

ORDINANCE NUMBER O- 20062 (NEW SERIES)

DATE OF FINAL PASSAGE JUN 06 2011

AN ORDINANCE AMENDING CHAPTER 2, ARTICLE 4,
DIVISION 12 OF THE SAN DIEGO MUNICIPAL CODE BY
AMENDING SECTION 24.1202 RELATING TO RETIREE
HEALTH BENEFITS.

WHEREAS, from February 2, 2011, until May 11, 2011, the City of San Diego (City) negotiated modifications to the retiree health benefit with its active employees, represented by the City's recognized employee organizations; and

WHEREAS, the negotiations, under the Meyers-Milias-Brown Act and City Council Policy 300-06, have involved the common objections of: (1) reducing the cash flow pressure on the City General Fund associated with the City's annual PAY GO expense for the retiree health benefit currently in effect for active employees hired prior to July 1, 2005, (2) reducing the unfunded actuarial accrued liability associated with the retiree health benefit, (3) reducing the annual required contribution, and (4) providing a sustainable framework for a revised and secured retiree health benefit; and

WHEREAS, the City has reached a Tentative Agreement with the San Diego Municipal Employees' Association (MEA); Local 127, American Federation of State, County, and Municipal Employees, AFL-CIO (AFSCME Local 127); San Diego City Firefighters, International Association of Fire Fighters, Local 145 (Firefighters Local 145); California Teamsters Local 911 (Teamsters); and Deputy City Attorneys Association (DCAA) regarding modifications to the retiree health benefit; and

WHEREAS, the Tentative Agreement is being presented to the City Council for determination, pursuant to Council Policy 300-06, on May 13, 2011; and

WHEREAS, the Tentative Agreement necessitates this ordinance; and

WHEREAS, this ordinance is intended to be consistent with the terms and conditions of the Tentative Agreement, and to effectuate the intent of the parties who reached the Tentative Agreement; and

WHEREAS, San Diego Municipal Code section 24.1202 presently provides that the benefit for Health Eligible Retirees will be adjusted annually based upon the projected increase for National Health Expenditures by the Centers for Medicare and Medicaid Services, Office of the Actuary, for the full-year period ending January 1 before each plan year (NHE Annual Adjustment); however, no NHE Annual Adjustment may exceed 10 percent for any plan year; and

WHEREAS, by agreements between the City and MEA, Firefighters Local 145, and DCAA, respectively, reached in 2009, and by agreement between the City and Teamsters, reached in 2010, the NHE Annual Adjustment for employees represented by MEA, Firefighters Local 145, DCAA, and Teamsters, who retire between July 1, 2009 and June 30, 2010, is suspended at the Fiscal Year 2009 level for a two-year period, beginning July 1, 2009; and

WHEREAS, the Tentative Agreement reached between the City and MEA, Firefighters Local 145, Teamsters, and DCAA (Tentative Agreement) provides that the NHE Annual Adjustment, which was suspended in 2009, will resume for those employees who retire on or after July 1, 2009, and before July 1, 2011; however, there will be no retroactive adjustment to the NHE Annual Adjustment for the two-year period of the suspension; and

WHEREAS, the Tentative Agreement further provides that the NHE Annual Adjustment, which was suspended in 2009, will continue to be suspended for employees who retire on or after July 1, 2011 and before April 1, 2012; the suspension will be lifted and the NHE Annual Adjustment will resume for these employees on July 1, 2012, and there will be no retroactive adjustment to the NHE Annual Adjustment for the three-year period of suspension; and

WHEREAS, under the terms of the Tentative Agreement, if the members of any employee organization that is a party to the Tentative Agreement fail to ratify the Tentative Agreement, then the City and that employee organization may proceed to impasse hearing, pursuant to City Council Policy 300-06, on the City's and the employee organization's last, best, and final offer; the City Council's resolution of impasse may necessitate modifications to the provisions of this ordinance; and

WHEREAS, under the terms of the Tentative Agreement, the City has agreed to allow the Members of the City's Retirement System to vote upon the agreed-upon modifications to the retiree health benefit, under San Diego Charter (Charter) section 143.1, even though the City maintains that a Charter section 143.1 vote is not legally required; and

WHEREAS, the City Council recognizes that if the Charter section 143.1 vote fails, the terms and conditions of the Tentative Agreement will not be implemented, which will require further amendment to the provisions related to the NHE Annual Adjustment; and

