

Effective December 22, 2001, Police Dispatchers, Police Lead Dispatchers, and Police Dispatch Supervisors shall receive five percent (5%) additional pay for their P.O.S.T. Basic Dispatcher Course Certificate. Effective December 22, 2001, Dispatchers I and II, who are assigned as 911 Operators in the Police Department Phone Room, shall also receive this five percent (5%) additional pay for their P.O.S.T. Basic Dispatcher Course Certificate.

10. All Lifeguards assigned to the Fire Rescue Department Emergency Air Operations/Regional Fire Rescue Helicopter Program shall receive 7.5% -additional pay when deployed to a team rescue.

ARTICLE 22

Retirement

2008 RETIREMENT BENEFIT CHANGES

All employees hired on or after January 1, 2009 will participate in the City's new Retirement System. Details of that system were presented at the March 3, 2008 meet and confer session. Proposed contract language will be provided as soon as it is available.

In addition, no employee hired on or after July 1, 2008 will be eligible to participate in the Supplemental Pension Savings Plan ("SPSP").

Three main components of the City's new Retirement System are as follows:

1. Defined Benefit: .61% @ 55, .97% @ 60 and 1.6% @ 65 with highest 3 year average in the 5 years preceding retirement;
2. Fixed Contribution: 401(a) with 1% of pay employee contribution and 3% of pay City contribution with City contributions fully vesting at 5 years;
3. Points Matching: 401(k) with voluntary employee contribution up to IRS tax limits with 50% City matching contribution up to 2%-5% of pay based on points (age + years of service) as follows and with City contributions fully vesting at 5 years:

<u>Points</u>	<u>Matching Contribution</u>
<u>< 40</u>	<u>50% match on up to 2% of pay</u>
<u>40-54</u>	<u>50% match on up to 3% of pay</u>
<u>55-69</u>	<u>50% match on up to 4% of pay</u>
<u>70 +</u>	<u>50% match on up to 5% of pay</u>

2008 Retirement Contribution Changes

Effective July 1, 2008, the employee pension contribution for employees hired before January 1, 2009 in MEA-represented bargaining units will decrease by 1.0% of the employee's base salary. This decrease in the employee pension contribution represents an increase in the City's offset or "pick-up", and is provided due to the Flexible Benefits Plan restructure and the resulting loss of

MEA's negotiated \$500 increase in the Flexible Benefits Plan allotment.

1. Effect of New Provisions

Section 2 of this Article reflects the parties' agreement regarding retirement contribution and benefit changes resulting from meet and confer in 2005. Sections 3 through 6 of this Article reflect the parties' agreement regarding retirement contributions and benefits resulting from prior negotiations. Section 2 shall control and supersede Sections 3 through 6 in the event of any inconsistency between Section 2 and Sections 3 through 6.

2. 2005 Retirement Contribution and Benefit Changes

A. Retirement Contribution Increases

1. Negotiated Pension Contribution Increases.

Effective July 2, 2005, the employee pension contribution for employees in MEA-represented bargaining units will increase by 3.0% of the employee's base salary. Effective July 1, 2007, the employee pension contribution for employees in MEA-represented bargaining units will increase by an additional 1.0% of the employee's base salary. These negotiated increases in the employee pension contributions represent decreases in the City's offset or "pick-up" of the employee pension contributions.

2. Automatic Pension Contribution Increase Due to Depletion of -Employee Contribution Rate Reserve.

The 3.0% negotiated employee pension contribution increase effective July 2, 2005, and the additional 1.0% negotiated employee pension contribution increase effective July 1, 2007, are in addition to the employee pension contribution increase that will take effect automatically upon depletion of the Employee Contribution Rate Reserve in 2005. The employee pension contributions being paid from the Employee Contribution Rate Reserve are based on the parties' prior agreements.

Before implementing an agreement, if any, with any other represented employee group to change the current method of depleting the Employee Contribution Rate Reserve, the City will first demonstrate to MEA that the proposed change will have no adverse impact on employees in MEA-represented bargaining units.

B. Use of Negotiated Employee Pension Contribution Increases

All monies resulting from the 3.0% negotiated employee pension contribution increase effective July 2, 2005, and the additional 1.0% negotiated employee pension contribution increase effective July 1, 2007 (i.e., City savings that result from substituting those increases for City "pick-up" of employee pension contributions), shall be designated exclusively for payment to support a leveraged mechanism to reduce the SDCERS unfunded actuarially accrued liability ("UAAL"), such as Pension Obligation Bonds, lease

capitalization, or a similar mechanism selected by the City. If the City does not implement a leveraged mechanism to reduce the UAAL within the term of this MOU, then these monies shall be deposited into the SDCERS Employee Contribution Rate Reserve and used to defray the pension contribution obligation of employees in MEA-represented bargaining units.

