

File No. 150432

Committee Item No. 1  
Board Item No. 46

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date July 15, 2015

Board of Supervisors Meeting

Date July 21, 2015

#### Cmte Board

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Completed by: Linda Wong Date July 10, 2015  
Completed by: Linda Wong Date July 14, 2015

1 [Administrative Code - Retirement System Disability/Death Presumptions for Sheriff Members]

2  
3 **Ordinance amending the Administrative Code to add cancer and heart/pneumonia**  
4 **presumptions for industrial disability and death in the line of duty retirement benefits**  
5 **for Sheriff members of the San Francisco City and County Employees' Retirement**  
6 **System.**

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

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

15 Section 1. Findings.

16 (a) Deputized personnel of the Sheriff's Department hired before January 7, 2012 are  
17 members of the California Public Employees' Retirement System ("CalPERS"). Sheriffs  
18 assuming office thereafter, and undersheriffs and all deputized personnel of the Sheriff's  
19 Department hired thereafter (collectively "Sheriff Members"), are members of the San  
20 Francisco City and County Employees' Retirement System ("SFERS"). (Charter §A8.608.)

21 (b) Under state law, peace officers – including deputized sheriff personnel – are  
22 entitled to cancer, heart, and pneumonia presumptions for workers' compensation claims.  
23 (Cal. Labor Code §3212, 3212.1.) If the conditions for the presumption are satisfied and the  
24 presumption is not rebutted, the injury, illness, disability, or death is presumed industrial, i.e.,  
25 caused by work. A workers' compensation finding that an injury, illness, disability or death is  
industrial is determinative on that issue in an application for an industrial disability retirement

1 or a death as a result of duty benefit under CalPERS. Thus, Sheriff Department personnel  
2 who are CalPERS members benefit from the workers' compensation cancer, heart and  
3 pneumonia presumptions in those retirement applications.

4 (c) Uniformed members of the San Francisco Police and Fire Departments who are  
5 SFERS members are entitled to cancer and heart/pneumonia presumptions when certain  
6 eligibility requirements are satisfied, in connection with applications for an industrial disability  
7 retirement or a death as a result of duty benefit under SFERS. (See Administrative Code  
8 §§16.72, 16.85, and 16.86.)

9 (d) Sheriff Members in SFERS are not currently entitled to cancer, heart, or  
10 pneumonia presumptions when applying for an industrial disability retirement or a death as a  
11 result of duty benefit. Under this ordinance, Sheriff Members will be entitled to these  
12 retirement presumptions. Thus, this ordinance ensures parity and fairness in the retirement  
13 plan terms related to industrial disability retirement and death as a result of duty presumptions  
14 for Sheriff Members, when compared to the comparable plan terms for members of the  
15 Sheriff's Department who are CalPERS members; San Francisco police officers and  
16 firefighters; and other peace officers in California who are CalPERS members.

17 (e) Peace officers, including Sheriffs, are exposed to health and safety risks in their  
18 occupation, including exposures that have been shown to potentially cause cancer. Several  
19 studies show an increased risk for various types of cancer in peace officers. Results from  
20 three studies suggested possible increased mortality risks for all cancers, and cancers of the  
21 colon, kidney, digestive system, esophagus, male breast, and testis, as well as Hodgkin's  
22 disease (American Journal of Industrial Medicine).

23  
24 Section 2. The Administrative Code is hereby amended by adding Sections 16.72-1  
\_5 and 16.86-1, to read as follows:

1                   SEC. 16.72-1. SHERIFF MEMBER INCAPACITATED WITH CANCER – WHEN  
2                   PRESUMED CONTRACTED IN THE COURSE OF EMPLOYMENT.

3                   (a) For purposes of this Section 16.72-1, the term "Sheriff Member" shall mean (1) any Sheriff  
4                   who assumed office on and after January 7, 2012, and (2) any undersheriff or deputized personnel of  
5                   the Sheriff's Department hired on and after January 7, 2012.

6                   (b) Subject to the limitations of subsections (c) and (d), whenever any Sheriff Member becomes  
7                   incapacitated for the performance of his or her duty by reason of cancer that develops or manifests  
8                   itself while the Sheriff Member is in the service of the Sheriff's Department, the cancer shall be  
9                   presumed to arise out of and in the course of his or her employment. This presumption is disputable  
10                  and may be controverted by evidence that the primary site of the cancer has been established and that  
11                  the carcinogen to which the Sheriff Member has demonstrated exposure as required by subsection  
12                  (d)(1) below is not reasonably linked to the disabling cancer.

