



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jennifer Schembri

SUBJECT: SEE BELOW

DATE: May 19, 2020

Approved

Date

5/21/2020

**SUBJECT: AMENDMENT TO TITLE 3 OF THE SAN JOSÉ MUNICIPAL CODE
AMENDING THE POLICE AND FIRE DEPARTMENT RETIREMENT
PLAN TO ALLOW FOR CONTINUATION OF SURVIVORSHIP
BENEFITS FOR ACTIVE FIRE MEMBERS KILLED IN THE LINE OF
DUTY**

RECOMMENDATION

Approve an ordinance amending Chapter 3.36 of Title 3 of the San José Municipal Code to allow spouses and domestic partners of active Fire members killed in the line of duty to continue their survivorship benefits in the event that they remarry or re-establish a domestic partnership.

OUTCOME

The ordinance will allow spouses or domestic partners of active Fire members of the Police and Fire Department Retirement Plan killed in the line of duty to continue their monthly survivorship allowances should they remarry or re-establish a domestic partnership.

BACKGROUND

The current Municipal Code does not allow for the continuation of monthly survivorship allowances for the spouses or domestic partners of active Fire members killed in the line of duty if the spouse or the domestic partner remarries or establishes a new domestic partnership. Recently, the Municipal Code was changed to allow for the spouses and domestic partners of active Police members to continue their survivorship benefits should they remarry or establish a new domestic partnership. Local 230 subsequently requested that the change be made for active Fire members, as well.

ANALYSIS

The Police and Fire Department Retirement Plan Board's actuary, Cheiron, was asked to analyze the proposed change to allow surviving spouses of Police and Fire members killed in the line of duty to remarry and retain the monthly survivorship allowances to determine if it would increase the total aggregate cost of the benefit in terms of normal cost and unfunded liability. In Cheiron's analysis (Attachment A), Cheiron is currently assuming that the individuals who have spouses or domestic partners killed in the line of duty do not re-marry or establish a new domestic partnership. Cheiron explains that these individuals have a strong financial incentive to not lose the survivorship benefits that they receive. As such, Cheiron determined that "any exemptions to the remarriage penalty would not affect the valuation or the contributions required to fund the Plan based on the current assumptions." This is because Cheiron is already assuming that the monthly survivorship allowance will continue for the duration of the spouse or domestic partner's life. Thus amending the Municipal Code to allow surviving spouses to remarry and retain the monthly survivorship allowances is not an enhancement under City Charter Section 1503-A.

CONCLUSION

The City is recommending an amendment to the Police and Fire Department Retirement Plan to allow for the continuation of the monthly survivorship allowance for the spouses and domestic partners of Fire members killed in the line of duty based on the Board's actuary's determination that it will not increase the total aggregate cost of the benefit in terms of normal cost and unfunded liability.

EVALUATION AND FOLLOW-UP

If the Council approves the proposed ordinance for publication, the ordinance will be placed on the Council agenda for final approval on June 16, 2020 and become effective 30 days later.

CLIMATE SMART SAN JOSE

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the June 2, 2020 Council Meeting.

HONORABLE MAYOR AND CITY COUNCIL

May 19, 2020

Subject: Ordinance Amending the Police and Fire Department Retirement Plan to Allow for Continuation of Survivorship Benefits for Active Fire Members Killed in the Line of Duty

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COORDINATION

This memo has been coordinated with the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

The proposed amendment to the Police and Fire Department Retirement Plan in the Municipal Codes change was brought before the Police and Fire Department Retirement Board for comment during their May 2020 meeting. No comments were provided at that time.

CEQA

Not a Project, File No. PP17-010, City Organizational and Administrative Activities resulting in no changes to the physical environment



JENNIFER SCHEMBRI
Director of the City Manager's Office of
Employee Relations/Director of Human
Resources

For questions, please contact Cheryl Parkman, Assistant to the City Manager, at (408) 535-8152.

Attachment A – Cheiron's Analysis