

ORDINANCE NUMBER O- 20181 (NEW SERIES)

DATE OF FINAL PASSAGE JUL 20 2012

AN ORDINANCE AMENDING CHAPTER 2, ARTICLE 4, DIVISION 1 OF THE SAN DIEGO MUNICIPAL CODE BY AMENDING SECTION 24.0103, AND BY AMENDING CHAPTER 2, ARTICLE 4, DIVISION 15 OF THE SAN DIEGO MUNICIPAL CODE BY AMENDING SECTIONS 24.1502, 24.1503, AND 24.1506, RENUMBERING CURRENT SECTION 24.1507 TO SECTION 24.1508, AND ADDING A NEW SECTION 24.1507, ALL RELATING TO THE CITY EMPLOYEES' RETIREMENT SYSTEM.

WHEREAS, the City of San Diego is the plan sponsor of the defined benefit retirement plan established under San Diego Charter section 141 through 149 and codified in Chapter 2, Article 4 of the San Diego Municipal Code, City Employees' Retirement System (Retirement Plan); and

WHEREAS, the San Diego City Council has the sole authority to establish the retirement benefits available to City officers, employees and elected officials under the Retirement Plan; and

WHEREAS, from February 3, 2012 until April 18, 2012, the City's Management Team met and conferred with the San Diego Police Officers Association (SDPOA), regarding wages, hours, and other terms and conditions of employment for employees represented by the SDPOA; and

WHEREAS, pursuant to the tentative agreement reached between the City's Management Team and the SDPOA, employees represented by the SDPOA who are hired by the City on or after August 1, 2012, will not make Cost of Living Annuity Contributions and will not receive a Cost of Living Annuity upon retirement; and

WHEREAS, the Retirement Board of Administration approved a Declaration of Trust establishing the SDCERS Group Trust on March 16, 2007, effective as of July 1, 2007; and

WHEREAS, effective July 1, 2007, the San Diego Unified Port District (Port District) and the San Diego County Regional Airport Authority (Airport Authority) maintain their own separate retirement plans and trusts for their employees, which are administered by SDCERS within the SDCERS Group Trust; and

WHEREAS, the retirement benefits for the Port District and Airport Authority are contained in their respective plan documents and not in the San Diego Municipal Code; and

WHEREAS, references to the Port District and Airport Authority should therefore be removed from the City's Retirement Plan document, as contained in Chapter 2, Article 4 of the San Diego Municipal Code; and

WHEREAS, other technical corrections must be made to Chapter 2, Article 4, Division 15, to clarify how the Cost of Living Annuity Contributions are calculated and to identify terms that are defined in San Diego Municipal Code section 24.0103; and

WHEREAS, San Diego Charter section 143.1(a) does not require a vote of the SDCERS membership, because none of the amendments in this ordinance will affect the benefits of any current employee under the Retirement System; NOW, THEREFORE,

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

Section 1. That Chapter 2, Article 4, Division 1 of the San Diego Municipal Code is amended by amending section 24.0103, to read as follows:

Article 4: City Employees' Retirement System

Division 1: Creation of System and Definitions

§ 24.0103 Definitions

Unless otherwise stated, for purposes of this Article:

"Accumulated Additional Contributions" through *"Continuous Service"* [No change in text.]

"Cost of Living Annuity" means the amount added to the retirement allowance of a *Member* who has made Cost of Living Contributions, which is calculated as set forth in section 24.1507(b).

"Cost of Living Annuity Contributions" means the contributions paid by *Members* pursuant to section 24.1507(a).

"DROP" means Deferred Retirement Option Plan, an alternative method of benefit accrual described in Division 14.

"Elected Officer" through *"Surviving Spouse Annuity"* [No change in text.]

"Surviving Spouse Contributions" means the contributions made by *Members* under section 24.0601.

"Undistributed Earnings Reserve" through *"Unmodified Service Retirement Allowance"* [No change in text.]

Section 2. That Chapter 2, Article 4, Division 15 of the San Diego Municipal Code is amended by amending sections 24.1502, 24.1503, and 24.1506, to read as follows:

Article 4: City Employees' Retirement System

Division 15: Investment Earnings, Supplemental Benefits and Adjustments

§ 24.1501 Elimination of "Surplus Earnings"

[No change in text.]