13                  (c) The presumption in subsection (b) shall apply only to:

14                  (1) A Sheriff Member who has served a total of five or more years in the Sheriff's  
15                  Department. For purposes of determining whether the Sheriff Member has five or more years of  
16                  service, time served in a deputized position in another sheriff department in the State of California shall  
17                  be combined with service in the Sheriff's Department, provided that the Sheriff Member: (A) was  
18                  entitled to the same cancer presumption in his or her prior employment; and (B) became a member of  
19                  the Sheriff's Department within six months of separating from the prior sheriff department employment.

20                  (2) Applications for industrial disability or death as a result of duty benefits under  
21                  the San Francisco City and County Employees' Retirement System ("Retirement System").

22                  (3) Applications for benefits in connection with cancer injuries or deaths filed on or  
23                  after January 7, 2012, except that the presumption shall not apply to such an application if as of the  
24                  effective date of this Section 16.72-1, the hearing officer assigned to hear the application under Charter  
25                  Section 12.102 and Charter Section A8.518 either: (A) has rendered his or her initial decision on the

1 application and the Sheriff Member did not request rehearing within the time specified under the  
2 Charter: or (B) has rendered an initial decision and the Sheriff Member timely requested rehearing  
3 under the Charter, and the hearing officer has issued a decision on rehearing.

4 (d) The presumption in subsection (b) shall apply only if:

5 (1) The Sheriff Member demonstrates exposure, while in the service of the Sheriff's  
6 Department, to a known carcinogen as defined by the International Agency for Research on Cancer;  
7 and

8 (2) There was no evidence of cancer identified in the physical examination of the  
9 Sheriff Member conducted as part of his or her initial hire in the Sheriff's Department.

10 (e) The Retirement System shall use the Sheriff Member's eligible prior safety service in  
11 another sheriff department in California under subsection (c)(1) to measure the date upon which the  
12 Sheriff Member would be qualified for service retirement.

13  
14 **SEC. 16.86-1. SHERIFF MEMBER INCAPACITATED WITH HEART TROUBLE OR**  
15 **PNEUMONIA – WHEN PRESUMED CONTRACTED IN COURSE OF EMPLOYMENT.**

16 (a) For purposes of this Section 16.86-1, the term "Sheriff Member" shall mean (1) any Sheriff  
17 who assumed office on and after January 7, 2012; and (2) any undersheriff or deputized personnel of  
18 the Sheriff's Department hired on and after January 7, 2012.

19 (b) Subject to the limitations of subsections (c) and (d), whenever any Sheriff Member becomes  
20 incapacitated for the performance of his or her duty on account of heart trouble or pneumonia that  
21 develops or manifests itself while the Sheriff Member is in the service of the Sheriff's Department, that  
22 heart trouble or pneumonia shall be presumed to arise out of and in the course of his or her  
23 employment, unless there is evidence to the contrary.


24 (c) The provisions of this Section 16.86-1 shall apply only to Sheriff Members who have served  
25 a total of five or more years:

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(1) in the Sheriff's Department; or,  
(2) in a deputized position in another sheriff department in the State of California,  
provided that the Sheriff Member was: (A) entitled to the same presumption in his or her prior  
employment; and (B) became a member of the Sheriff's Department within six months of separating  
from the prior sheriff department employment.

(d) The presumption in subsection (b) of this Section 16.86-1 shall apply only to injuries or  
deaths occurring or after January 7, 2012, and only to applications for benefits under the San  
Francisco City and County Employees' Retirement System ("Retirement System"). In such cases, the  
Sheriff Member's prior safety service in another sheriff department in the state of California shall be  
used by the Retirement System to measure the date upon which the Sheriff Member would have  
completed at least twenty-five (25) years of service in the aggregate.

Section 3. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney  
By:   
KATHARINE HOBIN PORTER  
Deputy City Attorney

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**LEGISLATIVE DIGEST**

[Administrative Code - Retirement System Disability/Death Presumptions for Sheriff Members]

**Ordinance amending the Administrative Code to add cancer and heart/pneumonia presumptions for industrial disability and death in the line of duty retirement benefits for Sheriff members of the San Francisco City and County Employees' Retirement System.**

Existing Law

Deputized personnel of the Sheriff's Department hired before January 7, 2012 are members of the California Public Employees' Retirement System ("CalPERS"). Sheriffs assuming office thereafter, and undersheriffs and all deputized personnel of the Department hired thereafter (collectively "Sheriff Members"), are members of the San Francisco City and County Employees' Retirement System ("SFERS"). (See Charter §A8.608.)

