

[The purpose of the proposed Charter amendment is to provide early retirement benefits to employees in classifications identified for layoffs due to the City's fiscal crisis.]

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 adding Sections A8.401 and A8.522 to provide early retirement benefits to eligible employees..

The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on November 4, 2003, a proposal to amend the Charter of the City and County by adding Sections A8.401 and A8.522 to the Appendix thereto to read as follows:

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

Section 1. The San Francisco Charter is hereby amended by adding Section A8.401 to read as follows:

SEC. A8.401. EARLY RETIREMENT BENEFITS

A8.401-1. Purpose. The current fiscal crisis requires the City to lay off employees to balance its budget. The need for such layoffs is expected to continue through fiscal years 2003-2004 and 2004-20005. The purpose of this early retirement measure is to: (1) encourage employees in classifications identified for layoff, due to cuts in City services or functions, to take early retirement, (2) minimize the effects of layoffs on employees already laid off from these classifications by increasing the possibility of return from holdover lists, (3) achieve good labor relations by extending the benefits to eligible employees who were laid off after July 1, 2003, but before the date this measure was enacted, (4) limit early retirement benefits to employees in classifications identified for layoffs, and (5) provide for certification by the Controller that the

number of employees selected for early retirement benefits in each classification shall not exceed the number of employees separated due to layoff.

A8.401-2. Early Retirement Benefits. The following criteria govern those employees eligible to receive the early retirement benefit set forth in Section A8.522 of the Charter.

A8.401-3. Authority. During fiscal years 03-04 and 04-05, the Mayor may identify, subject to confirmation by the Controller and the Director of the Department of Human Resources ("Director"):

(A) City services or functions that have been or will be terminated or reduced during the fiscal year because of budget constraints, and

(B) The classifications of positions that have been or will be eliminated or reduced during the fiscal year because of the termination of City services or functions ("Identified Classifications").

A8.401-4. Schedule. The determinations made by the Mayor, Controller and the Director under section A8.401-3, above, shall be made after the Board of Supervisors has enacted the budget for the fiscal year or adopted a supplemental change to the budget.

A8.401-5. Eligibility. The Director shall identify those employees eligible to receive early retirement benefits due to layoffs in Identified Classifications according to the following criteria and limitations:

(A) The Director shall notify employees that they may be eligible for early retirement benefits in the following order:

1. Employees separated from City employment between July 1, 2003 and June 30, 2005 due to layoffs of employees from the Identified Classifications.

2. Active employees currently in the Identified Classifications or active employees laid off from the Identified Classifications but who have been placed in other positions within the City.

3. Active employees in classifications related to the Identified Classifications under procedures established by the Department of Human Resources.

4. The active employees described in subsections (A)2 and (A)3, above, must be active employees at the time of selection. They shall be selected by seniority using the reverse order of layoff established by the Civil Service Commission in its rules on layoff.

(B) The number of employees who receive early retirement benefits in each Identified Classification shall not exceed the number of employees separated from city service due to layoffs in the Identified Classification. The Controller shall certify the names of the employees selected, and that the number of employees selected for early retirement benefits in each Identified Classification does not exceed the number of employees separated from City service due to layoffs in the Identified Classification.

A8.401-6. Notification Procedure. The Director shall notify in writing those employees eligible for early retirement benefits, with a copy to the retirement system, and shall set a deadline for the employees to retire, not to exceed 60 days after notification.

A8.401-7. Extension. This program may be extended by a three-fourths vote of the Board of Supervisors. The Board may authorize an extension limited to two additional years.

A8.401-8. The City, not the Retirement System, shall bear the costs of identifying and giving notice, as described in this section, to employees eligible for the early retirement benefit.

Section 2. The San Francisco Charter is hereby amended by adding Section A8.522 to read as follows:

Sec. A8.522. Early Retirement Benefits.

A8.522-1. Early Retirement Benefits. Under this section, certain employees may become eligible to receive early retirement benefits. These early retirement benefits shall only apply to members who are certified under section A8.401 and who retire with an effective date of retirement within the time limit established by the notice in section A8.401-6. As used in this section, the term "early retirement benefits" means increasing an eligible employee's age and

credited service for both qualification and benefit computation purposes by three (3) years. Early retirement benefits are not available to members covered by Charter sections A8.559, A8.585, A8.586, A8.588, A8.595, A8.596, A8.597 or A8.598. Early retirement benefits are available to any other eligible employee who is a member of the San Francisco City and County Employees' Retirement System.

A8.522-2. Recalculation/Effective Date of Retirement. Any employee who separated from service and subsequently retired between July 1, 2003 and June 30, 2005 and is later determined to be eligible for early retirement benefits, may have his or her retirement allowance recalculated as of his or her date of retirement. Any employee who separated from city service between July 1, 2003 and June 30, 2005 but did not retire, and who is later determined to be eligible for early retirement benefits, may retire after notice in section A8.401-6 but no earlier than the first day of the month in which he or she applies for retirement. Any such employee who withdrew his or her accumulated contributions shall redeposit in the retirement fund the amount, plus interest, refunded to him or her.

A8.522-3. Return to Service. Any employee who retires under any early retirement program and later reenters City and County service as a member of the retirement system shall forfeit any service or age credit received under the early retirement program.

A8.522-4. Extension. This program may be extended by a three-fourths vote of the Board of Supervisors. The Board may authorize an extension limited to two additional years.

A8.522-5. Compliance with tax laws. The early retirement benefits under this section will be limited by Section 415 of the Internal Revenue Code of 1986, as amended from time to time, and no early retirement benefits under this section will be effective if they have an adverse effect on the tax qualified status of the retirement system under Section 401 of the Internal Revenue Code of 1986, as amended from time to time.

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

By: _____
DAN MAGUIRE
Deputy City Attorney