

SENT VIA EMAIL

July 1, 2014

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IFPTE Local 21

John Mukhar
President
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Steve Contreras
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Kara Capaldo
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Yolanda Cruz
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Municipal Employees' Federation (MEF)
AFSCME Local 101

LaVerne Washington
President
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AFSCME Local 101

Peter Fenerin
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Association of Building, Mechanical and
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William H. Pope
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International Union of Operating Engineers,
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Vera Todorov
President
Association of Legal Professionals (ALP)

Charles Allen
Business Agent
AFSCME Local 101

Frank Crusco
Chief Steward
International Brother of Electrical Works, Local
No. 332 (IBEW)

Re: Changes to the City Charter Related to Returning Tier 1 Employees

Dear Bargaining Unit Representatives:

As you know, under the City Charter, an employee who leaves City service and is subsequently rehired or reinstated is placed into the Tier 2 retirement benefit. Employees who have at least five (5) years of service credit in the Federated City Employees' Retirement System on the date of separation and who have not obtained a return of contributions will have their benefit accrual rate preserved for the years of service prior to their leaving City service, but will be placed into Tier 2 for service after reinstatement.

We have heard concerns that this provision may be a disincentive for former employees who were in Tier 1 to return to City service.

The City is considering putting before the voters a modification of the City Charter at the November 2014 election to address this issue. As you may know, a law was passed last year which provides that a Council proposal to amend a Charter in a manner that would alter a right, benefit or employment status of a local government employee or retiree must go to the voters at a regularly scheduled general election. Therefore, if the City Council does not move forward with this change for the November 2014 election, the City would not be able to make this change for approximately two years.

The provisions would be as follows:

- Employees who leave or have left City service and are subsequently rehired or reinstated before January 1, 2017, shall be placed into the tier of benefits that applied to them when they left.

The proposed Charter modification language is attached. In addition, we wanted you to be aware that the City Council is also considering changes to the disability retirement section of the City Charter for sworn Police and Fire employees.

The City Council will be considering adding this modification to the November 2014 election on August 5, 2014. Therefore, please let us know as soon as possible if you have any concerns with this change.

Sincerely,



Alex Gurza
Deputy City Manager

c: Jennifer Schembri, Deputy Director of Employee Relations

**SECTION 1508-A. Future Employees – Limitation on Retirement Benefits –
Tier 2.**

(g) (1) Employees who leave or have left City service and are subsequently rehired or reinstated before January 1, 2017 shall be placed into the tier of benefits that applied to them when they left.

(g) (2) Employees who leave or have left City service and are subsequently rehired or reinstated on or after January 1, 2017 shall be placed into the second tier of benefits (Tier 2). Employees who have at least five (5) years of service credit in the Federated City Employees' Retirement System or at least ten (10) years of service credit in the Police and Fire Department Retirement Plan on the date of separation and who have not obtained a return of contributions will have their benefit accrual rate preserved for the years of service prior to their leaving City service.