Under state law, sworn sheriff personnel are entitled to cancer, heart, and pneumonia presumptions for workers' compensation claims. (Cal. Labor Code §3212, 3212.1.) If these presumptions are satisfied, the injury, illness, disability, or death is presumed industrial, i.e., caused by work. The presumptions are rebuttable. If the cancer, heart trouble, or pneumonia is determined industrial for workers' compensation purposes, that determination is conclusive under CalPERS in an application for an industrial disability retirement or a death as a result of duty benefit. But, by contrast, the Sheriff Members in SFERS are not entitled to a cancer or heart/pneumonia presumption when they or their beneficiaries apply for industrial disability retirement or death as a result of duty benefits.

Uniformed members of the Police and Fire Departments who are SFERS members are entitled to cancer and heart/pneumonia presumptions when certain eligibility requirements are satisfied, in connection with applications for an industrial disability retirement or a death as a result of duty benefit. (See Administrative Code §§16.72, 16.85, and 16.86.) Again, by contrast, the Sheriff Members in SFERS are not.

Amendments to Current Law

The proposed ordinance would create cancer and heart/pneumonia presumptions for Sheriff Members or their beneficiaries applying to SFERS for industrial disability retirement or death as a result of duty benefits. A Sheriff Member meeting certain eligibility requirements who has cancer, heart trouble or pneumonia that develops or manifests itself while the member is in the service of the Sheriff Department would be entitled to a presumption that the cancer, heart trouble or pneumonia arose out of and in the course of his or her employment. The presumptions are disputable as specified in the ordinance.

<p><b>Item 1</b> <b>File 15-0432</b></p>	<p><b>Department:</b> <b>Sheriff's Department (SHF)</b></p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p>	
<ul style="list-style-type: none"> <li>• The proposed ordinance would amend the City's Administrative Code to add cancer, heart problems, and pneumonia presumptions for Sheriff's Department uniform employees in SFERS, and their beneficiaries, who apply for industrial disability retirement or death as a result of duty benefits.</li> </ul>	
<p style="text-align: center;"><b>Key Points</b></p>	
<ul style="list-style-type: none"> <li>• Under California State law, Labor Code Section 3212.1, peace officers, including all deputized Sheriff personnel, are entitled to a presumption, for the purposes of workers' compensation claims, that any heart problems, pneumonia, or cancer are caused by and in the course of their employment.</li> <li>• The San Francisco Sheriff's Department offers two distinct retirement programs, including the California Public Employees' Retirement System (CalPERS), and the San Francisco City and County Employees Retirement System (SFERS). Currently, only uniform employees enrolled in the CalPERS program are entitled to the cancer, heart problems, and pneumonia presumptions.</li> <li>• Under the proposed ordinance, Sheriff uniform employees enrolled in the SFERS program must meet five requirements in order to be eligible for the cancer, heart problems, and pneumonia presumptions when applying for industrial disability retirement or death as a result of duty benefits.</li> <li>• According to the proposed ordinance, adding the cancer, heart problem, and pneumonia presumptions for the Sheriff's Department's uniform employees who are members of SFERS would ensure equal treatment of uniform employees of the Sheriff's Department who are SFERS to the treatment afforded to uniform employees of the Police and Fire Departments who are members of SFERS.</li> </ul>	
<p style="text-align: center;"><b>Fiscal Impact</b></p>	
<ul style="list-style-type: none"> <li>• Cheiron, the SFERS consulting actuary, estimates that the proposed ordinance would result in increased costs of approximately \$133,833 over a five-year period.</li> </ul>	
<p style="text-align: center;"><b>Recommendation</b></p>	
<ul style="list-style-type: none"> <li>• Approval of the proposed ordinance is a policy matter for the Board of Supervisors.</li> </ul>	



## MANDATE STATEMENT

In accordance with Charter Section A8.500, ordinance provisions already existing with respect to the Retirement System shall continue in force until amended or revoked by the Board of Supervisors as provided in this Section. The Board of Supervisors, by a vote of three-fourths of its members, can approve any and all ordinances necessary to carry into effect the provisions of Sections 12.100 to 12.103 and the Retirement System provisions of the Charter, as set forth in Appendix Sections A8.500 et. seq.; provided that the Board of Supervisors shall secure, through the Retirement Board, an actuarial report of the cost and effect of any proposed change in the benefits under the Retirement System, before enacting an ordinance or before voting to submit any proposed Charter amendment providing for such change.