C: Retiree Medical Benefit

1. Exclusion of Employees Hired on or after July 1, 2005

Employees hired on or after July 1, 2005, are excluded from the existing retiree medical health benefit. Article 4, Division 12 of the Municipal Code, relating to Retiree Health Benefits, will be revised to reflect this change.

2. Definition of Health-Eligible Retiree

General Members and Safety Members who retire on or after July 1, 2005, and are receiving a retirement allowance from SDCERS pursuant to a reciprocity agreement must have 10 years of service with the City of San Diego to receive 100% of the retiree health benefit and five years of service with the City of San Diego to receive 50% of the retiree health benefit. The definition of "Health-Eligible Retiree" in Sections 24.0103 and 24.1201 of the Municipal Code will be revised to reflect this clarification.

The City agrees to indemnify and hold MEA harmless from and against any claims filed by or on behalf of employees in MEA-represented bargaining units related to this clarification of the definition of a Health-Eligible Retiree.

~~3. Joint Study~~

~~The parties agree to jointly conduct a study of the retiree medical benefit for employees hired before July 1, 2005. The purposes of the study will be to identify cost-containment measures, to analyze whether an alternative form of trust would be preferable to the 401(h) retiree medical trust currently established within SDCERS under Section 24.1203 of the Municipal Code, and to identify and recommend potential sources of revenue, including "13th Check" payments, for pre-funding the retiree medical benefit for employees hired before July 1, 2005.~~

~~In lieu of the above joint study, MEA may opt to participate in a joint study of these subjects with other City unions on terms acceptable to MEA.~~

D. Defined Contribution Retiree Medical Plan

1. Establishment of Plan

For employees hired on or after July 1, 2005, the City will establish a defined

contribution plan for retiree medical expenses. A participant in the plan will accrue rights only to the individual's actual contributions and investment earnings on those contributions, but not to retiree medical coverage as a benefit.

~~2. Joint Study.~~

~~By no later than August 15, 2005, MEA and the City shall begin a joint study (1) to establish the amount of the contribution by reference to actuarial calculations and other economic considerations; (2) to determine whether this amount will be in lieu of some or all of the current voluntary SPSP contribution; and (3) to agree upon the plan structure and design, plan administration, and employee and City contributions, if any. The Joint Study Committee shall be comprised of three representatives appointed by each party who shall complete the study by no later than January 15, 2006.~~

~~In lieu of the above joint study, MEA may opt to participate in a joint study on this subject with other City unions on terms acceptable to MEA; and/or may combine this activity with the study of the retiree medical for current employees.~~

~~Until the vehicle for the defined contribution plan is formalized, all contribution amounts from new employees and from the City, if any, will be held in escrow in SDCERS and invested with other funds to achieve the maximum possible return until the escrowed funds can be transferred to the control of the agreed-upon administrator.~~

~~3. Control and Investment of Contributions Pending Plan Establishment~~

~~Until the vehicle for the defined contribution plan is formalized, all contribution amounts from new employees and from the City, if any, will be held in escrow in SDCERS but invested with other funds to achieve the maximum possible return until the escrowed funds can be transferred to the control of the agreed-upon administrator.~~

E. Purchase of Service Credit

Employees hired on or after July 1, 2005, are not eligible for the purchase of service credit ("airtime") in SDCERS, except for credit for up to five years of military service. Article 4, Division 13 of the Municipal Code will be revised to reflect this change.

F. "13th Check" Supplemental Benefit

Employees hired on or after July 1, 2005, are not eligible to receive the "13th Check" supplemental benefit set forth in Section 24.1502(a)(6) of the Municipal Code. Section 24.1503 of the Municipal Code will be revised to reflect this change.

G. Deferred Retirement Option Plan

Employees hired on or after July 1, 2005, are not eligible for the Deferred Retirement

Option Plan ("DROP"). Article 4, Division 14 of the Municipal Code will be revised to reflect this change.

H. Calculation of Service Retirement Allowance

The only service retirement allowance calculation formulae for employees hired on or after July 1, 2005, will be 2.5% at age 55 for General Members and 3.0% at age 50 for Safety Members, with the existing tiers for those formulae. Article 4, Division 4 of the Municipal Code will be revised to reflect this change. For employees hired before July 1, 2005, the retirement allowance calculation formulae will remain as currently provided under Article 4, Division 4 of the Municipal Code.

