

ADOPTION AGENDA, CONSENT ITEMS

ORDINANCES INTRODUCED AT A PREVIOUS MEETING, READY FOR DISPENSING WITH THE READING AND ADOPTION:

- \* ITEM-50: Approval of Ordinance amending the San Diego Municipal Code related to FY 2003 Negotiated Retirement Benefit Enhancements.

**CITY COUNCIL'S RECOMMENDATION:**

Adopt the ordinance which was introduced on 10/21/2002 (Council voted 9-0):

(O-2003-67 Cor. Copy)

Amending Chapter II, Article 4 of the San Diego Municipal Code by amending Division 2 by amending Section 24.0201; by amending Division 3 by amending Section 24.0301; by amending Division 4 by amending Section 24.0402; by amending Division 5 by amending Section 24.0501; by amending Division 8 by amending Section 24.0801, and by Renumbering Section 24.0803 as Section 24.0802; by amending Division 12 by amending Sections 24.1201, 24.1202, 24.1203 and 24.1204; by amending Division 15 by amending Section 24.1507; all relating to the San Diego City Employees' Retirement System.

ADOPTION AGENDA, CONSENT ITEMS

ORDINANCES TO BE INTRODUCED:

- \* ITEM-51: Approval of Ordinance amending San Diego Municipal Code related to FY 2003 Negotiated Retirement Benefits.

**CITY MANAGER'S RECOMMENDATION:**

Introduce the following ordinance:

(O-2003-74)

Introduction of an Ordinance amending the San Diego Municipal Code by amending Division 13 by amending Sections 24.1310 and 24.1312; by amending

Division 14 by amending Sections 24.1402, 24.1403, and 24.1404; all relating to the San Diego City Employees' Retirement System.

**CITY MANAGER SUPPORTING INFORMATION:**

As a result of the recent contract negotiations with the Police Officers' Association, Fire Fighters Local 145, Municipal Employees Association, and AFSCME, Local 127, the City Management Team agreed to implement a number of revisions to the Retirement System. Ordinance O-2003-67 was introduced at the October 21, 2002 meeting of the City Council which amends the San Diego Municipal Code to reflect the majority of the revisions to the Retirement System negotiated during the FY 2003 Meet and Confer process.

However, Ordinance O-2003-67 did not include the revisions to the Retirement System (SDCERS) giving Members represented by Fire Fighters Local 145 the ability to convert Annual Leave accrued after July 1, 2002 to service credit in SDCERS or extend their participation in the System's Deferred Retirement Option Plan ("DROP").

Ordinance O-2003-67 did not include a revision to the Retirement System removing the current prohibition against counting a purchase of service credit made pursuant to the General Provision for Five Year Purchase of Creditable Service set forth in San Diego Municipal Code Section 24.1312 towards the ten year vesting requirement set forth in Section 141 of the San Diego City Charter. This action will remove the prohibition and allow the purchase of creditable service to apply towards the ten year vesting requirement.

Effective July 1, 2002, represented Members in the Local 145 bargaining unit who have not yet entered DROP will be allowed to convert the cash equivalent of their Annual Leave accrued after July 1, 2002 to service credit in SDCERS or extend their DROP participation period.

Represented Members in the Local 145 Bargaining Unit will no longer be able to exercise any cash out feature of Annual Leave accrued after July 1, 2002. Represented Members in the Local 145 bargaining unit who have balances of Annual Leave accrued after July 1, 2002, will be allowed to extend their DROP participation period beyond the five year maximum by that amount of post July 1, 2002 Annual Leave still available and not converted to service credit prior to entering DROP. A vote of the Retirement System Members to approve these changes in this ordinance affecting Member benefits will take place from November 2002 through December 2002.

**FISCAL IMPACT:**

The conversion of Annual Leave to service credit in the Retirement System or extension of the Member's DROP participation period may result in an increase to the Retirement System's unfunded liability and a corresponding increase to the City's contribution rate over and above the scheduled rates in the Manager's Proposal.

The amount of any increase to the System's unfunded liability and City's contribution rate will depend upon the usage of Annual Leave accrued after July 1, 2002 that is converted to service credit in the Retirement System or to extend the Member's DROP participation period. There is

no fiscal impact associated with the provision allowing 5 year purchase of service.

Herring/Lexin/DK