## BACKGROUND

Under California State law, Labor Code Section 3212.1, peace officers, including all deputized Sheriff personnel, are entitled to a presumption, for the purposes of workers' compensation claims, that any heart problems, pneumonia, or cancer are caused by and in the course of their employment. The State Labor Code states that pneumonia and heart problems that develop or manifest are presumed to be as a result of or during the course of employment. The cancer presumption is allowed provided that it develops or manifests during active service in the department or unit, and the member demonstrates that he or she was exposed while in the service of the department or unit to a known carcinogen as defined by the International Agency for Research on Cancer.

The San Francisco Sheriff's Department offers two distinct retirement programs. Uniform employees hired prior to January 7, 2012 are members of the California Public Employees' Retirement System (CalPERS), while uniform employees hired on or after January 7, 2012 are members of the San Francisco City and County Employees Retirement System (SFERS). Currently, only uniform employees enrolled in the CalPERS program are entitled to the cancer, heart problems, and pneumonia presumptions described above.

In 2014, the Board of Supervisors approved an ordinance to amend the City's Administrative Code to provide that for any uniformed member of the Police and Fire Departments enrolled in SFERS and diagnosed with cancer, pneumonia, or heart problems, the diagnosis would be presumed to be duty-related for the purposes of applying for industrial disability retirement benefits or survivor death as a result of duty benefits. Previously, members of the Police and Fire Departments enrolled in SFERS were only eligible for the pneumonia and heart problems presumptions and not for the cancer presumption.

## DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would amend the City's Administrative Code to add Sections 16.72-1 and 16.86-1 to add cancer, heart problems, and pneumonia presumptions for Sheriff's Department uniform employees who are members of SFERS, and their beneficiaries, who apply

for industrial disability retirement or death as a result of duty benefits. These presumptions would apply if the Sheriff's Department uniform employee meets certain eligibility criteria. According to the proposed ordinance, adding the cancer, heart problem, and pneumonia presumptions for the Sheriff's Department's uniform employees who are members of the SFERS would ensure equal treatment of uniform employees of the Sheriff's Department who are members of the SFERS to the treatment afforded to uniform employees of the Police and Fire Departments who are members of the SFERS.

Under the proposed ordinance, Sheriff uniform employees enrolled in the SFERS program must meet the following requirements in order to be eligible for the cancer, heart problems; and pneumonia presumptions when applying for industrial disability retirement or death as a result of duty benefits:

1. Sheriff uniform employees must have served a total of five or more years with the Sheriff's Department. Sheriff uniform employees may use time served in a deputized position in another Sheriff Department in the State of California as well as time served in the San Francisco Sheriff Department to determine the total number of years served, provided that the Sheriff uniform employee was entitled to the same cancer presumption in his or her employment and became employed with the San Francisco's Sheriff's Department within six months of separating from the prior Sheriff department outside of San Francisco.
2. The application must be for industrial disability retirement or death as a result of duty benefits under the SFERS.
3. The cancer presumption applies only to applications for benefits in connection with cancer injuries or deaths filed on or after January 7, 2012. However, the cancer presumption does not apply to such an application, if as of the effective date of the proposed new Administrative Code Section 16. 72-1, the hearing officer assigned to hear the application under Charter Section 12.102, and Charter Section A8.518 either: (a) has rendered his or her initial decision on the application and the Sheriff uniform employee did not request rehearing within the time specified under the Charter or (b) has rendered an initial decision and the Sheriff uniform employee timely requested a rehearing under the Charter, and the hearing officer has issued a decision on rehearing.
4. For benefits related to heart problems or pneumonia, the presumption will only apply to injuries or deaths occurring on or after January 7, 2012, and only to applications for benefits under SFERS.
5. The cancer presumption will only apply if the Sheriff uniform employee (a) demonstrates exposure, while in the service of the Sheriff's Department, to a known carcinogen as defined by the International Agency for Research on Cancer; and (b) there was no evidence of cancer identified in the physical examination of the Sheriff uniform employee as part of his or her initial hire in the Sheriff's Department.

SFERS shall use the Sheriff uniform employee's eligible prior safety service in another sheriff department in California to measure the date upon which the Sheriff uniform employee would be qualified for service requirement.

**FISCAL IMPACT**

The San Francisco Employees' Retirement System consulting actuary, Cheiron, estimates that the proposed ordinance would result in increased costs to the City of approximately \$133,833 over a five-year period. Because of the lack of historical disability data related to this newly-hired uniformed Sheriff employee group, Cheiron is unable to provide a longer-term estimate of the cost to the City resulting from the approval of the proposed ordinance.

