



**COUNCIL PRESIDENT PRO TEM BARBARA BRY
CITY OF SAN DIEGO
DISTRICT 1
MEMORANDUM**

DATE: June 18, 2019
TO: Mayor Kevin Faulconer
FROM: Council President Pro Tem Barbara Bry
SUBJECT: City of San Diego Financial Disclosures and Proposition B

In 2012, I voted for Proposition B. At that time, the City was in dire financial straits because prior City officials underfunded the City employee pension plan and didn't disclose the underfunding to investors when issuing bonds.

The expectation at that time was that other government entities in California would pass similar measures. That hasn't happened, making San Diego the only local government in California not to have a defined benefit pension plan, hampering our ability to hire and retain quality employees.

Since then, courts have found the City erred by placing the measure on the ballot without going through the legally required meet-and-confer process with City unions. The courts have ordered the City to "make whole" employees hired since the passage of Proposition B, exposing taxpayers to significant costs in the short term, and even greater costs if the litigation drags on.

On June 10, 2019, I voted to minimize losses for taxpayers and to accept the decisions of state and federal courts. Going forward, we will need to make the tough decisions to address both the "make whole" remedy ordered by the courts and to ensure that a pension plan for new employees is fair to workers and protects taxpayers.

Continued litigation will not change this outcome and is certain to increase exposure for taxpayers and the City. At this time, it's essential that the City fully disclose the financial impacts of the court order and all ongoing litigation to prospective investors so the errors of the past aren't repeated in the future.

cc: Aimee Faucet, Chief of Staff
Kris Michell, Chief Operating Officer
Ronald Villa, Assistant Chief Operating Officer
Rolando Charvel, Chief Operating Officer
Andrea Tevlin, Independent Budget Analyst