

ORDINANCE NUMBER O-15758 (New Series)

Adopted on June 1, 1982

AN ORDINANCE AMENDING CHAPTER II, ARTICLE 4 OF THE SAN DIEGO MUNICIPAL CODE BY AMENDING SECTION 24.0907.1 AND ADDING SECTION 24.0907.2 RELATING TO CITY SPONSORED GROUP HEALTH INSURANCE FOR ELIGIBLE RETIREES.

WHEREAS, The City of San Diego has withdrawn from participation in the Social Security System effective January 1, 1982; and

WHEREAS, the City has declared that certain benefits shall be provided to employees in lieu of Social Security participation; and

WHEREAS, included in the benefits so indicated is a program for City-sponsored group health insurance for eligible retirees of the City as set forth in Resolution No. R-255610, dated January 4, 1982 and Attachment A thereto; and

WHEREAS, it was the intent of the Council to provide such coverage as a permanent benefit for eligible retirees; and

WHEREAS, it was also directed by the City Council that premiums for said City-sponsored group health insurance be paid from and subsequent to July 1, 1982 by the City from the City's share of Surplus Undistributed Earnings; and

WHEREAS, concurrent with such Council direction, the City Attorney was directed to amend the retirement ordinances as necessary to accomplish said objective; NOW, THEREFORE,

BE IT ORDAINED, by the Council of The City of San Diego, as follows:

Section 1. That Chapter II, Article 4, of the San Diego Municipal Code be and the same is hereby amended by amending Section 24.0907.1 to read as follows:

Section 24.0907.1 SURPLUS UNDISTRIBUTED EARNINGS

At the beginning of each fiscal year the Board shall determine the Surplus Undistributed Earnings of the System and shall provide for the distribution of same as follows:

Fifty percent (50%) of such amount shall be credited to the Reserve for Employer Contributions for the sole and exclusive purpose of reducing the System's liabilities except as otherwise provided in Section 24.0907.2 relating to City-sponsored Retiree Group Health Plan payments; fifty percent (50%) shall be credited to an account to provide monies to pay annual supplemental benefits to Qualified Retirees. Sums transferred to the Reserve for Employer Contributions shall be credited to the accounts of the City and its contracting agencies in the same proportion as the employer reserves for their active and retired members bears to the total of all employer reserves for all active and retired members on the preceding June 30. If, at the time of the annual determination, the amount provided for the supplemental benefits is less than \$100,000, no supplemental benefits will be paid in that fiscal year and the monies will be placed in a special reserve and be carried forward to ensuing years until such time as the amount to be provided for this benefit from ensuing Surplus Undistributed Earnings and the special reserve is \$100,000 or more.

Surplus Undistributed Earnings shall be comprised of investment earnings received for the previous fiscal year, as defined below, less:

(1) an amount sufficient to credit interest to the contribution accounts of the members, City, and the Unified Port District at an interest rate determined by the Board and distributed in accordance with Section 24.0905 and related Board rules;

(2) an amount sufficient to meet the budgeted expenses and costs of operating the System, including all personnel and services for the fiscal year; and

(3) an amount necessary to maintain such reserves for contingencies as the Board deems appropriate on advice of its investment counselor.

Investment earnings received shall include, by way of example but not limited to, all interest received (net of

interest purchased) on notes, bonds, mortgages, short- term money market instruments, and savings accounts; cash dividends received on stock investments; and all realized gains and losses from the sale, trade or conversion of any investments. It is the intent of this section that investment earnings for the purpose of distributing annual supplemental benefits to Qualified Retirees shall be determined on a cash basis, except that investment earnings shall be increased or decreased by the amount of the annual amortization of purchase discounts or premiums on interest- bearing investments earned in accordance with generally accepted accounting principles for financial reporting purposes. No subsequent changes in the method of accounting for the System shall affect the determination of investment earnings received. Surplus Undistributed Earnings shall be determined by the City Auditor and Comptroller in accordance with the definitions of this section and shall be certified by the City's independent public accountant.

Section 2. That Chapter II, Article 4, of the San Diego Municipal Code be and the same is hereby amended by adding Section 24.0907.2, entitled "City-Sponsored Group Health Insurance for Eligible Retirees," to read as follows:

**Section 24.0907.2 CITY SPONSORED GROUP HEALTH  
INSURANCE FOR ELIGIBLE RETIREES.**

From and after January 8, 1982, The City of San Diego shall provide a City-sponsored Group Health Insurance Program for all eligible retirees. Eligibility for retiree participation in the Program shall be as follows:

(a) The plan shall be limited to:

1. All employees eligible for general membership in the City's Retirement System, or
2. Legislative officers, or
3. Safety members covered by Social Security coverage as of December 31, 1981.

(b) Employee must be on the active payroll of The City of San Diego on or after January 1, 1982, and

(c) Employee must be eligible for and receive a

retirement allowance from The City of San Diego, and

(d) Employee must retire on or after January 8, 1982.

Retiree premiums shall be paid by the City from those funds to be credited to the Reserve for Employer Contributions from Surplus Undistributed Earnings as provided in Section 24.0907.1 above. The Auditor and Comptroller shall set aside from such account an amount sufficient to pay premiums as required. Premium rates for eligible retirees shall be determined and established by the City. Health plan coverage for retirees and eligible dependents is subject to modification by the City and the provider of health care services, and may be modified periodically as deemed necessary and appropriate.

Eligible retirees may elect to continue group health insurance coverage for eligible dependents at their own expense. Premium rates for such dependent coverage shall be determined and established by the City.

Section 3. This ordinance shall take effect and be in force on the thirtieth day from and after its passage.

APPROVED: John W. Witt, City Attorney

By Jack Katz Chief Deputy City Attorney

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Or.Dept:Clerk

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