**RECOMMENDATION**

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

**Wong, Linda (BOS)**

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**From:** Gard, Susan (HRD)  
**Sent:** Friday, May 29, 2015 2:00 PM  
**To:** Wong, Linda (BOS)  
**Cc:** Somera, Alisa (BOS)  
**Subject:** FW: DSA and MSA Meet and Confer Notice- Retirement System Disability/Death Presumptions for Sheriff Members  
**Attachments:** Board File 150432 Retirement System Disability-Death Presumptions for Sh....pdf

FYI, our obligation to meet and confer has been met.

Susan Gard, Chief of Policy  
City and County of San Francisco  
Department of Human Resources  
P: 415.551.8942

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**From:** Conley, Darin (HRD)  
**Sent:** Tuesday, May 26, 2015 4:23 PM  
**To:** Mirkarimi, Ross (SHF); Rocha, Federico (SHF); Gorwood, Kathy; Cerbone, Eugene (SHF)  
**Cc:** Gran, Martin (HRD); Preston, Darryelle (HRD); Gard, Susan (HRD)  
**Subject:** DSA and MSA Meet and Confer Notice- Retirement System Disability/Death Presumptions for Sheriff Members

Hello Sheriff Mirkarimi,

As you know on May 15, 2015, the Employee Relations Division notified both MSA and DSA of the opportunity to meet and confer over the subject line matter. Neither MSA or DSA responded to the meet and confer notice by the deadline. Therefore, the Department may proceed with the necessary implementation steps.

Thank you,

Darin Conley | Employee Relations Representative  
Department of Human Resources | City and County of San Francisco  
1 South Van Ness Avenue, 4<sup>th</sup> Floor, San Francisco, CA 94103  
Office: 415.557.4920 | Fax: 415.557.4919  
[Darin.Conley@sfgov.org](mailto:Darin.Conley@sfgov.org)

---

**From:** Conley, Darin (HRD)  
**Sent:** Friday, May 15, 2015 4:13 PM  
**To:** 'leadams1@yahoo.com'  
**Cc:** Mirkarimi, Ross (SHF); Rocha, Federico (SHF); Gorwood, Kathy ([kathy.gorwood@sfgov.org](mailto:kathy.gorwood@sfgov.org))  
**Subject:** MSA Meet and Confer Notice- Retirement System Disability/Death Presumptions for Sheriff Members

Hello Ms. Adams,

Please see the attached meet and confer notice and its corresponding legislation.

Thank you,

Darin Conley | Employee Relations Representative  
Department of Human Resources | City and County of San Francisco  
1 South Van Ness Avenue, 4<sup>th</sup> Floor, San Francisco, CA 94103

Office: 415.557.4920 | Fax: 415.557.4919

[Darin.Conley@sfgov.org](mailto:Darin.Conley@sfgov.org)

---

**From:** Conley, Darin (HRD)

**Sent:** Friday, May 15, 2015 4:15 PM

**To:** Peter Hoffmann

**Cc:** Mirkarimi, Ross (SHF); Rocha, Federico (SHF); Gorwood, Kathy ([kathy.gorwood@sfgov.org](mailto:kathy.gorwood@sfgov.org)); Cerbone, Eugene (SHF)

**Subject:** DSA Meet and Confer Notice- Retirement System Disability/Death Presumptions for Sheriff Members

Hello Mr. Hoffman,

Please see the attached meet and confer notice and its corresponding legislation.

Thank you,

Darin Conley | Employee Relations Representative

Department of Human Resources | City and County of San Francisco

1 South Van Ness Avenue, 4<sup>th</sup> Floor, San Francisco, CA 94103

Office: 415.557.4920 | Fax: 415.557.4919

[Darin.Conley@sfgov.org](mailto:Darin.Conley@sfgov.org)



# SFERS

San Francisco Employees' Retirement System

## San Francisco City and County Employees' Retirement System

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

MAY 29 PM 2:03

AK

May 27, 2015

Angela Calvillo  
Clerk of the Board  
Board of Supervisors  
Room 244, City Hall  
1 Dr. Carlton B. Goodlett Pl.  
San Francisco, CA 94102

Alisa Somera  
Assistant Clerk  
Board of Supervisors  
Room 244, City Hall  
1 Dr. Carlton B. Goodlett Pl.  
San Francisco, CA 94102

**Re: File No. 150432 – Ordinance amending the Administrative Code to add cancer and heart/pneumonia presumptions for industrial disability and death as a result of duty retirement benefits for Sheriff members of the San Francisco Employees' Retirement System**

Dear Ms. Calvillo and Ms. Somera,

The Retirement System acknowledges receipt of your referral of the above referenced proposed amendment to the Administrative Code and request for our actuarial review and a cost and effect report under Charter Section A8.500.