§ 24.1502 Transfers Made From Plan Assets

The following amounts shall be transferred as set forth below from plan assets as determined by the *Board*:

- (a) An amount sufficient to credit interest to the contribution accounts of the *Members* and the *City* at an interest rate determined by the *Board* and distributed in accordance with section 24.0904 and related *Board* rules; and
- (b) An amount sufficient to meet the *City's* portion of the budgeted expenses and costs of operating the *System*, including all personnel and services for the fiscal year.
- (c) An amount sufficient to pay the Annual Supplemental Benefit (13th Check) to *Qualified Retirees*, pursuant to the provisions and conditions set forth in section 24.1503.
- (d) An amount sufficient to increase the *Base Retirement Benefit* by 7% for all retired *City* employees and *Beneficiaries* who are covered by the Corbett Settlement, pursuant to the provisions and conditions set forth in section 24.1503.5.

- (e) An amount sufficient to credit interest to the Available Benefit Amount (as defined in section 24.1504(c)) for the Supplemental COLA as set forth in this Division.

§ 24.1503 Annual Supplemental Benefit (13th Check)-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 24.1502(a)(3), 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) For the purpose of identifying those retirees who shall be deemed qualified to receive the Annual Supplemental Benefit established in this Section, the following criteria shall apply:
 - (1) through (2) [No change in text.]
 - (3) *Qualified Retirees* shall be limited to the following classes:
 - (A) Retired *General Members* and *Safety Members*; and
 - (B) Special Class *Safety Members* who are receiving fixed monthly retirement benefits; and
 - (C) Survivors of section 24.1503(a)(3), subparagraphs (A) and (B), who are receiving monthly pensions from the *System*, provided the *Member* had met the minimum *Creditable Service* requirement in section 24.1503(a)(1).
 - (4) [No change in text.]

- (5) For the sole purpose of establishing eligibility for the Supplemental COLA described in Section 24.1504, *Qualified Retirees* includes retirees with less than ten years of *Creditable Service*, including retirees who are receiving an industrial disability retirement from the *System*, those who have ten years of continuous service with the *System*, survivors of Special Class *Safety Members* who are receiving fluctuating monthly retirement benefits, and survivors of special death benefit recipients.

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

§ 24.1503.1 Prohibition of Annual Supplemental Benefit

[No change in text.]

§ 24.1503.5 Corbett Settlement Increase-Qualification and Determination

[No change in text.]

§ 24.1504 Supplemental COLA Program

[No change in text.]

§ 24.1505 Cost of Living Adjustment Effective Date and Maximum Annual Change

[No change in text.]

§ 24.1506 Cost of Living Adjustment Program Shared Between Employer and Members

The cost of providing the Cost of Living Adjustments set forth in section 24.1505 based upon services rendered after July 1, 1971, is shared equally between the *City* and the contributing *Member*, with the individual *Member's* contributions based upon the *Member's* age at his or her nearest birthday at time of entrance into the *System*.

Section 3. That Chapter 2, Article 4, Division 15 of the San Diego Municipal Code is amended by renumbering current section 24.1507 to section 24.1508 and adding a new section 24.1507, to read as follows:

§ 24.1507 Cost of Living Annuity Contributions and Cost of Living Annuity

- (a) Each *Member* must pay *Cost of Living Annuity Contributions*, in addition to their *Normal Contributions* and their *Surviving Spouse Contributions*. From July 1, 1971 through June 29, 1985, these *Cost of Living Annuity Contributions* are 15% of the sum of the *Member's Normal Contributions* plus the *Member's Surviving Spouse Contributions*. Beginning June 30, 1985, and continuing until adjusted by the *Board* upon the recommendation of the *Actuary*, the *Cost of Living Annuity Contributions* are 20% of the sum of the *Member's Normal Contributions* plus the *Member's Surviving Spouse Contributions*.

- (b) Upon retirement, the *System* will pay a *Cost of Living Annuity* to *Members* who have made *Cost of Living Annuity Contributions*. The *Cost of Living Annuity* will be actuarially equivalent to the *Member's* accumulated *Cost of Living Annuity Contributions* on the date of the *Member's* retirement.
- (c) Notwithstanding subsection (a), *Safety Members* represented by the San Diego Police Officers Association who initially begin *City* employment after July 31, 2012, will not pay *Cost of Living Annuity Contributions* while they remain represented by the San Diego Police Officers Association, and will not receive a *Cost of Living Annuity* based upon that period of employment.

§ 24.1508 Employee Contribution Rate Reserve

[No change in text.]

Section 4. 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 5. 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



Roxanne Story Parks
Deputy City Attorney

RSP:ccm
05/11/2012
Or.Dept: Human Resources

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of JUL 10 2012.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 7-20-12
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor