

BOARD of SUPERVISORS



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MEMORANDUM

RULES COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Hillary Ronen, Chair
Rules Committee

FROM: Victor Young, Assistant Clerk *Victor Young*

DATE: July 15, 2024

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, July 16, 2024

The following file should be presented as a **COMMITTEE REPORT** at the Board Meeting on Tuesday, July 16, 2024. This item was acted upon at the Rules Committee Meeting on Monday, July 15, 2024, at 10:00 a.m., by the votes indicated.

Item No. 57 File No. 240551

Charter Amendment - Per Diem Nurse Retirement Credit and Public Safety Communications Personnel Retirement Plan]

Charter Amendment (Second Draft) to amend the Charter of the City and County of San Francisco to allow registered nurses, who are or become members of the San Francisco Employees' Retirement System and have worked an average of 32 hours or more per week for at least one year, to purchase up to three years of service credit for time previously worked as per diem nurses; and to move public safety communications personnel (911 dispatchers, supervisors, and coordinators) from the miscellaneous retirement plans to the miscellaneous safety retirement plan, for compensation earned on and after January 4, 2025; at an election to be held on November 5, 2024.

RECOMMENDED AS A COMMITTEE REPORT

Vote: Supervisor Shamann Walton - Aye
Supervisor Ahsha Safai - Aye
Supervisor Hillary Ronen - Aye

c: Board of Supervisors
Angela Calvillo, Clerk of the Board
Alisa Somera, Legislative Deputy Director
Anne Pearson, Deputy City Attorney

File No. 240551

Committee Item No. 5

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Rules Committee

Date July 15, 2024

Board of Supervisors Meeting

Date _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- Memorandum of Understanding (MOU)
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 - Ethics Commission
- Award Letter
- Application
- Form 700
- Information/Vacancies (Boards/Commissions)
- Public Correspondence

OTHER (Use back side if additional space is needed)

- Charter Amendment
- _____
- _____
- _____
- _____
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- _____
- _____
- _____

Completed by: Victor Young

Date July 11, 2024

Completed by: _____

Date _____

1 [Charter Amendment - Per Diem Nurse Retirement Credit and Public Safety Communications
2 Personnel Retirement Plan]

3 **Describing and setting forth a proposal to the voters at an election to be held on November**
4 **5, 2024, to amend the Charter of the City and County of San Francisco to allow registered**
5 **nurses, who are or become members of the San Francisco Employees' Retirement System**
6 **and have worked an average of 32 hours or more per week for at least one year, to**
7 **purchase up to three years of service credit for time previously worked as per diem nurses;**
8 **and to move public safety communications personnel (911 dispatchers, supervisors, and**
9 **coordinators) from the miscellaneous retirement plans to the miscellaneous safety**
10 **retirement plan, for compensation earned on and after January 4, 2025.**

11
12 Section 1. Findings.

13 (a) Per Diem Nurse Retirement Credit Purchases.

14 (1) According to the United States Registered Nurse Workforce Report Card and
15 Shortage Forecast, a national shortage of registered nurses (RNs) is projected to exist through
16 2030, with the most intense shortage in the Western region of the United States. Researchers at
17 the University of California, San Francisco, are projecting that many regions of California –
18 including San Francisco – will face a shortage of RNs through 2035, due to the number of RNs
19 expected to retire or enter advanced practices, as well as the burnout, stress, exhaustion, and
20 frustration among nurses in the post-pandemic era.

21 (2) In June 2023, the San Francisco Civil Grand Jury released a report that
22 attributed the reduced quality of care and long wait times at Zuckerberg San Francisco General
23 Hospital and Trauma Center (“ZSFG”) to high RN vacancy rates, stating, “[h]ospital capacity
24 consistently exceeds staffing limits, resulting in diverted ambulances and reduced levels of care.”

25 (3) A San Francisco Chronicle article dated April 23, 2024, noted that the nursing
shortage is already being felt in our public health system, and ZSFG nursing staff believe the

1 shortage is at a “crisis level.” A San Francisco Department of Public Health (“DPH”) survey
2 found that 73% of the hospital’s workforce would not recommend ZSFG as a place to receive
3 care. The same survey found that the percentage of hospital employees who would recommend
4 working at ZSFG dropped from 63% of respondents in 2019 to 32% in 2023.

5 (4) To address RN vacancies, DPH has hired per diem nurses and also retained
6 traveling nurses through registry services. A “per diem nurse” is an RN employed by the City on
7 an intermittent, temporary basis to augment staffing needs caused by, but not limited to,
8 increased census, leaves of absence, vacant positions, sick leave and increased acuity. A
9 “traveling nurse” is a nurse who accepts a temporary assignment at a hospital in a different
10 geographical location than where they live. In hard budgetary years, San Francisco must find a
11 better solution to address the City’s nursing shortage, while still providing uncompromised
12 patient care, and supporting the wellbeing of the City’s full-time nurses.

13 (5) This Charter amendment creates an incentive for per diem nurses to accept
14 RN positions with the City by allowing RNs who become members of SFERS and work on
15 average 32 or more hours per week in those roles to purchase retirement service credits for up to
16 three years of time they have spent working as a per diem nurse with the City. The Charter
17 amendment also rewards existing City RNs who work an average of 32 hours or more per week
18 by allowing them to purchase up to three years of retirement service credit for time they have
19 previously worked as per diem nurses.

20 (6) As of March 2024, San Francisco had an estimated 169 fully funded RN
21 positions that were vacant. By allowing new and existing nurses to purchase up to three years of
22 retirement service credit for time they spent working as per diem nurses for the City, San
23 Francisco will be better equipped to compete with the private sector – the number one competitor
24 for nursing talent – to fill our nursing positions, and to attract and retain these dedicated
25

1 healthcare professionals who provide top-quality care for patients at ZSFG and elsewhere in the
2 City’s healthcare system.

3 (b) Retirement Plan for Public Safety Communications Personnel.

4 (1) Public Safety Communications Personnel, which include 911 dispatchers,
5 supervisors, and coordinators, work with the public and other first responders to protect the lives
6 of residents of and visitors to San Francisco. Although they are a critical component of our
7 emergency response system, the City’s public safety communications personnel teams have been
8 chronically understaffed for years, negatively affecting emergency response times.

9 (2) In 2019, San Francisco adopted a new national standard that 95% of 911 calls
10 should be answered within 15 seconds. Department of Emergency Management (“DEM”) 911
11 operators met or exceeded this standard briefly in 2020, due to a significant drop in call volume
12 during the global coronavirus pandemic. But since January 2022, 911 response times meeting
13 this standard have declined from 90% in January 2022 to 73% in February 2024. Meanwhile, call
14 volumes – which plummeted in 2020 and 2021 – have ramped back up to the roughly pre-
15 pandemic rate of nearly 2,000 calls a day, or 81 calls per hour.

16 (3) DEM staff attribute these declining response times to 911 operator
17 understaffing. According to a December 19, 2023 San Francisco Chronicle article, between
18 March 2020 and December 2022, the number of full-time 911 dispatchers declined from 155 to
19 123. As of April 2024, the vacancy rate for 911 dispatchers was between 20% and 25%, and
20 DEM was nearly 40 dispatchers short of its goal of 160 fully trained dispatchers.

21 (4) In 2020, California Assembly Bill 1945, codified at Government Code Sec.
22 8562, included emergency dispatchers among the list of first responders for whom the state must
23 develop emergency preparedness training materials. Yet, 911 operators statewide do not receive
24 the same retirement benefits as other first responders.

1 (5) This Charter amendment reclassifies Public Safety Communications
2 Personnel as members in the Miscellaneous Safety Plan rather than members in the
3 Miscellaneous Plans in SFERS, both to recognize the vital importance of their work and to make
4 the position more attractive for qualified job seekers. This change will help DEM fill its vacant
5 positions more quickly, and retain its employees for longer periods of time, which will reduce
6 call response times and improve emergency service for all of San Francisco’s residents, workers,
7 and visitors.

8
9 Section 2. The Board of Supervisors hereby submits to the qualified voters of the City
10 and County, at an election to be held on November 5, 2024, a proposal to amend the Charter of
11 the City and County by adding new Sections A8.524 and A8.611, to read as follows:

12 NOTE: **Unchanged Charter text** is in plain font.
13 **Additions** are *single-underline italics Times New Roman font*.
14 **Deletions** are ~~*strike-through italics Times New Roman font*~~.
15 **Asterisks (* * * *)** indicate the omission of unchanged Charter
16 subsections.

17 **A8.524 RETIREMENT SYSTEM CREDIT FOR PER DIEM NURSE SERVICE**

18 (a) Notwithstanding any other provision of this Charter, any member of the
19 Retirement System under Sections A8.509, A8.587, A8.600, A8.603, or any subsequently
20 approved miscellaneous plan, who is employed in a registered nurse classification that qualifies
21 them for membership in the Retirement System may purchase up to three years aggregated
22 retirement service credit for time worked in a P103 per diem appointment prior to becoming a
23 member of the Retirement System, subject to the terms of this Section A8.524.