### Effect of the Proposed Amendment to the Administrative Code

This proposed ordinance will amend the Administrative Code to create cancer and heart/pneumonia presumptions for Sheriff Members of the San Francisco Employees' Retirement System (SFERS) who apply for industrial disability benefits and for qualified survivors of Sheriff Members who apply for death as a result of duty benefits. The proposed ordinance provides that a SFERS Sheriff Member meeting certain eligibility requirements who has cancer, heart trouble or pneumonia that develops or manifests itself while the member is in the service of the Sheriff Department would be entitled to a presumption that the cancer, heart trouble or pneumonia arose out of and in the course of his or her employment. The presumptions would also apply to qualified survivors who apply for death as a result of duty benefits. The presumptions are disputable as specified in the ordinance.

## **Cost of the Proposed Amendment to the Administrative Code**

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. I have summarized Cheiron's analysis below. The full Cheiron report is attached.

Under the proposed legislation, SFERS Sheriff Members who become incapacitated due to cancer, heart trouble or pneumonia would be entitled to a presumption that the condition was duty related. While the presumption is disputable under the proposed ordinance, it is likely to result in an increase in the number of disabilities and deaths that are paid as industrial for SFERS Sheriff Members. As a result, additional benefits are likely to be payable for certain SFERS Sheriff retirees and their beneficiaries. In particular, for a SFERS industrial disability, a) benefits payable to qualified survivors are higher than those paid for service pensions and b) the minimum industrial disability benefit of 50% of final compensation may be higher than for a service pension for the same member.

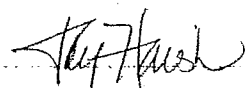
Cheiron has determined, based on its analysis of SFERS historical data, that the additional costs associated with the proposed ordinance would be minor.

As of July 1, 2014, this ordinance would only apply to 11 active Sheriff Members who were hired since January 7, 2012. There is no reliable historical industrial disability data for these Sheriff Members. Cheiron analyzed comparable 5-year historical data for SFERS Police Members. Since 2009, there were 8 Police Members granted industrial disability benefits under a heart, cancer, or pneumonia presumption out of a total of 76 industrial disabilities for Police Members. Assuming these disabilities would have been treated as ordinary disabilities without the presumption, the estimated difference in the present value of their benefits due to the presumption would be approximately \$3.65 million, or \$460,000 per disability.

Using the proportion of 11 active Sheriff Members who were hired since January 7, 2012 to approximately 300 Police Members hired since January 7, 2012, and assuming this proportion remains the same in the future, the estimated increase in the value of benefits over a five-year period as a result of this ordinance would be approximately \$134,000. This amount compares to an actuarial liability for the SFERS retirement system of over \$21 billion as of July 1, 2014.

The Retirement System will appear at the Rules Committee hearing on this subject and address questions of the Committee members.

Best regards,



Jay Hui  
Executive Director  
San Francisco Employees' Retirement System

Attachment: Cheiron report dated May 27, 2015

cc: President London Breed  
Board of Supervisors  
Room 244, City Hall  
1 Dr. Carlton B. Goodlett Pl.  
San Francisco, CA 94102

Supervisor Mark Farrell  
Board of Supervisors  
Room 244, City Hall  
1 Dr. Carlton B. Goodlett Pl.  
San Francisco, CA 94102



*Via Electronic Mail*

May 27, 2015

Mr. Jay Huish, Executive Director  
San Francisco Employees Retirement System  
1145 Market Street, 6<sup>th</sup> Floor  
San Francisco, California 94103

**Re: *Cancer, Heart, and Pneumonia Presumptions for granting Industrial Disability and Death for Sheriff Members hired on or after January 7, 2012 - REVISED***

Dear Jay:

As requested, we have analyzed the effect of implementing Ordinance No. 150432, which states that for Sheriff members hired on or after January 7, 2012, who become incapacitated due to cancer, heart trouble or pneumonia, the illness shall be presumed to be duty related.

There are two factors that impact the overall plan cost for granting industrial disability benefits: the incidence of disability and the increase in the benefit compared to an ordinary disability. While the presumption is disputable under the proposed ordinance, it is likely to result in an increase in the number of disabilities and deaths that are classified as industrial for Sheriff members. As a result, additional benefits would be payable for certain retirees and their beneficiaries. In particular, under an industrial disability, benefits payable to qualified survivors are higher and the minimum industrial disability benefit of 50% of final compensation may be higher. In addition, members who have not yet reached their qualified service retirement (QSR) date (age 50 with 25 years of service) will be eligible for an increased benefit when they do reach this date.

