City Council Introduction:

Public Hearing:

Date Factsheet Prepared:

BILL NUMBER: 16-60

FACTSHEET

TITLE: Amend LMC 2.65.140 to eliminate the 13th Check accounting pool.

BOARD/COMMITTEE: Police and Fire Pension Review Committee

APPLICANT: City Council Member Trent Fellers

RECOMMENDATION: Approve.

STAFF RECOMMENDATION:

OTHER DEPARTMENTS AFFECTED: None

SPONSOR: City Council Member Trent Fellers

OPPONENTS: None.

REASON FOR LEGISLATION Improve security and sustainability of pension by improving funded ratio thereby reducing City's recommended annual contribution.

DISCUSSION / FINDINGS OF FACT: Please refer to Police and Fire Pension Review Committee report issued May 5, 2016, Recommendation #1, and Exhibit #2 detailing estimated financial impacts calculated by the plan actuary.

POLICY OR PROGRAM CHANGE: _X_ Yes ___ No

OPERATIONAL IMPACT ASSESSMENT: This action 1) allows for an increase in the actuarially assumed earnings rate, transfers 13th Check accounting pool assets to the general pension fund, and makes the 13th Check a normal obligation of the plan. It has no detrimental impact on plan members.

Using the August 31, 2015 actuarial valuation as the starting point, the Unfunded Accrued Liability decreases from $103 million to $52 million, improving the funded ratio from 64% to 80% and thereby reducing the City's recommended contribution from $12 million to $7.8 million. Better funding and lower City contributions were estimated to continue in future years.

COST OF TOTAL PROJECT: $0

RELATED ANNUAL OPERATING COSTS: $0

SOURCE OF FUNDS: Police and Fire Pension

CITY: Police and Fire Pension

NON CITY: NA

FACTSHEET PREPARED BY: Paul Lutomski **DATE:** 6/01/2016

REVIEWED BY: Jeff Kirkpatrick **DATE:** 6/01/2016