WITT, City Attorney

By 
Loraine L. Etherington
Deputy City Attorney

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