However, based on historical data provided, we believe the additional costs would be minor. It is our understanding that since 2009, there were 8 Police members granted a disability benefit under a heart, cancer, or pneumonia presumption out of a total of 76 industrial disabilities for Police members. Assuming these disabilities would have been treated as ordinary disabilities without the presumption, the estimated difference in the present value of their benefits due to the presumption would be approximately \$3.65 million, or \$460,000 per disability.

As of July 1, 2014, this ordinance would only apply to 11 active Sheriff Members who were hired since January 7, 2012 compared to a total of approximately 300 Police members hired since January 7, 2012. If this proportion of Sheriff members to the other Police members remains the same in the future, the estimated increase in the value of benefits over a five-year period would be approximately \$134,000 ( $\$3.65 \text{ million} \times 11 \div 300$ ).

This amount compares to an actuarial liability for the SFERS retirement system of over \$21 billion as of July 1, 2014.

**Data Summary**

Below is a summary of the data that was used in the analysis.

<b>Cancer, Heart or Pneumonia Presumptions Granted to Police Members Since 1/1/2009</b>		
	<b>Ordinary Disability<sup>1</sup></b>	<b>Industrial Disability</b>
Count		8
Average Age		52.2
Average Service		22.1
Total Monthly Benefits	\$47,000	\$58,000
Increase in Benefits at QSR Date		\$15,000
Total Present Value of Benefits (PVB) <sup>2</sup>	\$7,854,000	\$11,504,000
Increase in Present Value of Benefits		\$3,650,000
Average Increase in PVB		\$460,000

<sup>1</sup> Benefits calculated if industrial disability were not granted under presumption.

<sup>2</sup> Based on member's benefit commencement date

In preparing this letter, we relied on information, some oral and some written, supplied by SFERS. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23. For a summary of the plan provisions, assumptions and methods, please refer to the July 1, 2014 actuarial valuation report for SFERS.

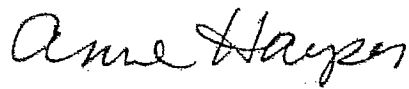
To the best of my knowledge, this letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. I am not an attorney and our firm does not provide any legal services or advice.

Mr. Jay Huish  
May 27, 2015  
Page 3 of 3

This letter was prepared exclusively for the City and County of San Francisco Employees' Retirement System for the purpose described herein. Other users of this letter 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, please let us know.

Sincerely,  
Cheiron



Anne D. Harper, ASA, EA, MAAA  
Consulting Actuary

cc: Bill Hallmark  
Janet Brazelton

**Wong, Linda (BOS)**

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**From:** Gard, Susan (HRD)  
**Sent:** Friday, May 15, 2015 5:04 PM  
**To:** Wong, Linda (BOS)  
**Cc:** Somera, Alisa (BOS)  
**Subject:** Meet and confer notices to unions regarding BOS file 150432  
**Attachments:** FW: DSA Meet and Confer Notice- Retirement System Disability/Death Presumptions for Sheriff Members; FW: MSA Meet and Confer Notice- Retirement System Disability/Death Presumptions for Sheriff Members

Linda, attached are the email notifications to the Deputy Sheriffs Association and the Sheriffs Managers and Supervisors Association. Our deadline to request meet and confer on this matter is May 22. If we don't hear from the unions by that date we can assume they do not want to meet on this topic. Let me know if you have any questions.

Regards,

Susan Gard

City and County of San Francisco

Edwin M. Lee  
Mayor



Department of Human Resources

Micki Callahan  
Human Resources Director

E-Mail and US Mail

May 15, 2015

Peter A. Hoffman  
Rains Lucia Stern, PC  
2300 Contra Costa Boulevard, Suite 500  
Pleasant Hill, CA 94523

***RE: Opportunity to Meet and Confer regarding Retirement Benefits for Sheriff  
Members***

Dear Mr. Hoffman,

This is formal notification to the Union of the opportunity to meet and confer regarding amending the Administrative Code to add cancer and heart/pneumonia presumptions for industrial disability and death in the line of duty retirement benefits for Sheriff members of the San Francisco City and County Employees' Retirement System.

If you would like to meet and confer regarding the above, please respond by close of business May 22, 2015. If I have not received a response by close of business May 22, 2015, the City will assume the Union does not wish to meet and confer and will proceed accordingly.

Sincerely,

A handwritten signature in black ink, appearing to read "Darin Conley", written over a horizontal line.

