

[To provide retirement benefits for police department employees who were also airport police officers prior to December 27, 1997, as if they had been members of the police department during their service as airport police officers.]

CHARTER AMENDMENT

PROPOSITION _____

Describing and setting forth a proposal to the qualified voters of the City and County of San Francisco to amend the Charter of the City and County of San Francisco by amending Sections A8.506-2 and A8.597-11(a) to authorize the Board of Supervisors to amend a contract with the Public Employees Retirement System in order to transfer to the San Francisco Employees' Retirement System the assets and liabilities of certain airport police officers, and by adding Section A8.597-10(d) to include time worked as an airport police officer in the calculation for retirement benefits for police department employees.

The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on November 6, 2007, a proposal to amend the Charter of the City and County by amending Sections A8.506-2 and A8.597-11(a), and by adding Section A8.597-10(d) to read as follows:

Note: Additions are *single-underline italics Times New Roman*.
Deletions are ~~*strikethrough italics Times New Roman*~~.

SEC. A8.506-2. MISCELLANEOUS SAFETY EMPLOYEES.

Notwithstanding any other provisions of this charter, the Board of Supervisors or the Community College Board shall have the power to contract with the Board of Administration of the Public Employees' Retirement System of the State of California to provide that the probation officers, airport police officers, district attorney and public defender investigators, medical examiner investigators, juvenile court counselors, institutional police, fire safety inspectors and

fire protection engineers who are not members of the Section 8.588 plans, shall be members of the Public Employees' Retirement System, and the Board of Supervisors, the Community College Board and the Retirement Board shall have the power to perform all acts necessary to carry out the terms and purposes of such contract.

The Board of Supervisors shall have the power to amend such a contract to terminate the participation of certain airport police officers in the Public Employees' Retirement System and to transfer to the San Francisco Employees' Retirement System the accumulated assets and liabilities relating to the airport police officers that make such an election, and to exempt such a contract amendment from the cost-neutrality requirements of this Section 8.506-2, provided that the present value of any additional costs associated with said transfer and the related benefits under the San Francisco Employees' Retirement System does not exceed \$670,000 in the aggregate. All additional costs in the form of actuarial liability associated with said transfer and said benefits that exceed \$670,000 in the aggregate shall be paid by the airport police officers that elect to terminate their participation in the Public Employees' Retirement System and transfer the accumulated assets and liabilities relating to their service to the San Francisco Employees' Retirement System. The Board of Supervisors and the Retirement Board shall have the power to perform all acts necessary to carry out the amendment of such contract.

Except as provided in this Section 8.506-2, contracts and contract amendments shall be cost-neutral and employee bargaining units shall be permitted to trade salary or other employee paid benefits to achieve cost-neutrality. The Board of Supervisors or the Community College Board is empowered to determine compliance under this Section. As provided in Section A8.409-5 of the City Charter, disputes under this paragraph shall not be subject to the dispute resolution procedures contained in Charter Section A8.409-4.

Any person who shall become a member of the Public Employees' Retirement System pursuant to such contract shall have the right to be a member of the health service system and the

Health Service Board shall make provision for the participation in the benefits of the health service system by such persons.

SEC. A8.597-10. COMPUTATION OF SERVICE.

The following time shall be included in the computation of the service to be credited to a member of the police department for the purposes of determining whether such member qualified for retirement and calculating benefits, excluding, however, any time, the contributions for which were withdrawn by said member upon termination of his or her service while he or she was a member under any other charter section, and not redeposited upon re-entry into service:

(a) Time during and for which said member is entitled to receive compensation because of services as a member of the police or fire department.

(b) Time prior to January 1, 2003, during which said member was entitled to receive compensation while a member of the police or fire department under any other section of the charter, provided that accumulated contributions on account of such service previously refunded are redeposited with interest from the date of refund to the date of redeposit, at times and in the manner fixed by the retirement board; and solely for the purpose of determining qualification for retirement under Section A8.597-3 for disability not resulting from injury received in or illness caused by performance of duty, time during which said member serves and receives compensation because of services rendered in other offices and departments.

(c) Time during which said member is absent from a status included in Subsection (a) next preceding, by reason of service in the armed forces of the United States of America, or by reason of any other service included in Sections A8.520 and A8.521 of the charter, during any war in which the United States was or shall be engaged or during other national emergency, and for which said member contributed or contributes to the retirement system or for which the City and County contributed or contributes on his or her account.

(d) Time during which said member earned compensation as an airport police officer, provided that said member does not receive a retirement allowance from the Public Employees' Retirement System or receive credit from the Public Employees' Retirement System for the same service, and provided further that the accumulated assets with interest and accrued liability for the past service relating to each said member is transferred from the Public Employees' Retirement System to his or her Section A8.597 account, or if previously refunded, is redeposited into his or her Section A8.597 account with interest from the date of refund to the date of redeposit, at times and in the manner fixed by the Retirement Board. The Retirement Board shall require that each said member execute a waiver consenting to the transfer so that any airport police officer service covered by Section A8.597 is not also covered by other pension provisions in this charter, and so that any such member is not receiving either a retirement allowance or service credit from the Public Employees' Retirement System for the same service, and agree to pay for any required costs allocable to such member under Section A8.506-2. Members of the police department on November 6, 2007, who are members of the retirement system under Section A8.597 shall execute and file said waiver on or before February 1, 2008. Failure to file a timely waiver shall bar any application to have such airport police officer service treated as safety service under this subsection.

The additions to this section A8.597-10, approved by the electorate on November 6, 2007, shall not apply to any member of the retirement system who separated from service, retired, or died before November 6, 2007, or to his or her continuant.

SEC. A8.597-11. SOURCES OF FUNDS.

All payments provided for members under Section A8.597 shall be made from funds derived from the following sources, plus interest earned on said funds:

(a) There shall be deducted from each payment of compensation made to a member under Section A8.597 a sum equal to seven percent of such payment of compensation plus the

member's allocable share, if any, of the costs required under Section A8.506-2. The sum so deducted shall be paid forthwith to the retirement system. Said contribution shall be credited to the individual account of the member from whose salary it was deducted, and the total of said contributions, together with interest credited thereon in the same manner as is prescribed by the board of supervisors for crediting interest to contributions of other members of the retirement system, shall be applied to provide part of the retirement allowance granted to, or allowance granted on account of said member, or shall be paid to said member or his or her estate or beneficiary as provided in Sections A8.597-8, A8.597-9 and A8.597-10. A member's individual account under Section A8.597 shall include all monies previously credited to the member's account under Section A8.586. *The individual accounts of members who were also airport police officers that terminated their participation in the Public Employees' Retirement System as provided in Section A8.506-2 shall also include that portion of the accumulated assets transferred to the San Francisco Employees' Retirement System that represents their contributions to the Public Employees' Retirement System plus interest.*

(b) The City and County shall contribute to the retirement system such amounts as may be necessary, when added to the contributions referred to in Subsection (a) of this Section A8.597-11, to provide the benefits payable to members under Section A8.597. Such contributions of the City and County to provide the portion of the benefits hereunder shall be made in annual installments, and the installment to be paid in any year shall be determined by the application of a percentage to the total compensation paid during said year to persons who are members under Section A8.597 in accordance with the provisions of Section A8.510.

(c) To promote the stability of the retirement system through a joint participation in the result of variations in the experience under mortality, investment and other contingencies, the contributions of both members and the City and County held by the system to provide benefits for members under Section A8.597, shall be a part of the fund in which all other assets of said system are included.

(d) Any year in which, based upon the retirement system's annual actuarial valuation, the employer contribution rate exceeds 0%, the employee organizations representing safety members shall jointly meet and confer with City representatives to implement a cost sharing arrangement between the City and employee organizations. Such arrangement will effect a material reduction of the cost impact of employer contributions on the City's general fund.

The dollar value of the cost sharing arrangement shall not exceed the total annual cost to the retirement system of improving the police and fire safety retirement plans to the 3% @ 55 benefit level or the total employer contribution required by the retirement system, whichever is lesser. Such cost sharing arrangement shall not require an employee contribution in excess of the limits set elsewhere in this charter.

The meet and confer process, including all impasse procedures under section A8.590-1 et seq., shall be concluded not later than April 1st except by mutual agreement of the parties. The cost sharing arrangement must be finalized to permit implementation effective July 1.

The retirement board's authority under charter section 12.100 and in section A8.510 concerning the annual setting of the rates of contribution are not subject to the meet and confer process, including all impasse procedures under section A8.590-1 et seq.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
CARYN BORTNICK
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