

City Council Introduction:

BILL NUMBER: 16-61

Public Hearing:

Date Factsheet Prepared:

## FACTSHEET

**TITLE:** Amend LMC 2.66.107 to eliminate the 13<sup>th</sup> 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:**  Yes  No

**OPERATIONAL IMPACT ASSESSMENT:** This action 1) allows for an increase in the actuarially assumed earnings rate, transfers 13<sup>th</sup> Check accounting pool assets to the general pension fund, and makes the 13<sup>th</sup> 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