Darin Conley  
Employee Relations Representative

cc: Sheriff Ross Mirkarimi, Sheriff's Department  
Undersheriff Federico Rocha, Sheriff's Department  
Chief Deputy Sheriff Kathy Gorwood, Sheriff's Department  
Eugene Cerbone, San Francisco Deputy Sheriffs' Association

City and County of San Francisco

Edwin M. Lee  
Mayor



Department of Human Resources

Micki Callahan  
Human Resources Director

E-Mail and US Mail

May 15, 2015

Lisette Adams  
SF Sheriff's Managers and Supervisors Association  
P.O. Box 410089  
San Francisco, CA 94103

***RE: Opportunity to Meet and Confer regarding Retirement Benefits for Sheriff  
Members***

Dear Ms. Adams,

This is formal notification to the Union of the opportunity to meet and confer regarding amending the Administrative Code to add cancer and heart/pneumonia presumptions for industrial disability and death in the line of duty retirement benefits for Sheriff members of the San Francisco City and County Employees' Retirement System.

If you would like to meet and confer regarding the above, please respond by close of business May 22, 2015. If I have not received a response by close of business May 22, 2015, the City will assume the Union does not wish to meet and confer and will proceed accordingly.

Sincerely,

A handwritten signature in black ink, appearing to read "Darin Conley".

Darin Conley  
Employee Relations Representative

cc: Sheriff Ross Mirkarimi, Sheriff's Department  
Undersheriff Federico Rocha, Sheriff's Department  
Chief Deputy Sheriff Kathy Gorwood, Sheriff's Department

BOARD of SUPERVISORS



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

## MEMORANDUM

TO: Jay Huish, Executive Director, Retirement Board

FROM: Alisa Somera, Clerk, Rules Committee  
Board of Supervisors

DATE: May 5, 2015

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Rules Committee has received the following proposed legislation, introduced by Supervisor Farrell on April 28, 2015. This matter is being referred to you for pursuant to Charter, Section A8.500, which requires an Actuarial Report from the Retirement Board of the cost and effect of the proposed change in benefits.

**File No. 150432**

Ordinance amending the Administrative Code to add cancer and heart/pneumonia presumptions for industrial disability and death in the line of duty retirement benefits for Sheriff members of the San Francisco City and County Employees' Retirement System.

Please provide the Actuarial Report to me at the Board of Supervisors, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102 or by email at [alisa.somera@sfgov.org](mailto:alisa.somera@sfgov.org).

c: Norm Nicken, Retirement Board  
Katie Porter, General Counsel, Retirement Board

BOARD of SUPERVISORS



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

## MEMORANDUM

TO: Sheriff Ross Mirkarimi, Sheriff's Department  
Micki Callahan, Director, Department of Human Resources

FROM: Alisa Somera, Clerk, Rules Committee  
Board of Supervisors

DATE: May 5, 2015

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Rules Committee has received the following proposed legislation, introduced by Supervisor Farrell on April 28, 2015. This matter is being referred to you for informational purposes since it affects your department.

**File No. 150432**

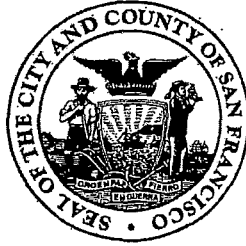
Ordinance amending the Administrative Code to add cancer and heart/pneumonia presumptions for industrial disability and death in the line of duty retirement benefits for Sheriff members of the San Francisco City and County Employees' Retirement System.

If you wish to submit any reports or documentation to be considered with the legislation, please send those to me at the Board of Supervisors, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102.

c: Katherine Gorwood, Sheriff's Department  
Susan Gard, Department of Human Resources



President, District 5  
BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-7630  
Fax No. 554-7634  
TDD/TTY No. 544-5227

BOS II, COB, Rules  
B + F, Leg Dup, Dep CA,  
Mayers

**London Breed**

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**PRESIDENTIAL ACTION**

Date: 5/12/15

To: Angela Calvillo, Clerk of the Board of Supervisors

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Madam Clerk,

Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. \_\_\_\_\_  
(Primary Sponsor)

Title. \_\_\_\_\_

Transferring (Board Rule No. 3.3)

File No. 150432 Farrell  
(Primary Sponsor)

Title. Retirement System Disability/Death Presumpt

From: Rules Committee

To: Budget & Finance Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor \_\_\_\_\_

Replacing Supervisor \_\_\_\_\_

For: \_\_\_\_\_ Meeting  
(Date) (Committee)

*London Breed*

London Breed, President  
Board of Supervisors

Print Form

# Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [ ] inquires"
- 5. City Attorney request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.

Sponsor(s):

Supervisor Mark Farrell

Subject:

Administrative Code - Retirement System Disability/Death Presumptions for Sheriff Members

The text is listed below or attached:

Attached.

Signature of Sponsoring Supervisor:

For Clerk's Use Only:

150432