24 (b) A member shall be eligible to purchase retirement service credit as set forth in
25 subsection (a), only if:

(1) the member is a registered nurse;

1 (2) the member has worked an average of not less than 32 regularly-
2 scheduled hours per week for at least one calendar year in a registered nurse classification that
3 qualifies them for membership in the Retirement System prior to electing to purchase service
4 credit; and

5 (3) during the time in which the member worked in a P103 per diem
6 appointment for which they seek to purchase credit, the member did not concurrently work in a
7 nurse job classification that is within the Retirement System.

8 (c) Nothing in this Section A8.524 shall permit any time worked as a P103 per diem
9 nurse to be used to establish membership in the Retirement System.

10 (d) The employing department shall certify to the Retirement System that a member
11 is eligible to purchase retirement service credit pursuant to eligibility criteria set forth in this
12 Charter Section A8.524. A member electing to purchase service credit with the Retirement
13 System for a period of qualifying per diem appointment must so elect in writing on a form
14 provided by the Retirement System. This election must be made and payment received before the
15 effective date of retirement.

16 (e) The cost to purchase this prior service credit shall be based on the contribution
17 rate percentage in effect at the time the service was rendered. Service credit will be allowed only
18 for such contributions plus interest received by the Retirement System from the member prior to
19 the effective date of retirement. A member cannot receive more than 80 hours of service credit in
20 a pay period and cannot receive more than one year of service credit in a fiscal year, as a result
21 of such prior service credit purchase.

22 (f) This Section A8.524 creates no vested right to the benefits received pursuant to
23 this Section. The voters expressly reserve the right to alter, reduce, or repeal such benefits for
24 any or no reason.

1 (g) This Section A8.524 shall not apply to Retirement System members who retired,
2 died, or separated prior to the effective date of this Section, or to their successors in interest.

3 **A8.611 PUBLIC SAFETY COMMUNICATIONS PERSONNEL**

4 (a) Effective January 4, 2025, Public Safety Communications Personnel shall be
5 classified as miscellaneous safety plan employees. For purposes of this Section A8.611, “Public
6 Safety Communications Personnel” means public safety communications dispatchers, public
7 safety communications supervisors, and public safety communications coordinators.

8 (b) As of January 4, 2025, Public Safety Communications Personnel shall be subject
9 to the provisions of Section A8.610 through A8.610-16, in addition to the provisions of this
10 Section A8.611, regardless of their date of hire. For Public Safety Communications Personnel,
11 computation of service under Section A8.610-10 shall be time during which a member is entitled
12 to receive compensation in a Public Safety Communications Personnel job classification on and
13 after January 4, 2025. Time during which a Public Safety Communications Personnel member
14 was entitled to receive compensation before January 4, 2025 shall remain in the miscellaneous
15 plan applicable to the member.

16 (c) Section A8.611 shall not apply to a Public Safety Communications Personnel
17 member who separated from service, retired, or died before January 4, 2025, or to the member’s
18 continuant.

19
20 APPROVED AS TO FORM:
21 DAVID CHIU, City Attorney

22 By: /s/
23 CECILIA T. MANGOBA
24 Deputy City Attorney

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LEGISLATIVE DIGEST

(Revised 7/8/2024)

[Charter Amendment - Per Diem Nurse Retirement Credit and Public Safety Communications Personnel Retirement Plan]

Describing and setting forth a proposal to the voters at an election to be held on November 5, 2024, to amend the Charter of the City and County of San Francisco to allow registered nurses, who are or become members of the San Francisco Employees' Retirement System and have worked an average of 32 hours or more per week for at least one year, to purchase up to three years of service credit for time previously worked as per diem nurses; and to move public safety communications personnel (911 dispatchers, supervisors, and coordinators) from the miscellaneous retirement plans to the miscellaneous safety retirement plan, for compensation earned on and after January 4, 2025.

Existing Law

Per Diem Nurse Retirement System Credit

Under Charter Sec. A8.506-4, per diem nurses have not been members of the San Francisco Employees' Retirement System (SFERS) as of January 1, 1988. Therefore, they do not receive pension credit for hours they work in that classification. Per diem nurses do receive pension credit for time worked before January 1, 1988, unless they exercised an irrevocable option to exclude compensation for per diem nursing as compensation for all Retirement System purposes.

Public Safety Communications Personnel

Currently, public safety communications personnel employed by the Department of Emergency Management – which includes 911 dispatchers, supervisors, and coordinators – are members of the miscellaneous retirement plans set forth in Charter Sections A8.509, A8.587, A8.600 and A8.603.

Amendments to Current Law

Per Diem Nurse Retirement System Credit

The proposed measure would amend the Charter so that registered nurses who are members of SFERS and have worked 32 regularly-scheduled hours or more in a job classification that qualifies them for SFERS membership for at least one calendar year may purchase up to three years retirement service credit for time previously worked solely as P103 per diem nurses before becoming members of the Retirement System. The employing department must certify that a registered nurse meets the hours and schedule requirement in the year before the retirement credit purchase. Nurses cannot purchase retirement credit for any time period in which they worked concurrently as a per diem nurse and in a classification that is within SFERS. Nurses also cannot receive more than 80 hours service credit in a pay period and

cannot receive more than one year of service credit in a fiscal year as a result of such prior credit purchase. Finally, the amendment does not permit any time worked as a per diem nurse to establish membership in SFERS.

Public Safety Communications Personnel

The proposed measure would amend the Charter so that on and after January 4, 2025, public safety communications personnel will be part of the miscellaneous safety retirement plan set forth in Charter Section A8.610 for time they receive compensation on and after January 4, 2025, subject to additional terms in Charter Section A8.611. Time for which public safety communications personnel received compensation before January 4, 2025 remains in the miscellaneous plans.

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SFERS
San Francisco Employees' Retirement System

San Francisco City and County
Employees' Retirement System
**Office of the
Chief Executive Officer & Chief Investment Officer**

June 26, 2024

Victor Young
Assistant Clerk, Rules Committee
Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: File No. 240551 (ver1)

Charter Amendment (First Draft) to amend the Charter of the City and County of San Francisco to allow registered nurses, who are or become members of the San Francisco Employees' Retirement System and have worked an average of 32 hours or more per week for at least one year, to purchase up to three years of service credit for time previously worked as per diem nurses; and to move public safety communications personnel (911 dispatchers, supervisors, and coordinators) from the miscellaneous retirement plans to the miscellaneous safety retirement plan, for compensation earned on and after January 1, 2025; at an election to be held on November 5, 2024.

Dear Mr. Young:

This letter is the cost and effect report required to be prepared by the San Francisco Employees' Retirement System under Charter Section A8.500.

Effect of the Proposed Charter Amendment

The proposed Charter Amendment increases benefits for two Retirement System membership classifications. The proposal increases prior service purchase opportunities for current nurses and credits retirement benefits earned for defined public safety communications personnel on and after January 1, 2025 to the miscellaneous safety retirement plans.

Prior Service for Retirement System Nurses

Nurses who are members of the Retirement System are unable to purchase credit for time worked in a P103 per diem nurse classification before they became Retirement System members. The nurses are unable to do so because the Charter expressly excludes Retirement System credit for that work. The proposed Charter Amendment would allow nurses who currently work in nurse classifications subject to Retirement System membership to purchase up to three years of service for work performed as a P103 per diem nurse prior to their membership. Work in a P103 per diem classification by itself remains ineligible to establish membership in the Retirement System. The employing department must certify to

the Retirement System that a registered nurse seeking to purchase prior service for P103 per diem work meets the Charter eligibility work requirements to do so.

Public Safety Communications Personnel

Public Safety Communications Personnel, defined as 911 dispatchers, supervisors and coordinators, are members of the miscellaneous plans. The Charter proposal will credit work performed by Public Safety Communications personnel on and after January 1, 2025 to the current miscellaneous safety plan.

The move will impact this group in four significant ways. First, employee contributions for Public Safety Communications Personnel will increase from 7.5% to 9%, before cost sharing. Second, they will be eligible for a service retirement at age 50 with 5 years of service. Currently, in order to be eligible for a service retirement, Public Safety Personnel must have 20 years of service at age 50 or 53, depending on their retirement plan. Third, "final compensation" will be based on compensation "earnable" rather than compensation actually earned during the three consecutive years in which their compensation is the highest. Under compensation "earnable," when there are no actual earnings during the final compensation measurement period, the remuneration attached to other Public Safety Communications Personnel in their position is used to determine the service retirement benefit. Fourth, the proposal will both increase the factors on which the impacted group's retirement benefit will be calculated and they will reach the maximum factors at an earlier age.

Cost of the Proposed Charter Amendment

As required under Charter Section A8.500, Cheiron, the SFERS consulting actuary, has conducted its analysis to estimate the cost and effect of the proposed legislation. Cheiron's analysis is summarized below. Cheiron prepared separate reports for each component of the legislation because they are unrelated. Both Cheiron reports are attached. Please refer to these reports to review Cheiron's assumptions and for further costing detail.

To estimate the cost, Cheiron based its analysis on the July 1, 2023 Actuarial Valuation Report. The report can be found at: <https://mysfers.org/sfers-actuarial-valuation-2023/>.

Prior Service for Retirement System Nurses

The Charter proposal requires an eligible nurse to apply and pay for the prior service before they receive the additional credit. Because of this provision, there will be no additional liability to the Retirement System until the eligible nurse completes the purchase. In addition, because the eligible nurses can purchase the service credit any time before they retire, it is anticipated that the additional liability for this provision will increase gradually over time.

To provide some basis for estimating cost, the actuary assumed there are approximately 1400 eligible nurses and each will purchase the maximum three years of service immediately. Since it is unlikely that all eligible nurses can or will do so, this scenario attempts to estimate the outer bound

June 26, 2024

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of possible cost and impact to the Retirement System. Based on these assumptions, Cheiron estimates the net increase in the unfunded liability for this group will be \$56.6 million, after deducting the estimated amount each nurse is required to pay to purchase their eligible prior service. The anticipated increase in the employer contribution for FYE 2026 is \$4.4 million under this maximum impact scenario.

Public Safety Communications Personnel

Cheiron assumed, based on July 2023 data, that there are approximately 160 Public Safety Communications Personnel eligible for the benefit improvement. The benefit improvement impacts future service only, which is reflected in the normal cost rate. There is no change to the unfunded actuarial liabilities (UAL.) The employer normal cost rate for this group will increase by approximately 10.5% of covered payroll (i.e. payroll associated with these current Public Safety Communications Personnel), reflecting the increased benefits for miscellaneous safety members. The increase in normal cost rate for newly hired Public Safety Communications Personnel will be 11.9% of covered pay. The increase to the normal cost rate is a permanent change that raises costs for the Public Communications Safety Personnel each year in the future as payroll increases. The normal cost change results in an estimated increase in employer contributions of \$2.3 million in FYE 2026 for current personnel, increasing each year as covered payroll rises.

The Retirement System will appear at the Rules Committee hearing on these proposals and address Committee member questions.

Very truly yours,



Alison Romano
CEO & CIO
San Francisco Employees' Retirement System

Attachments: Cheiron reports dated June 2024

cc: Supervisor Aaron Peskin, President, Board of Supervisors
Supervisor Hilary Ronen, Chair Rules Committee
Supervisor Shamann Walton, Rules Committee
Supervisor Ahsha Safai, Rules Committee
Angela Calvillo, Clerk, Board of Supervisors

Via Electronic Mail

June 25, 2024

Ms. Alison Romano
Chief Executive and Investment Officer
San Francisco City and County Employees' Retirement System
1145 Market Street, 6th Floor
San Francisco, CA 94103

Re: Proposed Charter Amendment – Credit for Per Diem Nurse Service

Dear Alison:

As requested, we have estimated the cost impact of the proposed Charter amendment that would permit members employed in a registered nurse classification to purchase of up to three years of service credit under the Retirement System for time worked in a P103 per diem appointment prior to becoming a member in the Retirement System. Because this provision requires an individual member to request and pay for the service credit before they receive credit in the Retirement System, the actuarial valuation would not reflect any additional liability under this proposed Charter Amendment until eligible members completed the purchase. Eligible members can elect to purchase the service credit any time between entry into the Retirement System and retirement. Consequently, we expect the additional liability for this provision to emerge gradually over time.

To provide some estimate of the additional liability that could be incurred over time, the table below summarizes the impact if all 1400 eligible members as of July 1, 2023 purchased the maximum of three years of additional service. Since not all 1400 eligible members would be able or would choose to purchase three years of service, this estimate can be thought of as a measure of the maximum potential impact for registered nurses currently covered by the Retirement System.

Estimated Maximum Impact of Proposed Change	
Assuming All Current Registered Nurses Purchase 3 Years of Service	
Net Increase in Liability	\$ 56.6 million
Increase in FYE 2026 Employer Contribution	\$ 4.4 million

The net increase in liability represents the increase in the value of benefits due to the three additional years of service minus the estimated amount the member paid for the service. The increase in the employer contribution assumes all the service is purchased at once and the \$56.6 million net increase in liability is amortized over 20 years. In reality, service is likely to be purchased in small amounts each year with the cost of each purchase starting a new 20-year amortization payment.

The estimated maximum cost shown in the table can be scaled for different estimates of the amount of time that would be purchased or the number of nurses that would purchase service assuming their demographics are similar to the group as a whole. For example, if it is reasonable to expect

Ms. Alison Romano

June 25, 2024

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the average nurse to only purchase one year of P103 service, the estimates above could be divided by three.

Basis for Analysis

Our analysis uses the census data, assumptions, and methods from the July 1, 2023 actuarial valuation. Please refer to that report for a summary of the plan provisions and assumptions applicable to the Miscellaneous groups. As of July 1, 2023, there were 1400 active members in job classification 2320 that we understand cover the vast majority of registered nurses. As of July 1, 2023, their average service prior to any purchase and average projected salary is 9.2 years and \$179,000, respectively.

Since eligible members can purchase the service at any time they are an active member, we estimated the increase in liability based on the increase in the present value of future benefits if each eligible member had three years of additional service. To purchase the service, members pay the employee rate in effect at the time the P103 service was performed multiplied by the salary at the time increased with interest at a minimum of 4.0% per year to the date of the purchase. To estimate this amount as of the valuation date, we multiplied the current employee rate prior to any cost-sharing by the member's current salary and by the number of years purchased. Actual timing and amounts could vary significantly.

This estimate and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this estimate. This estimate does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This estimate was prepared exclusively for the San Francisco City and County Employees' Retirement System for the purpose described herein. Other users of this estimate are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

If you have any questions on this estimate, please let us know.

Sincerely,
Cheiron, Inc.



William R. Hallmark, ASA, EA, FCA, MAAA
Consulting Actuary



Anne D. Harper, FSA, EA, MAAA
Principal Consulting Actuary

cc: Caryn Bortnick, Chief Operating Officer
Janet Brazelton, Actuarial Services Coordinator
Matt Wells, Cheiron



Via Electronic Mail

June 25, 2024

Ms. Alison Romano
 Chief Executive and Investment Officer
 San Francisco City and County Employees' Retirement System
 1145 Market Street, 6th Floor
 San Francisco, CA 94103

Re: Proposed Charter Amendment – Public Safety Communications Personnel

Dear Alison:

As requested, we have estimated the cost impact of the proposed Charter amendment that would classify Public Safety Communications Personnel as miscellaneous safety plan employees for all service on or after January 1, 2025. Service prior to January 1, 2025 would remain in the miscellaneous plan applicable to the member.

Because this amendment only affects benefits earned for future service, it does not affect the Actuarial Liability. The table below summarizes the impact on member contribution rates and the employer normal cost rate.

Estimated Impact of Proposed Change			
	Before Change	After Change	Net Increase
Member Contribution Rate	7.5%	9.0%	1.5%
Employer Normal Cost Rate	7.4%	17.9%	10.5%
FYE 2026 Employer Contribution			\$ 2.3 million

The employer normal cost rate before the change is a weighted average of normal cost rates for members covered by different Charter sections. The increase to the normal cost rate is a permanent change that raises costs for each year in the future, increasing as a dollar amount as the affected payroll increases. The current employer normal cost rate for members covered by the Charter section that is open to new members is 6.0%, so the increase applicable to any new Public Safety Communications Personnel is 11.9% of pay.

Basis for Analysis

Our analysis uses the census data, assumptions, and methods from the July 1, 2023 actuarial valuation. Please refer to that report for a summary of the plan provisions and assumptions applicable to the Miscellaneous and Miscellaneous Safety groups. There are currently 86 active members in Charter sections A8.587 and A8.600 and 74 active members in Charter section A8.603 who would be affected by the proposed amendment.

Ms. Alison Romano

June 25, 2024

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Since the amendment only affects future service, technically only the normal cost should be affected, and the Actuarial Liability would remain unchanged. This is how we have estimated the costs. However, given the small size of this group and the difficulty of programming this change precisely as a part of the actuarial valuation, we expect to use a simplified approach that will produce an increase in the Actuarial Liability and an offsetting reduction to normal cost for current Public Safety Communications Personnel.

This estimate and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this estimate. This estimate does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This estimate was prepared exclusively for the San Francisco City and County Employees' Retirement System for the purpose described herein. Other users of this estimate are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

If you have any questions on this estimate, please let us know.

Sincerely,
Cheiron, Inc.



William R. Hallmark, ASA, EA, FCA, MAAA
Consulting Actuary



Anne D. Harper, FSA, EA, MAAA
Principal Consulting Actuary

Attachment

cc: Caryn Bortnick, Chief Operating Officer
Janet Brazelton, Actuarial Services Coordinator
Matt Wells, Cheiron

Summary of Key Proposed Changes

Benefit Provision	Current Charter Section Provisions		
	A8.587 and A8.600	A8.603	Proposed Provisions
Final Compensation	Average monthly compensation earned during any year of service (A8.587) or the higher of any two consecutive fiscal years or the 24 months immediately prior to retirement (A8.600).	Average monthly compensation earned during the higher of any three consecutive fiscal years or the 36 months immediately prior to retirement. Compensation in any fiscal year is capped at 85% of the IRC 401(a)(17) compensation limit.	Average monthly compensation earnable during the higher of any three consecutive fiscal years or the 36 months immediately prior to retirement. Compensation in any fiscal year is capped at 75% of the IRC 401(a)(17) compensation limit.
Member Contributions	7.5%	7.5%	9.0%
Retirement Eligibility	Age 50 with 20 years of service or age 60 with 10 years of service	Age 53 with 20 years of service or age 60 with 10 years of service or age 65	Age 50 with 5 years of service
Benefit Multiplier	<u>Percent for Each Year of Credited Service</u>		
<u>Age at Retirement</u>			
50	1.000%	N/A	1.800%
51	1.100%	N/A	1.912%
52	1.200%	N/A	2.020%
53	1.300%	1.000%	2.132%
54	1.400%	1.108%	2.244%
55	1.500%	1.216%	2.356%
56	1.600%	1.324%	2.468%
57	1.700%	1.432%	2.590%
58	1.800%	1.540%	2.700%
59	1.900%	1.648%	2.700%

