

DRAFT

ORDINANCE NO.

**AN ORDINANCE OF THE CITY OF SAN JOSE
AMENDING TITLE 3 OF THE SAN JOSE MUNICIPAL
CODE TO AMEND SECTION 3.28.700 AND SECTION
3.28.725 OF CHAPTER 3.28 RELATED TO THE CITY OF
SAN JOSE PAYING THE NORMAL CONTRIBUTIONS
FOR ELIGIBLE TIER 1 MEMBERS AT THIRTY YEARS OF
SERVICE**

WHEREAS, effective September 3, 2021, City of San José City Ordinance No. 30633 amended the 1975 Federated City Employees Retirement Plan ("Plan") to cease the normal contributions for eligible Tier 1 members who reach 30 years of service credit in the Federated Plan; and

WHEREAS, the Federated Plan's Board's actuary assumed that the remaining pool of Tier 1 members would pay the normal contributions that would have otherwise been paid by eligible Tier 1 members that reached 30 years of service credit in the Plan; and

WHEREAS, the Federated Plan's Board's auditor assumed that the City of San José would pay for the normal contributions that would have otherwise been paid by eligible Tier 1 members that reached 30 years of service credit in the Plan; and

WHEREAS, the Federated Plan's Board requested that the City of San José clarify its intention for payment of the normal contributions that would have otherwise been paid by eligible Tier 1 members that reached 30 years of service credit in the Plan through an amendment to Federated Plan in the Municipal Code; and

WHEREAS, pursuant to the provisions and requirements of the California Environmental Quality Act of 1970, together with related State CEQA Guidelines and Title 21 of the San José Municipal Code (collectively, "CEQA"), it has been determined that the provisions of this Ordinance do not constitute a project, under File No. PP17-

008, General Procedure and Policy Making resulting in no changes to the physical environment; and

WHEREAS, the City Council of the City of San José is the decision-making body for this Ordinance; and

WHEREAS, this Council has reviewed and considered the "not a project" determination under CEQA prior to taking any approval actions on this Ordinance;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SAN JOSE:

SECTION 1. Section 3.28.700 of Chapter 3.28 of Title 3 of the San José Municipal Code is amended to read as follows:

3.28.700 Normal Rate of Contribution – Described - Amount

Except as may be otherwise provided elsewhere in this Chapter 3.28, all members of this System must make monthly (or biweekly, if compensation is paid biweekly by the City) normal contributions to this System. The normal contribution required of a member for each month (or for each two (2) weeks, if compensation is paid biweekly by the City) shall be a percentage of compensation earned (or of "compensation earnable" when so required by other provisions of this Chapter 3.28) by him or her in such period. Said percentage is hereinafter referred to as members' "normal rate of contribution." Non-Tier 2 members and Tier 2 members may have a different rate of contribution. Except as otherwise provided in Section 3.28.710 or another provision of this Chapter 3.28, all non-Tier 2 members will have the same normal rate of contribution. The normal rate of contribution may be different among Tier 2 members, but shall be the same percentage for all Tier 2 members of the same bargaining unit unless otherwise provided under Section 3.28.710 or another provision of this Chapter

3.28. Notwithstanding any other provisions of this Section 3.28.700, the normal contributions of a member subject to Section 3.28.725 shall be paid by the City, as described in that Section 3.28.725.

SECTION 2. Section 3.28.725 of Chapter 3.28 of Title 3 of the San José Municipal Code is amended to read as follows:

3.28.725 Ceasing Member Contributions at Thirty Years of Service

- A. Notwithstanding any other provisions of this Chapter 3.28, upon attainment of at least thirty (30) years of service credit by an eligible member that is not a Tier 2 member in this System, normal contributions described in Section 3.28.700 shall not be deducted from the member's monthly or bi-weekly compensation. Eligible members are those employees who are in positions assigned to an unrepresented employee unit or a represented bargaining unit that has agreed to the provisions in this Section 3.28.725 and has been approved by the City Council.
- B. Members shall continue to make all other member contributions that would otherwise be required under this Chapter 3.28 without regard to this provision.
- C. The City shall continue make all contributions that would otherwise be required under this Chapter 3.28 without regard to this provision. The City shall also make the normal contributions described in Section 3.28.700 that would have been deducted from an eligible member's monthly or bi-weekly compensation but for subsection A. of this Section 3.28.725, at the same time and in the same manner as the City makes other normal contributions described in Section 3.28.850 or Section 3.28.940 in the event the City has elected a lump sum

payment of the City's contributions to the retirement fund.

PASSED FOR PUBLICATION of title this _____ day of _____, 2022, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk