

File No. 230375

Committee Item No. 2

Board Item No. 8

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Rules Committee

Date May 8, 2023

Board of Supervisors Meeting

Date May 23, 2023

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Completed by: Victor Young

Date May 4, 2023

Completed by: _____

Date _____

1 [Administrative Code - Including Military Service in Definition of "Public Service" for
2 Retirement Service Credit Purchases]

3 **Ordinance amending the Administrative Code to expand the definition of "public**
4 **service" to allow members of the San Francisco Employees' Retirement System to**
5 **purchase service credit for time served in the military before City employment.**

6 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
7 **Additions to Codes** are in *single-underline italics Times New Roman font*.
8 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
9 **Board amendment additions** are in double-underlined Arial font.
10 **Board amendment deletions** are in ~~strikethrough Arial font~~.
11 **Asterisks (* * * *)** indicate the omission of unchanged Code
12 subsections or parts of tables.

13 Be it ordained by the People of the City and County of San Francisco:

14 Section 1. Chapter 16, Article IV, of the Administrative Code is hereby amended by
15 revising Section 16.55-1, 16.55-2, 16.55-3, 16.55-4, 16.55-6, and 16.55-7, to read as follows:

16 **SEC. 16.55-1. DEFINITION OF "PUBLIC SERVICE."**

17 (a) As used in Sections 16.55-1 to 16.55-4, inclusive, "public service" means:

18 (1a) ~~Civilian s~~Service rendered as an employee or officer of an agency of the
19 government of the United States, *including both civilian and military service*;

20 (2b) ~~Civilian s~~Service rendered as an employee or officer of the State of California;
21 and

22 (3e) Service rendered as an employee or officer of a public agency in the State of
23 California which, with respect to such service, maintained a locally administered defined
24 benefit plan or was entitled to participate in the Public Employees' Retirement System of the
25

1 State of California under a contract between such public agency and the Public Employees'
2 Retirement System.

3 (b) For ~~the~~ purposes of this Section 16.55-1, a person shall be considered as being in
4 public service only while ~~he or she was~~ they were receiving compensation from the public
5 agency of which ~~he or she was~~ they were an employee or officer.

6 (c) "Public service," as used in this Section 16.55-1 ~~herein~~, does not include service as
7 defined in ~~Subdivisions~~ subsections ~~(a)(1), (2b), or (3e) of this Section~~ with respect to which a
8 person became a member of any other retirement system supported wholly or in part by
9 public funds and with respect to which ~~he or she~~ they ~~continues~~ to receive credit in such other
10 system or with respect to which ~~he or she is~~ they are entitled to receive a retirement allowance
11 under such other system.

12
13 **SEC. 16.55-2. ELECTION TO CONTRIBUTE AND RECEIVE CREDIT FOR PUBLIC**
14 **SERVICE.**

15 Any member of the Retirement System under Sections A8.509, A8.584 or A8.587 of
16 the Charter who was in public service prior to becoming a member of this Retirement System
17 shall have the right to elect to make contributions pursuant to Section 16.55-3 of this Code
18 and to receive credit in this system as miscellaneous City and County service for all or any
19 part of the time ~~he or she~~ they were ~~was~~ in such public service; provided, that a member so
20 electing must elect to receive credit for no less than six months of such public service or all of
21 ~~his or her~~ their public service where the total period of ~~his or her~~ their public service is less than
22 six months.

23 Said election shall be made in writing on a form provided by the Retirement System.
24 Said election may be made at any time before the date ~~he or she~~ the member files the
25 application to retire or the effective date of ~~his or her~~ their retirement, whichever is later.

1 The time period and amount of public service for which a member elects to contribute
2 and the fact that ~~he or she is~~they are not entitled to receive credit in another retirement
3 system by virtue of such service must be certified to by an officer of the public agency to
4 which ~~he or she~~they rendered such public service and by an officer of the retirement system
5 of which ~~he or she was~~they were a member with respect to such service, or must otherwise
6 be established to the satisfaction of the Retirement Board.

7
8 **SEC. 16.55-3. CONTRIBUTIONS FOR PUBLIC SERVICE CREDIT.**

9 Any member of the Retirement System under Sections A8.509, A8.584 and A8.587
10 of the Charter, who elects, pursuant to Section 16.55-2, to make contributions and receive
11 credit as miscellaneous City and County service for all or any part of the time ~~he or she was~~
12 they were in public service, shall contribute to the Retirement Fund an amount equal to the
13 product of:

14 (a) the monthly compensation earnable by said member on the date ~~he or she~~they
15 makes a lump sum payment to purchase the prior public service credit or delivers to the
16 Retirement System a signed installment payment agreement to purchase the prior public
17 service credit, multiplied by

18 (b) the normal cost percentage of the applicable miscellaneous plan as published in
19 the most recent actuarial valuation adopted by the Retirement Board, multiplied by

20 (c) the number of months of prior public service being purchased.

21 (d) In addition, members who make payment by other than lump sum payment shall
22 pay interest on the unpaid balance of the amount payable into the Retirement Fund under this
23 Section, commencing on the date of the member's election to make such contributions, at the
24 rate of interest currently being used from time to time under the Retirement System.

1 Payment of the contributions required by this Section shall be made in a lump sum or
2 by installment payments. Installment payments shall be made at times and in a manner fixed
3 by the Retirement Board; provided, that the period for completion of such payments shall not
4 exceed five years. All payments required by this Section must be received by the Retirement
5 System before the date the member files the application to retire or the effective date of the
6 member's retirement, whichever is later.

7 Any member who elects to purchase credit for prior public service by installment
8 payments may, at any time during the period for making such installment payments, complete
9 the purchase by lump sum payment.

10 Except as prohibited by the Internal Revenue Service, any member who elects to
11 purchase credit for prior public service by installment payments may, at any time prior to
12 completion of payment for such purchase, revoke ~~his or her~~their election. Such revocation
13 shall be in writing and shall be effective only if filed with the Retirement System. Upon such
14 revocation of election, the member shall have the option to receive a refund of all of the
15 contributions which ~~he or she has~~they have made pursuant to such election or to receive
16 credit for the prior public service purchased up to the date of the revocation. If said member
17 elects to receive a refund, then ~~he or she~~they shall thereafter not have the right to elect to
18 receive credit for the public service which was the subject of said revoked election.

19 All contributions made pursuant to this Section, and the interest thereon shall be
20 considered to be and shall be administered as contributions of the member; provided that only
21 the share of said contributions representing the member's contributions, including interest,
22 shall ~~he~~be considered when calculating benefits payable pursuant to Sections A8.509(f),
23 A8.584-6 and A8.587-6 of the Charter.

24
25 **SEC. 16.55-4. CREDIT IN RETIREMENT SYSTEM FOR PUBLIC SERVICE.**

1 Upon completion of payment of contributions in the amount specified in Section
2 16.55-3, the member shall be credited with miscellaneous City and County service in the
3 amount of public service for which ~~he or she has~~they have elected to receive credit as
4 miscellaneous City and County service pursuant to Section 16.55-2. The miscellaneous City
5 and County service with which the member is so credited shall be credited as current service.

6
7 **SEC. 16.55-6. RECIPROCAL BENEFITS.**

8 This Section shall extend the following rights in the Retirement System to members
9 of any other public agency retirement system (hereinafter "reciprocal system") which adopts
10 similar reciprocal provisions in their retirement ordinances or plans pursuant to Sections
11 20042, 20043, 31840.2 and 45310.5 of the Government Code, and who by contract agree to
12 extend the benefits thereof to the Retirement System; provided that such member enters
13 employment and becomes a member under the Retirement System of the reciprocal system
14 within six months of terminating ~~his or her~~their employment under such other reciprocal
15 system or the Retirement System.

16 (a) Notwithstanding any provisions of the Retirement System or a reciprocal system
17 plan in the matter of vesting, any member subject to Charter Sections 8.509, 8.559, 8.584,
18 8.585, 8.586 and 8.588 whose movement between systems occurs as herein specified shall
19 have the right to elect to leave ~~his or her~~their accumulated contributions on deposit
20 irrespective of the amount of such contributions or length of service. Interest on said
21 accumulated contributions shall accrue at plan rates. If a member does not vest or qualify for
22 a reciprocal benefit the member shall receive a refund of contributions plus interest.

23 * * * *

24 (e) A member shall be retired for disability and receive a retirement allowance
25 based on the service credited to ~~him or her~~the member at the time of retirement during any

1 period in which ~~he or she~~they receives a disability retirement allowance under a reciprocal
2 system; provided, that such allowance shall not exceed an amount which when added to the
3 allowance paid under the reciprocal system equals the allowance which would be paid for a
4 non-service connected disability if all the member's service had been credited under the
5 reciprocal system; and provided further, that such allowance shall in no event be less than an
6 annuity which is the actuarial equivalent of the member's contributions, whether or not the
7 disability is for service connected reasons. The minimum allowance provisions of the City
8 Charter will not be applied if the member has less than 10 years of credited service under the
9 Retirement System. In such a case, the disability allowance paid by the Retirement System
10 shall be based on San Francisco service only.

11 * * * *

12
13 **SEC. 16.55-7. INTERNAL RECIPROCITY OF PENSION BENEFITS WITHIN THE**
14 **RETIREMENT SYSTEM.**

15 (a) When Internal Reciprocity Applies. Subject to the provisions of Charter Section
16 8.500-1, including but not limited to the effective dates therein, when a person ceases to be a
17 member of the Retirement System under Charter Section 8.509, 8.559, 8.584, 8.585, 8.586 or
18 8.588, or is granted a leave of absence to work in another city position, and then within six
19 months, again becomes a member of the Retirement System under a different set of Charter
20 provisions, this section shall allow such member to receive reciprocal benefits within the
21 Retirement System if the member retires concurrently under all benefit provisions.

22 (b) Summary of Internal Reciprocity. Reciprocal benefits within the Retirement
23 System shall mean that: (1) all service credit earned within the Retirement System shall be
24 used for qualification purposes, (2) final compensation shall include compensation earned
25 while a member under any set of Charter provisions and (3) pension benefit calculations shall

1 be prorated based on service credit earned and determined according to the provisions and
2 percentages specified under each set of Charter sections.

3 (c) Procedures. Notwithstanding any provisions of the Retirement System
4 concerning vesting, on and after April 1, 1993, any member whose movement between
5 different sets of Charter provisions occurs as specified in Paragraph (a), shall have the right to
6 elect on the form specified by the Retirement System to leave ~~his or her~~their accumulated
7 contributions on deposit irrespective of the amount of such contributions or the length of
8 service. Interest on said accumulated contributions shall continue to accrue at plan rates. If
9 the member does not qualify for reciprocal benefits or vest, the member shall receive a refund
10 of contributions plus interest.

11 * * * *

12 (g) Disability Benefits. When a member is retired for disability, ~~he or she~~they shall
13 receive a disability retirement allowance based on all service credit earned in the retirement
14 system provided that the disability allowance allowed under any earlier set of Charter
15 provisions shall not exceed an amount which when added to the allowance provided under
16 the current set of Charter provisions equals the allowance which would be paid for a
17 nonservice connected disability if all the member's service had been credited under the set of
18 Charter provisions in which the member was last active prior to the effective date of ~~his or~~
19 ~~her~~their disability retirement. If a member is retired for a service connected disability under
20 Charter Sections 8.559, 8.585, 8.586 or 8.588, then ~~he or she~~they will be entitled to an
21 additional refund or vesting benefit under the provisions of Charter Sections 8.509 or 8.584.

22 (h) Death Benefits. If an active member, under Charter Sections 8.559, 8.585, 8.586
23 or 8.588, dies by reason of an industrial injury or illness, then the death benefit may include
24 the refund of the member's accumulated contributions in the Retirement System relating to
25 service credit under Charter Sections 8.509 and 8.584. In all other death cases, the death

1 benefit shall not exceed an amount which equals the death benefit payable had all reciprocal
2 service been rendered under the plan in which the member was active immediately before the
3 time ~~he or she~~they died.

4 (i) Interpretation Consistent With PERS. Interpretation of this section shall be made
5 consistent with the Charter Section 8.500-1 and with reference to interpretations that have
6 been made relative to the reciprocal benefit provisions of the Public Employees' Retirement
7 System and The 1937 County Employees' Retirement Act. This section shall apply to
8 members who transfer solely within the Retirement System as described in Paragraph (a)
9 above.

10 (j) Concurrent Accrual of Benefits Prohibited. With the exception of adult hourly
11 credits, members shall not accrue pension benefits concurrently under Charter Section 8.509,
12 8.559, 8.584, 8.585, 8.586 or 8.588. For internal reciprocity purposes, a person shall be
13 deemed to be an active member under only the set of Charter provisions as determined by ~~his~~
14 ~~or her~~their pension contributions at the time of any particular pension event.

15
16 Section 2. Effective Date. This ordinance shall become effective 30 days after
17 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
18 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
19 of Supervisors overrides the Mayor's veto of the ordinance.

20
21 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
22 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
23 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
24 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
25

1 additions, and Board amendment deletions in accordance with the “Note” that appears under
2 the official title of the ordinance.

3

4 APPROVED AS TO FORM:
5 DAVID CHIU, City Attorney

6 By: /s/ _____
7 KELLY COLLINS
8 Deputy City Attorney

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LEGISLATIVE DIGEST

(5/8/2023)

[Administrative Code - Including Military Service in Definition of “Public Service” for Retirement Service Credit Purchases]

Ordinance amending the Administrative Code to expand the definition of “public service” to allow members of the San Francisco Employees’ Retirement System to purchase service credit for time served in the military before City employment.

Existing Law

Currently, City employees may purchase San Francisco Employees’ Retirement System (SFERS) service credit for civilian service in other government agencies. City employees may only purchase service credit for military time served during City employment or while on an eligible list.

Amendments to Current Law

The amendment to Administrative Code Section 16.55-1 will eliminate the civilian limitation, expanding eligible public service for purchase to employees who served in the military.

Background Information

The current definition of public service in Administrative Code Section 16.55-1 limits the type of public service eligible to purchase service credit with SFERS to civilian service only. This definition excludes SFERS members with prior military service from the opportunity to purchase service credit.

This amendment expands the definition of public service to create an equal opportunity for all SFERS members with eligible public service to purchase retirement service credit.

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BOARD of SUPERVISORS



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MEMORANDUM

TO: Alison Romano, CEO/CIO, Retirement Board

FROM: Victor Young, Assistant Clerk

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

DATE: April 13, 2023

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Rules Committee received the following proposed legislation:

File No. 230375

Ordinance amending the Administrative Code to expand the definition of "public service" to allow members of the San Francisco Employees' Retirement System to purchase service credit for time served in the military before City employment.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: victor.young@sfgov.org.

cc: Darlene Armanino, SFERS