3. 2002 Retirement Contribution and Benefit Changes

Following meet and confer in 2002, the parties agreed to certain changes to the City's employee retirement contribution offset and to SDCERS benefits for health-eligible retirees. Those changes are specified in this Section 3. Notwithstanding any provision below, employees hired on or after July 1, 2005 are excluded from the retiree medical benefit and are not eligible for (1) the 13th check, (2) participation in the DROP program, (3) purchase of service credits, and (4) calculation of a service retirement allowance using a formula other than 2.5% at age 55 for General Members and 3.0% at age 50 for Safety Members, with the existing tiers for those formulae.

A. Retirement Contribution Offsets

The City agrees that it will apply an amount that is approximately equal to 5.4% of the base salary of employees covered by this agreement and 7.3% for eligible Lifeguards and Harbor Patrol Officers in the City Retirement System, thereby reducing the amount deducted from employees' paychecks as the employees' retirement contribution by that amount. Effective July 6, 2002, the City will increase the amount it pays to offset the employees' retirement contribution, which offset reduces the amount deducted from employees' paychecks, from 7.3% to 9.0% for eligible Lifeguards. Effective July 5, 2003, the City will increase the amount it pays to offset the eligible Lifeguards retirement contribution from 9% to 10%. Effective 7/5/03 the City will increase the amount it pays to offset a General Member retirement contribution of CERS from 5.4% to 7.0%. These retirement offset increases will remain in effect until the Employee Contribution Reserve is exhausted. The employee, upon termination, will have no vested right in the amount so contributed by the City. Substitution of this portion of the employees' contribution by a City payment will not decrease the total amount applied towards the required retirement contribution, and will not affect retirement benefits. Provided, however, such payment shall not exceed any employees' total contribution to the system.

B. Retirement Benefit Changes

1. Effective July 1, 2002, a Health Eligible Retiree, as defined in the Municipal Code, will have the applicable Medicare eligible or non-Medicare eligible insurance premiums

paid for the Health Eligible Retiree-only insurance, or the Health Eligible Retiree will be reimbursed the actual cost incurred from the Medicare eligible or non-Medicare eligible retiree-only premium up to the maximum amount allowed in Municipal Code Division 12. Municipal Code Division 12 will be amended to set the maximum amounts to be paid on behalf of or reimbursed to a Health Eligible Retiree for retiree-only Medicare eligible or non-Medicare eligible health insurance premiums based on the premium for the City-sponsored PPO plan for Fiscal Year (FY) 2003 and annually adjusted thereafter based on the Centers for Medicare & Medicaid Services, Office of the Actuary, projected increase for National Health Expenditures for the full year period ending in the January preceding the start of the new plan year; such adjustment shall not exceed 10% for any given year. The maximum amount of monies reimbursed to Health Eligible Retirees will be 100% of such Medicare-eligible or non-Medicare eligible retiree-only premium. Pursuant to this provision the based monthly maximums are established for FY 2003 as follows:

- a) For Non-Medicare eligible retirees: \$489.16
- b) For Medicare eligible retirees: \$460.67

Health Eligible Retirees may choose to participate in a City sponsored health insurance plan or any other health insurance plan of their choice

Additionally, the Retirement System will reimburse the Part B Supplemental Medical Expense Premium for those Health Eligible Retirees enrolled in Medicare.

2. The Disability Income Offset provision is eliminated. There will be no reduction of retirement benefits if the retiree has other income.
3. A five year purchase of service credit provision is established effective January 1, 1997. Under this provision, the Member may purchase up to five years of service credit by paying both employee and employer contributions in an amount and manner determined by the San Diego City Employees Retirement System Board to make the System whole for such time. In addition, members retiring on or after January 1, 1997, may purchase probationary periods, military and veterans code leaves, waiting periods for the 1981 Pension Plan, actual time worked hourly or part time, special leaves without pay occurring prior to January 1, 1997, the difference in time between part time and full time prior to January 1, 1997, long term disability, vocational rehabilitation maintenance (VRMA) and temporary total disability (TTD), FMLA periods, special leaves of absence with job to be saved periods and any period preceding reinstatement by the Civil Service Commission following a termination appeal.
4. A Deferred Retirement Option Plan (DROP) is established effective April 1, 1997. DROP provides an alternative form of benefit accrual while allowing a Member to continue working for the City. During the DROP period, a DROP Member retains all rights, privileges and benefits of being an active City employee, except as specifically modified in the DROP Plan Document, and is subject to the same terms and conditions of employment including disciplinary actions up to and including termination. The

Member continues to be eligible for the active employee Flex Benefits Program for the classification and is not eligible for "retiree" health benefits until such time as the Member completes or terminates the DROP period. Under DROP, a monthly service retirement allowance along with any COLA increases, Supplemental Benefit checks and any adjustments to such payments applicable to retirements effective on the date the Member entered the DROP are deposited into a trust account. These SDCERS benefits are calculated as if the Member were retiring on the date the Member enters the DROP. The Member's contributions to the Retirement System cease. The Member and the City each contribute 3.05% of the Member's salary each pay period that the Member participates in the DROP. The Member's contribution is made on a pre-tax basis pursuant to Internal Revenue Code Section 414(h)(2). These monies are placed in a trust account and are distributed to the DROP participant upon termination of employment or completion of the DROP period whichever occurs first. No withdrawals may be made from the DROP account until the Member completes or terminates his or her DROP period. Interest will be credited to the Member's DROP account at a rate determined by the Board. The Member is 100% vested in the DROP from its inception.

A DROP participant who becomes disabled may apply for conversion of their deferred retirement allowance to a disability allowance calculated at the date of entry into the DROP. A Member who participates in DROP irrevocably designates a specific consecutive period of months for participation, not to exceed sixty months. The Member must terminate City service at the end of the designated period.

5. For retirements effective on or after January 1, 1997, the 50% continuance is available to the spouse to whom the Member was married on the date of retirement. The requirement that the member be married to his or her spouse at least one year prior to retirement for the spouse to receive the 50% continuance is eliminated.
6. The surviving spouse of a Member who is killed while in the performance of duty is entitled to continued health coverage as provided in California Labor Code Section 4856.
7. The Industrial Disability Benefit for General Members is increased from 33-1/3% to 50% of final compensation for retirements effective on or after January 1, 1997.
8. The modified special death benefit provided to the surviving spouse of a Member killed in the line of duty is amended to eliminate the requirement that the benefit be discontinued if the spouse remarries. Any benefit terminated to such spouse as a result of remarriage shall be reinstated effective January 1, 1997.
9. MEA General Members:

A. Change of Retirement Calculation Factors for City General -Members

The Retirement Calculation Factors used to calculate a General Member's Allowance will increase to the levels shown below (the "New Factors") for all

retirements effective on or after July 1, 2002, unless the General Member elects, before retirement, to have his or her Allowance calculated using the Old Factors (2% @ age 55, etc., with 10% added to the Member's Final Compensation) or the Corbett Factors (2.25% @ age 55, etc.). The New Factors will apply to all City employees who join the Retirement System after June 30, 2002, and their Allowances will be capped at 90%. The 90% cap will also apply to: (1) General Members who joined the Retirement System on or before June 30, 2002, except as provided below, and (2) General Members who participated in the Retirement System on or before June 30, 2002, who left City employment but are rehired by the City on or after July 1, 2002.

<u>Retirement Age</u>	<u>Benefit</u>
55-59	2.50%
60	2.55%
61	2.60%
62	2.65%
63	2.70%
64	2.75%
65 and older	2.80%

Any General Member whose Allowance as of July 1, 2002 is 90% or more using the New Factors may continue to accrue benefits above the 90% cap until December 31, 2002. The General Member's Allowance will be capped at that time.

1. Any General Member who joined the Retirement System before July 1, 2002 may continue to accrue benefits above the 90% cap using either the Old Factors or the Corbett Factors. If the Member selects one of these options, the Member's Allowance will not be capped, and the System will refund to the Member, at retirement, any excess contributions the Member made to fund the New Factors.
2. Any General Member who joined the System before July 1, 2002, and reaches the 90% cap by choosing the New Factors, may continue to accrue benefits above the 90% cap until December 31, 2002, at which time the Member's retirement calculation factor and Creditable Service are capped; the Member's Final Compensation is not capped. On January 1, 2003, the Member must choose one of the following options:
 - a. If the Member is eligible for a service retirement on January 1, 2003, he or she may:
 - i. continue working and contributing to the Retirement System,
 - ii. enter DROP, or
 - iii. retire.

b. If the Member is not eligible for a service retirement on January 1, 2003, he or she may:

- i. continue working and contributing to the Retirement System, or
- ii. enter the Cap Program. If the Member enters Cap Program, the Member will stop contributing to the Retirement System, and will instead contribute 3.05% of his or her Base Compensation, biweekly at the end of each pay period, to a Cap account established for the Member. The City will match these contributions. The Member may continue participating in Cap until he or she first becomes eligible to retire, at which time the Member must either enter DROP or retire.
- iii. a Cap Program participant who becomes disabled while participating in the Cap Program is eligible to apply for disability retirement benefits. If the Cap participant's application for disability retirement is ultimately approved by the Board, his or her disability retirement benefit will be calculated using the participant's age, Creditable Service and Final Compensation as of the day he or she began participating in the Cap Program.