WHEREAS, the City Council desires to extend the terms and conditions of the Tentative Agreement to the classified and unclassified City employees who are not represented by an employee organization; NOW, THEREFORE,

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

Section 1. That Chapter 2, Article 4, Division 12 of the San Diego Municipal Code is amended by amending section 24.1202 to read as follows:

§ 24.1202 Retiree Health Benefits Defined

(a) Health Eligible Retiree Benefit

(1) through (2) [No change in text]

(3) After Fiscal Year 2003, the maximum payment or reimbursement level for Health Eligible Retirees will be adjusted annually based upon the projected increase for National Health Expenditures by the Centers for Medicare and Medicaid Services, Office of the Actuary, for the full-year period ending January 1 before each plan year. No adjustment may exceed 10 percent for any plan year.

(4) through (6) [No change in text.]

(7) Notwithstanding the provisions of Section 24.1202(a)(3), effective July 1, 2011, the annual adjustment of the maximum payment or reimbursement level for Health Eligible Retirees, who retired on or after July 1, 2009 and before July 1, 2011, is established at the Fiscal Year 2009 level of \$740.27 per month for Health Eligible Retirees before they are eligible for Medicare and \$697.16 per

month once they become eligible for Medicare, for the following Members: (i) all General Members represented by the San Diego Municipal Employees' Association or the Deputy City Attorneys Association; (ii) all Safety Members represented by the San Diego City Firefighters, International Association of Firefighters, Local 145, or California Teamsters, Local 911; and (iii) all unclassified and classified General and Safety Members unrepresented by any of the City's recognized employee organizations. The annual adjustment described in Section 24.1202(a)(3), which was suspended for the two-year period from July 1, 2009 through June 30, 2011, will resume on July 1, 2011, for Members under this subsection; however, there will be no retroactive adjustment for the two-year period in which the annual adjustment of the maximum payment or reimbursement was suspended. For Fiscal Year 2012, the maximum payment or reimbursement level will be \$771.36 per month for Members under this subsection before they are eligible for Medicare and \$726.44 per month for Members once they become eligible for Medicare.

- (8) Notwithstanding the provisions of Section 24.1202(a)(3), the maximum payment or reimbursement level for Members who become Health Eligible Retirees on or after July 1, 2011 and before April 1, 2012, will be established at the Fiscal Year 2009 level of \$740.27 per month for Members before they are eligible

for Medicare and \$697.16 per month for Members once they become eligible for Medicare for the following Members: (i) all General Members represented by the San Diego Municipal Employees' Association or the Deputy City Attorneys Association; (ii) all Safety Members represented by the San Diego City Firefighters, International Association of Firefighters, Local 145, or California Teamsters, Local 911; and (iii) all unclassified and classified General and Safety Members unrepresented by any of the City's recognized employee organizations. The annual adjustment described in Section 24.1202(a)(3), which was suspended for a three-year period from July 1, 2009 through June 30, 2012, will resume on July 1, 2012.

- (9) Notwithstanding the provisions of Section 24.1202(a)(3), the maximum payment or reimbursement level for Health Eligible Retirees is frozen at the Fiscal Year 2009 level of \$740.27 per month for Members before they are eligible for Medicare and \$697.16 per month for Members once they become eligible for Medicare for the following Health Eligible Retirees, who retire on or after July 1, 2009 and before April 1, 2012: (i) all General Members represented by Local 127, American Federation of State, County and Municipal Employees; and (ii) all Safety Members represented by the San Diego Police Officers Association. The freezing of the Health Eligible Retiree benefit at the Fiscal Year

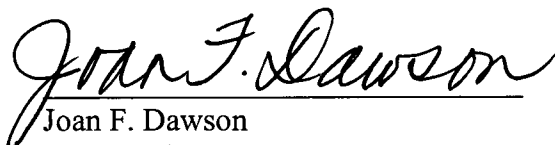
2009 level may be subject to modification by the City pursuant to procedures governed by the Meyers-Milias-Brown Act or any other legal requirements governing labor relations that are binding upon the City.

(b) through (c) [No change in text.]

Section 2. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been made available to the City Council and the public prior to the day of its passage.

Section 3. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Joan F. Dawson
Deputy City Attorney

JFD:ccm
04/29/2011
05/12/2011 COR. COPY
Or.Dept:Human Resources
Doc. No.: 173467_2

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of ~~MAY 20 2011~~.

ELIZABETH S. MALAND
City Clerk

By *May Gumaya*
Deputy City Clerk

Approved: 6.6.11
(date)

JS
JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor