City of San Diego

CARL DEMAIO
CITY COUNCILMEMBER –DISTRICT 5

DONNA FRYE
CITY COUNCILMEMBER –DISTRICT 6

MEMORANDUM

DATE: January 4, 2010

TO: Council President Ben Hueso

City Clerk Liz Maland

FROM: Councilmember Donna Frye

Donna Frye

Councilmember Carl DeMaio

Carl DeMaio

RE: Amending the City Charter to Facilitate Pension Reform

In accordance with Council Policy relating to the proposal of ballot measures, we hereby submit for docketing at the Rules Committee the attached amendment to the City Charter relating to the process for implementing changes in city retirement and pension benefits.

We propose to strike language in Section 143.1 that restricts the Mayor and City Council's ability to implement pension reforms. Under the current wording of this Charter section, city employees can exercise an effective veto over any changes to retirement benefits – even if the changes relate to benefits that are not "vested" and even if the Mayor and City Council properly imposes the changes in accordance with state labor laws.

As this ballot measure will require meet and confer before the City Council could submit it to the voters, we request that the item be docketed as soon as possible.

CC: Honorable Mayor and City Councilmembers
City Attorney

Proposed Pension Reform Language for the City Charter

Section 143.1: Approval of Retirement System Benefit

(a) No ordinance amending the retirement system which affects the benefits of any employee under such retirement system shall be adopted until any applicable state requirements for negotiations with affected labor organizations have been satisfied. ~~without the approval of a majority vote of the members of said system~~. No ordinance amending the retirement system which increases the benefits of any employee, legislative officer or elected official under such retirement system, with the exception of Cost of Living Adjustments, shall be adopted without the approval of a majority of those qualified electors voting on the matter. No ordinance amending the retirement system which affects the vested defined benefits of any retiree of such retirement system shall be adopted without the approval of a majority vote of the affected retirees of said retirement system.

(b) Prior to any proposed amendment of the retirement system which increases benefits of any employee, legislative officer or elected official under such retirement system being placed on the ballot, the retirement system shall prepare an actuarial study of the cost due to the benefit changes proposed based upon the amortization schedules established by Charter Section 143. A summary of the actuarial study shall be published in the ballot pamphlet.

(c) Nothing in subsection (a) of this section shall prevent City officials from negotiating tentative agreements with employee organizations incorporating benefit changes to the extent permitted by state law, provided, however that no amendment of the retirement system which increases benefits, with the exception of the Cost of Living Adjustments, of any employee, legislative officer or elected official under such retirement system, shall become binding or effective until approved by a majority of those qualified electors voting on the matter, and shall not have any force or effect if rejected by said voters. The City Council shall have no authority to enter into final or binding agreements regarding retirement system benefit increases until and unless those increases to retirement system benefits are approved by a majority of those qualified electors voting on the matter.

(d) The requirement for voter approval of retirement system benefit increases shall become operative on January 1, 2007, for all proposed increases in retirement system benefits tentatively agreed upon by the City on or after that date. This requirement shall remain in effect for a period of fifteen (15) years from that date, at which time this requirement shall be automatically repealed and removed from the Charter.