3. A General Member may exceed the 90% cap if the Member:

- a. applied to purchase Creditable Service on or before June 5, 2002, and thereafter signed the contract to purchase that time,
- b. was hired at age 24 or younger, and
- c. will exceed the 90% cap because of the Creditable Service he or she applied to purchase on or before June 5, 2002. The Member may not exceed the cap by Creditable Service that he or she applied to purchase after June 5, 2002.

4. When a Member who meets the conditions of paragraph 3 first becomes eligible for a service retirement, his or her retirement calculation factor and years of Creditable Service will be capped at that time, even if the Member continues to work and contribute to the Retirement System. The Member's Final Compensation will not be capped. When eligible to retire, the Member may:

- a. continue working and contributing to the Retirement System,
- b. enter DROP; or
- c. retire.

B. General Member's SDCERS Contribution Rate Change

(1) On December 20, 2003, General Members' contribution rates to SDCERS will be increased by an approximate additional 0.53%.

C. Eligibility for Industrial Disability Retirement Change

A General Member may be eligible for an industrial disability retirement if it has been medically determined that the General Member has become psychologically or mentally incapable of performing his or her normal and customary duties as a result of a violent attack on the member with deadly force, such as a shooting or stabbing that causes great bodily injury, and that resulted in a nervous or mental disorder. The violent attack must occur on or after July 1, 2000, and such application for industrial disability retirement must be submitted before July 1, 2005. This provision shall sunset on June 30, 2005, and no such applications may be made after that date.

10. MEA Lifeguard Members

The City and MEA, having met and conferred, and having participated in the settlement of a class action lawsuit challenging the calculation of "compensation earnable," have agreed to benefit changes to SDCERS. The benefit changes resulting from this class action settlement were approved by the SDCERS active and retired membership in June 2000.

A. Formula Change For Calculation of SDCERS Monthly Retirement Benefit

The Retirement Calculation Factor to be applied to the Lifeguard Member's high one year salary at specified ages may be increased from the current levels to those shown below for all retirements effective on or after July 1, 2000 if the Lifeguard Member selects this option.

Retirement Age	<u>Retirement Calculation</u>	
	<u>Factor effective</u>	<u>Factor effective</u>
	<u>1/01/97-6/30/00</u>	<u>7/01/00</u>
	<u>(Current)</u>	<u>(New)</u>
50	2.50%	3.00%
51	2.60%	3.00%
52	2.70%	3.00%
53	2.80%	3.00%
54	2.90%	3.00%
55+	2.99%	3.00%

Member Option: Pursuant to the class action settlement, a Lifeguard Member may choose, upon application for retirement, one of the following two options:

(1) The Retirement Calculation Factor in effect on July 1, 2000 with no change in the Lifeguard Member's Final Compensation OR

(2) A ten percent (10%) increase in the Lifeguard Member's Final Compensation, with the Lifeguard Member's Unmodified Service Retirement Allowance calculated using the Retirement Calculation Factor in effect on June 30, 2000.

This election must be made with SDCERS at the time of application for retirement.

B. Eligibility for Industrial Disability Retirement Change

A Lifeguard Member may be eligible for an industrial disability retirement if it has been medically determined that the Lifeguard Member has become psychologically or mentally incapable of performing his or her normal and customary duties as a result of a violent attack on the member with deadly force, such as a shooting or stabbing that causes great bodily injury, and that resulted in a nervous or mental disorder. The violent attack must occur on or after July 1, 2000, and such application for industrial disability retirement must be submitted before July 1, 2005. This provision shall sunset on June 30, 2005, and no such applications may be made after that date.

4. High One-Year Basis For Final Compensation

Retirement benefits for General Members shall be based upon the "highest one-year" annual base compensation.

5. IRC Section 415 Amnesty Provisions

In order to preserve CERS' tax qualified status, MEA and the City mutually agree to adopt the "amnesty" or "grandfather" provisions of IRC Section 415 (b) (10), and agree to meet and confer regarding "make-up" provisions.

6. Buy-Backs

Current employees with 1981 Pension Plan credited years of service will be granted, at no cost to the employee, credit for past CERS service.

ARTICLE 23

Lifeguard Services

I. LIFEGUARD TRAINING