

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CITY ATTORNEY



DENNIS J. HERRERA
City Attorney

MOLLIE LEE
Deputy City Attorney

DIRECT DIAL: (415) 554-4705
E-MAIL: mollie.lee@sfgov.org

April 30, 2010

TO ALL INTERESTED PARTIES:

Attached is the City Attorney's summary and title for a proposed local initiative measure. In preparing this title, the City Attorney makes no representation regarding the merits or legality of the proposed legislation. Nor does the City Attorney verify or confirm any factual or legal assertion made in the proposal. The title is presented as a "true and impartial statement of the purpose of the proposed measure." Elections Code § 9203.

Very truly yours,

DENNIS J. HERRERA
City Attorney

Mollie Lee
Deputy City Attorney

SAN FRANCISCO
FILED
2010 APR 30 PM 4:04
DEPARTMENT OF ELECTIONS

EMPLOYEE CONTRIBUTIONS TO RETIREMENT AND HEALTH PLANS

The City's Retirement System and Health Service System provide benefits to City employees and are funded in part by employee contributions.

The Charter establishes retirement benefits for City, School District, Community College District and Superior Court employees. The Charter sets the amount employees must contribute to the Retirement System, and employers pay an additional amount to keep the system funded. Currently, almost all participating employees contribute 7.5% of their compensation to the Retirement System. Under collective bargaining agreements, employers sometimes agree to pay the Charter-required "employee contribution" to the Retirement System.

The Charter requires a ten-county survey to determine the City's and other participating employers' contribution per employee to the Health Service System. Under collective bargaining agreements, the City has agreed to pay additional costs above the ten-county survey amount for employee medical, vision and dental coverage.

The proposed Charter amendment would increase the required employee contributions to the City's Retirement System as follows:

- Active uniformed members of the police and fire departments would contribute up to 10% of their compensation to fund retirement benefits. The increase in employee contributions would not exceed the amount needed to pay for added costs resulting from a 2002 ballot measure that increased police and fire retirement benefits.
- All other employees in the City's Retirement System would contribute 9.0% of their compensation to fund retirement benefits.
- The City could not agree to pay any portion of the employee contribution.

The proposed Charter amendment would limit the City's contribution to the Health Service System as follows:

- For medical plans, the City would pay only the amount that the ten-county survey requires. The City could not agree to pay any additional costs for employee coverage.
- For dependent health care coverage, the City could not agree to pay more than 50% of the cost of the lowest cost plan offered by the Health Services System for that level of coverage.
- For dental plans, the City could not agree to pay more than 75% of the cost of employee coverage and 50% of the cost of dependent coverage.

The proposed Charter amendment would become operative on January 1, 2011. Some provisions could become operative later, upon expiration of collective bargaining agreements with City unions.

As to arbitration over terms and conditions of City employment, the proposed Charter amendment would require the arbitrator to make findings about the costs to the City of pension, health and retiree health benefits and take those costs into account in deciding compensation.

If a court were to invalidate application of the proposed Charter amendment to any group of employees, then the proposed Charter amendment would prohibit an increase in the costs of bargained compensation for those employees for a period of five years. If the City or an arbitrator nevertheless granted an increase in wages or benefits for those

employees, then the proposed Charter amendment would require that this increase be subject to voter approval before becoming effective.

WORD COUNT: 498 [Maximum: 500 words]

SAN FRANCISCO
FILED
2010 APR 30 PM 4:11
DEPARTMENT OF ELECTIONS