Benefit Provision	Current Charter Section Provisions		Proposed Provisions
	A8.587 and A8.600	A8.603	
60	2.100%	1.756%	2.700%
61	2.200%	1.864%	2.700%
62	2.300%	1.972%	2.700%
63	2.300%	2.080%	2.700%
64	2.300%	2.188%	2.700%
65 or older	2.300%	2.300%	2.700%

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

MEMORANDUM

TO: Greg Wagner, City Controller, Office of the Controller

FROM: Victor Young, Assistant Clerk, Rules Committee
Board of Supervisors

A handwritten signature in black ink that reads "Victor Young".

DATE: July 9, 2024

SUBJECT: CHARTER AMENDMENT INTRODUCED
November 5, 2024, Election

The Board of Supervisors' Rules Committee has received the following Charter Amendment for the November 5, 2024, Election. This matter is being **re-referred** to you in accordance with Rules of Order 2.22.3.

File No. 240551 (ver2)

Charter Amendment (Second Draft) to amend the Charter of the City and County of San Francisco to allow registered nurses, who are or become members of the San Francisco Employees' Retirement System and have worked an average of 32 hours or more per week for at least one year, to purchase up to three years of service credit for time previously worked as per diem nurses; and to move public safety communications personnel (911 dispatchers, supervisors, and coordinators) from the miscellaneous retirement plans to the miscellaneous safety retirement plan, for compensation earned on and after January 4, 2025; at an election to be held on November 5, 2024.

Please review and prepare a financial analysis of the proposed measure before the next Rules Committee Meeting.

If you have any questions or concerns, please call me at (415) 554-7723 or email: victor.young@sfgov.org. To submit documentation, please email or forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Natasha Mihal, Office of the Controller
Janice Levy, Office of the Controller
Greyson Spencer, Office of the Controller

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MEMORANDUM

TO: Carol Isen, Director, Department of Human Resources

FROM: Victor Young, Assistant Clerk, Rules Committee *Victor Young*
Board of Supervisors

DATE: July 9, 2024

SUBJECT: LEGISLATION INTRODUCED – MEET AND CONFER DETERMINATION

The Board of Supervisors’ Rules Committee has received the following Charter Amendment. This matter is being **re-referred** to you as it may require the Department of Human Resources to fulfill “**Meet and Confer**” requirements. Please review, assess the impact and provide proper noticing as required and report back to on the status of the “Meet and Confer” requirement.

File No. 240551 (ver2)

Charter Amendment (Second Draft) to amend the Charter of the City and County of San Francisco to allow registered nurses, who are or become members of the San Francisco Employees’ Retirement System and have worked an average of 32 hours or more per week for at least one year, to purchase up to three years of service credit for time previously worked as per diem nurses; and to move public safety communications personnel (911 dispatchers, supervisors, and coordinators) from the miscellaneous retirement plans to the miscellaneous safety retirement plan, for compensation earned on and after January 4, 2025; at an election to be held on November 5, 2024.

If you have any questions or concerns, please call me at (415) 554-7723 or email: victor.young@sfgov.org. To submit documentation, please email or forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

RESPONSE FROM THE DEPARTMENT OF HUMAN RESOURCES - Date: _____

_____ **Meet and Confer requirement has been fulfilled.**

_____ **Meet and Confer requirement not applicable.**

_____ **Additional information attached.**

Department of Human Resources

c: Mawuli Tugbenyoh, Department of Human Resources
Aliya Chisti, Department of Human Resources

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MEMORANDUM

TO: Tom Paulino, Liaison to the Board of Supervisors, Mayor's Office
Anne Pearson, Deputy City Attorney, Office of the City Attorney
John Arntz, Director, Department of Elections
Patrick Ford, Executive Director, Ethics Commission
Alison Romano, CEO/CIO, Employees' Retirement System

FROM: Victor Young, Assistant Clerk, Rules Committee *Victor Young*
Board of Supervisors

DATE: July 9, 2024

SUBJECT: CHARTER AMENDMENT INTRODUCED
November 5, 2024

The Board of Supervisors' Rules Committee has received the following Charter Amendment for the November 5, 2024, Election. This matter is being **re-referred** to you in accordance with Rules of Order 2.22.4.

File No. 240551 (ver2)

Charter Amendment (Second Draft) to amend the Charter of the City and County of San Francisco to allow registered nurses, who are or become members of the San Francisco Employees' Retirement System and have worked an average of 32 hours or more per week for at least one year, to purchase up to three years of service credit for time previously worked as per diem nurses; and to move public safety communications personnel (911 dispatchers, supervisors, and coordinators) from the miscellaneous retirement plans to the miscellaneous safety retirement plan, for compensation earned on and after January 4, 2025; at an election to be held on November 5, 2024.

Please review and submit any reports or comments you wish to be included with the legislative file.

If you have any questions or concerns, please call me at (415) 554-7723 or email: victor.young@sfgov.org. To submit documentation, please forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Michael Canning, Ethics Commission

Andres Power, Mayor's Office
Darlene Armanino, SFERS

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MEMORANDUM

Date: July 9, 2024
To: Planning Department / Commission
From: Victor Young, Clerk of the Rules Committee
Subject: Board of Supervisors Legislation Referral - File No. 240551 ver2
Charter Amendment - Per Diem Nurse Retirement Credit and Public Safety
Communications Personnel Retirement Plan

- California Environmental Quality Act (CEQA) Determination
Ordinance / Resolution
Ballot Measure
Amendment to the Planning Code, including the following Findings:
Amendment to the Administrative Code, involving Land Use/Planning
General Plan Referral for Non-Planning Code Amendments
Historic Preservation Commission

Please send the Planning Department/Commission recommendation/determination to Victor Young at Victor.Young@sfgov.org.



OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller
ChiaYu Ma
Deputy Controller

Ms. Angela Calvillo
Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place Room 244
San Francisco, CA 94102-4689

July 12, 2024

RE: File 240551 – Charter Amendment to Reform Per Diem Nurse Retirement Credit and Public Safety Communications Personnel Retirement Plan (SECOND DRAFT)

Dear Ms. Calvillo,

Should the proposed Charter amendment be approved by the voters, in my opinion, it would have a significant impact on the cost of government – ranging from \$3.8 million to \$6.7 million annually in the first year, with annual costs increasing over time.

Per Diem Nurse Retirement System Credit

The proposed Charter amendment would allow registered nurses in a SFERS eligible job classification to buy back up to three years of retirement service credit for time spent working as a per diem nurse. Currently, time worked as a per diem nurse is not eligible to earn retirement service credit.

The estimated annual cost of increased City retirement contributions would depend on the number of individuals who buy back prior service credit and could range from approximately \$1.5 million to \$4.4 million per year in increased City retirement contributions. For context, as of July 1, 2023, 1,400 registered nurses actively working for the City would be eligible to buy back per diem service credit. The cost to buy back these years of service will be born solely by the individual employee.

To qualify for the service credit buy back, the amendment specifies that the nurse must work at least 32 regularly-scheduled hours per week for a year in a SFERS eligible position. The time being bought back must also have been spent exclusively as a per diem nurse (P103 classification) before the employee became a member of the Retirement System. An employee cannot earn more than one year of service in a single fiscal year or more than 80 hours in a pay period. The amendment does not allow time worked as a per diem nurse to establish membership in SFERS.

Public Safety Communications Personnel

The proposed Charter amendment would also move 911 dispatchers, including supervisors and coordinators, from the miscellaneous retirement plans in which they are currently enrolled to the miscellaneous safety retirement plan. In general, the miscellaneous safety retirement plan offers higher retirement payments to its enrollees than 911 dispatchers' current retirement plans. The amendment specifies that time spent working by 911 dispatchers after January 4, 2025 will be credited to their miscellaneous safety retirement plans.

The estimated annual cost is \$2.3 million starting in FY 2025-26 and will increase each year as the amount of the affected payroll increases. This estimate includes the additional retirement benefits the City will pay out to 911 dispatchers as employer contributions to the City's retirement fund. This cost estimate does not include any cost savings or deferred expenditures for needing to train and onboard fewer new 911 dispatchers as existing dispatchers potentially work additional years towards their new miscellaneous safety retirement plan. For context, 175 911-dispatchers (including supervisors and coordinators) work for the City. It costs between approximately \$225,000 and \$235,000 to train and onboard a new 911 dispatcher, which includes the cost to train those who drop out. To the extent the proposed amendment encourages existing 911 dispatchers to work additional years, the City may be able to defer or reduce the cost to onboard new 911 dispatchers – but at a rate that cannot be predicted at this time.

Sincerely,

Janice Levy FOR
Greg Wagner
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information Pamphlet.