

# CITY COUNCIL OF THE CITY OF SAN JOSÉ

**March 6, 2012**

Item 3.5

# Ballot Measure Timeline

- **December 6, 2011:** City Council approves Ballot Measure dated December 5, 2011 for a June 2012 election
  - Language not submitted to Registrar of Voters
  - Staff re-engages in mediation with the bargaining units in an attempt to reach an agreement on the language
- **March 6, 2012:** Last Council meeting to approve a ballot measure for a June 2012 election
- **March 9, 2012:** Ballot Measure must be submitted to the Registrar of Voters

# Mediation Outcome

- No agreement reached with bargaining units
- City Manager recommending changes to ballot measure as a result of the mediation process
- If recommended changes are not approved, the December 6, 2011, approved ballot measure will be submitted to the Registrar of Voters

# Highlights of Revised/Recommended Ballot Measure – Federated Retirement Plan

	Current Employees (Tier 1)	Opt In	Tier 2 New Employees (Defined Benefit Maximum)
Max Benefit	75% (Status Quo)	75%	<b>65%</b>
Accrual Rate	2.5% per year (Status Quo)	2.0% per year (future years only)	<b>2.0% per year</b>
Age/Years of Service	55 w/ 5 yrs.; or 30 yrs at any age (Status Quo)	Age 62 w/5 yrs. Increase in age phased in over 14 years <b>30 yrs. at any age – Increase by 6 months annually beginning 7/1/17</b>	Age 65 w/5 yrs.
Final Average Salary Calculation	Highest 1 Year (Status Quo)	Highest 3 Years	Highest 3 Years
COLA	3% fixed (Status Quo)	Max 1.5% based on CPI	Max 1.5% based on CPI
Cost Sharing	Effective <b>6/23/13</b> , employees who elect not to opt in to the lower level of benefits will have a compensation adjustment through additional retirement contributions up to a max. of <b>16% in 4% increments, but no more than 50% of the unfunded liability.</b> This is in addition to the current cost sharing of the Normal Cost.	Normal Cost: City – 73% Employee – 27% (Status Quo)	Costs will be shared 50/50 between the City and employees.  <b>City may, but not be required to contribute to a defined contribution plan if the total City contribution does not exceed 9%.</b>

Notes: This is a summary and does not include survivorship and disability benefits. See full ballot measure for complete details.

# Highlights of Revised/Recommended Ballot Measure – Police and Fire Retirement Plan

	Current Employees (Tier 1)	Opt In	Tier 2 New Employees (Defined Benefit Maximum)
Max Benefit	90% (Status Quo)	90%	65%
Accrual Rate	2.5% - 4.0% depending on years of service (Status Quo)	2.0% per year (future years only)	2.0% per year
Age/Years of Service	50 w/ 25 yrs; 55 w/20 yrs; or 30 yrs at any age (Status Quo)	Age 57 w/20 yrs. Increase in age phased in over 14 years <b>30 yrs. at any age – Increase by 6 months annually beginning 7/1/17</b>	Age 60 w/10 yrs.
Final Average Salary Calculation	Highest 1 Year (Status Quo)	Highest 3 Years	Highest 3 Years
COLA	3% fixed (Status Quo)	Max 1.5% based on CPI	Max 1.5% based on CPI
Cost Sharing	Effective <b>6/23/13</b> , employees who elect not to opt in to the lower level of benefits will have a compensation adjustment through additional retirement contributions up to a max. of <b>16% in 4% increments, but no more than 50% of the unfunded liability</b> . This is in addition to the current cost sharing of the Normal Cost.	Normal Cost: City – 73% Employee – 27% (Status Quo)	Costs will be shared 50/50 between the City and employees.  <b>City may, but not be required to contribute to a defined contribution plan if the total City contribution does not exceed 9%.</b>

Notes: This is a summary and does not include survivorship and disability benefits. See full ballot measure for complete details.