

ORDINANCE NUMBER O- 19299 (New Series)

ADOPTED ON JUL 19 2004

AN ORDINANCE SUBMITTING TO THE QUALIFIED VOTERS OF THE CITY OF SAN DIEGO AT THE MUNICIPAL ELECTION CONSOLIDATED WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON NOVEMBER 2, 2004, ONE PROPOSITION AMENDING THE CITY CHARTER BY AMENDING ARTICLE IX, SECTION 143, REGARDING CITY CONTRIBUTIONS TO THE RETIREMENT SYSTEM .

WHEREAS, pursuant to section 223 of the San Diego City Charter, section 3(b), Article 11 of the California Constitution, and Section 9255(a)(2) of the California Elections Code, the City Council has authority to place Charter amendments on the ballot to be considered at a Municipal Election; and

WHEREAS, by Ordinance No. O- 19305, adopted on JUL 26 2004, the Council of the City of San Diego is calling a Municipal Election to be consolidated with the Statewide General Election on November 2, 2004, for the purpose of submitting to the qualified voters of the City one or more ballot propositions; and

WHEREAS, during the past year concern has been expressed about the current unfunded liability of the San Diego City Employees Retirement System; and

WHEREAS, in response to these concerns, the Mayor, with the approval of the City Council, has established a Pension Reform Committee pursuant to City Charter section 43(b); and

WHEREAS, one of the responsibilities of the Pension Reform Committee was to provide recommendations to address any unfunded liability problems of the existing pension system; and

WHEREAS, another of the responsibilities of the Pension Reform Committee was to examine whether changes should be made to the existing pension system; and

WHEREAS, the Pension Reform Committee has recommended that when setting and establishing amortization schedules for the funding of the pension system's unfunded accrued actuarial liability, the Retirement Board shall place the cost of the past service liability associated with a new retirement benefit increase on no greater than a fixed, straight-line, five year amortization schedule; and

WHEREAS, the Pension Reform Committee has recommended that the Retirement Board place the cost associated with net accumulated actuarial gains and losses on no greater than a fifteen year amortization schedule; and

WHEREAS, these recommendations of the Pension Reform Committee may be implemented by amending section 143 of the Charter of the City of San Diego; and

WHEREAS, by inclusion of language in this Charter amendment referencing article XVI, section 17 of the California Constitution, it is recognized that the amortization schedules now defined in the Charter by this amendment could be pre-empted by the California Constitution, but only in an instance where the exercise of fiduciary responsibility by the Retirement Board obligates that result; and

WHEREAS, the City Council desires to submit to the voters at the Municipal Election one proposition amending the Charter of the City of San Diego by amending Charter sections 143; NOW, THEREFORE,

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

Section 1. One proposition amending City Charter article IX, section 143 is hereby submitted to the qualified voters to be held on November 2, 2004, the proposition to read as follows:

## PROPOSITION

### Section 143: Contributions

The retirement system herein provided for shall be conducted on the contributory plan, the City contributing jointly with the employees affected thereunder. Employees shall contribute according to the actuarial tables adopted by the Board of Administration for normal retirement allowances, except that employees shall, with the approval of the Board, have the option to contribute more than required for normal allowances, and thereby be entitled to receive the proportionate amount of increased allowances paid for by such additional contributions. The City shall contribute annually an amount substantially equal to that required of the employees for normal retirement allowances, as certified by the actuary, but shall not be required to contribute in excess of that amount, except in the case of financial liabilities accruing under any new retirement plan or revised retirement plan because of past service of the employees. The mortality, service, experience or other table calculated by the actuary and the valuation determined by him and approved by the board shall be conclusive and final, and any retirement system established under this article shall be based thereon. When setting and establishing amortization schedules for the funding of the unfunded accrued actuarial liability, the Board shall place the cost of the past service liability associated with a new retirement benefit increase on no greater than a fixed, straight-line, five year amortization schedule. Effective July 1, 2008, the Board shall place the cost associated with net accumulated actuarial gains and losses on no greater than a fifteen year amortization schedule. Funding obligations of the City shall be determined by the Board on an annual basis and in no circumstances, except for court approved settlement agreements, shall the City and the Board enter into multi-year contracts or agreements delaying full funding of City obligations to the system. Notwithstanding the above, the Board shall retain plenary

authority and fiduciary responsibility for investment of moneys and administration of the system as provided for in article XVI, section 17 of the California Constitution. The setting and establishing of amortization schedules by the Board pursuant this section is not intended and shall not be interpreted to preclude the City from issuing pension obligation bonds or other similar instruments containing repayment terms exceeding fifteen years.

**END OF PROPOSITION**

Section 2. The proposition shall be presented and printed upon the ballot and submitted to the voters in the manner and form set out in Section 3 of this ordinance.

Section 3. On the ballot to be used at this Municipal Election, in addition to any other matters required by law, there shall be printed substantially the following:

<p><b>PROPOSITION ____ . AMENDS THE CITY CHARTER RELATING TO CITY CONTRIBUTIONS TO THE RETIREMENT SYSTEM</b></p>	<p><b>YES</b></p>	
<p>Shall the City Charter be amended to preclude any future multi-year agreement between the City and the Retirement Board delaying full actuarial funding of City contributions to the Retirement System, and defining the amortization schedules to be used for payment of costs associated with past service liability and costs associated with reducing the unfunded accrued actuarial liability of the pension system?</p>	<p><b>NO</b></p>	

Section 4. An appropriate mark placed in the voting square after the word “Yes” shall be counted in favor of the adoption of this proposition. An appropriate mark placed in the voting square after the word “No” shall be counted against the adoption of the proposition.

Section 5. Passage of this proposition requires the affirmative vote of a majority of those qualified electors voting on the matter at the Municipal Election.

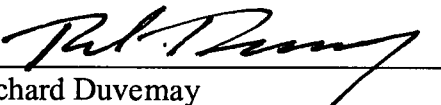
Section 6. The City Clerk shall cause this ordinance or a digest of this ordinance to be published once in the official newspaper following this ordinance’s adoption by the City Council.

Section 7. Pursuant to San Diego Municipal Code section 27.0402, this measure will be available for public examination for no fewer than ten calendar days prior to being submitted for printing in the sample ballot. During the examination period, any voter registered in the City may seek a writ of mandate or an injunction requiring any or all of the measure to be amended or deleted. The examination period will end on the day that is 75 days prior to the date set for the election. The Clerk shall post notice of the specific dates that the examination period will run.

Section 8. A full reading of this ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

Section 9. Pursuant to Section 17 of the San Diego City Charter, this ordinance relating to elections shall take effect on JUL 19 2004, which is the day of its introduction and passage.

APPROVED: CASEY GWINN, City Attorney

By   
Richard Duvemay  
Deputy City Attorney

RAD:jab  
07/15/2004  
Or.Dept: Rules,Fin.&Intergov.Relations  
O-2005-11