

RESOLUTION NUMBER R- 307488

DATE OF FINAL PASSAGE JUN 26 2012

RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE MAYOR TO RETAIN BUCK CONSULTANTS FOR AN AMOUNT NOT TO EXCEED \$250,000; AUTHORIZING AMENDMENT OF THE CITY'S EXISTING CONTRACT WITH BUCK CONSULTANTS TO INCLUDE THE PROVISION OF ACTUARIAL SERVICES IN RELATION TO THE NEGOTIATION AND IMPLEMENTATION OF THE DEFINED CONTRIBUTION PLAN OR PLANS AS REQUIRED BY PROPOSITION B; AND AUTHORIZING THE CHIEF FINANCIAL OFFICER TO EXPEND SPECIFIED AMOUNTS UNDER THE AMENDED CONTRACT.

WHEREAS, on June 5, 2012, City of San Diego (City) voters approved Proposition B, a citizens' initiative to amend the San Diego Charter (Charter); and

WHEREAS, Proposition B adds Charter section 140, which requires officers and employees (except "sworn police officers") initially hired or assuming office on or after the effective date of the section to participate only in a defined contribution plan (or plans), and not in the City's Defined Benefit plan; and

WHEREAS, Proposition B also adds Charter sections 150 and 151, which set forth various requirements of the new plan or plans, including the maximum contributions the City may pay; and

WHEREAS, Proposition B also requires the San Diego City Council to make discretionary decisions on the details of the new defined contribution plan (or plans), including the level of employer and employee contributions, the vesting period for employer contributions, whether the Plan will replace Social Security, and the types of death and disability benefits that will be provided to participants; and

WHEREAS, the City is required to meet and confer before establishing the defined contribution plan (or plans) for new employees (except “sworn police officers”) represented by one of the City’s recognized employee organizations hired on or after the effective date of Proposition B. However, there is no such requirement with respect to elected officers and unrepresented employees; and

WHEREAS, the issues involved in designing such a defined contribution plan (or plans) that is tax qualified and meets the Safe Harbor requirements as a Social Security replacement plan are complex, requiring retention of an actuary with substantial plan design expertise with qualified governmental retirement plans;

WHEREAS, Buck Consultants is capable and able to provide the needed actuarial services in relation to the design and implementation of the new defined contribution plan (or plans).

WHEREAS, further requiring the retention of an actuary are the provisions of California Government Code (Government Code) section 7507(b)(1) which provide that, before a local legislative body may authorize changes in retirement or other post-employment benefits, it must have an actuary provide a statement of the actuarial impact of the changes upon future annual costs, including normal cost and any additional accrued liability; and

WHEREAS, further requiring the retention of an actuary are the provisions of Government Code section 7507(c)(1) which provides that the future costs, as determined by the actuary, be made public at a public meeting at least two weeks before the adoption of any changes in public retirement plan benefits or other post-employment benefits; and

WHEREAS, further requiring the retention of an actuary are the provisions of Government code section 7507(d) which requires that the person with the responsibilities of a chief executive officer of the employer providing the benefit “acknowledge in writing that he or she understands the current and future cost of the benefit as determined by the actuary;” and

WHEREAS, it is also necessary to retain an actuary in order to determine the appropriate level and vesting schedule for employer contributions to the defined contribution plan (or plans) to be consistent with the stated intent of Proposition B of limiting “the impacts City budgetary decisions have on pension liabilities in the immediate term and the long term as a way to prevent further cuts in important neighborhood services that are mandated by the Charter;” NOW, THEREFORE,

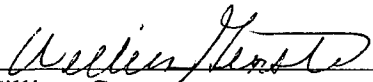
BE IT RESOLVED, by the Council of the City of San Diego, that the Council authorizes the Mayor or his designee to retain Buck Consultants for an amount not to exceed \$250,000 for the services referenced above.

BE IT FURTHER RESOLVED, that the Mayor or his designee is authorized to amend the City’s contract with Buck Consultants to include the provision of actuarial services to the City for the purpose of creating and implementing the defined contribution plan (or plans) as required by Proposition B.

BE IT FURTHER RESOLVED, that the Council authorizes the Chief Financial Officer to expend an amount not to exceed \$250,000 in accordance with the Citywide FTE Allocation Schedule for the agreement with the actuary for the services referenced above, and the Chief

Financial Officer furnishing one or more certificates certifying that the funds necessary for expenditure under established agreement funding are, or will be, on deposit with the City Treasurer.

APPROVED AS TO FORM: JAN I. GOLDSMITH, City Attorney

By   
William Gersten  
Deputy City Attorney

WG:ccm:jdf  
06/05/2012  
Or.Dept: City Attorney  
Doc. No.: 381937

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 11 2012.

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 6.26.12  
(date)

  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

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JERRY SANDERS, Mayor