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Pgs. 9
Filed: 06-07-16

Sponsored by: Fisk

First Reading: _____

Second Reading: _____

COUNCIL BILL NO. 2016- 137

GENERAL ORDINANCE NO. _____

AN ORDINANCE

1 AMENDING the Springfield City Code, Chapter 2, Administration, Article VI, Finances,
2 Division 4, Policemen's and Firemen's Pension Plan, by amending the title
3 of Division 4 from "Policemen's and Firemen's Pension Plan" to "Police
4 Officers' and Fire Fighters' Retirement System," and by amending Section
5 2-455, Amount of employee contributions; deductions from salary, of the
6 Springfield City Code, by revising provisions regarding Fire Participants'
7 Additional Funding Contribution (AFC) and Additional Three-Tenths
8 Percent Multiplier in The Police Officers' and Fire Fighters' Retirement
9 Fund; and declaring an emergency.

10 _____

11
12 BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD,
13 MISSOURI, as follows, that:

14
15 NOTE: Language being added is underlined and language being deleted is
16 ~~stricken~~.

17
18 Section 1 – The Springfield City Code, Chapter 2, Administration, Article VI,
19 Finances, Division 4, Policemen's and Firemen's Pension Plan, is hereby retitled as
20 follows:

21
22 Division 4. - ~~Policemen's and Firemen's Pension Plan~~Police Officers' and Fire
23 Fighters' Retirement System

24
25 Section 2 – The Springfield City Code, Chapter 2, Administration, Article VI,
26 Finances, Division 4, Policemen's and Firemen's Pension Plan, Section 2-455, Amount
27 of employee contributions; deductions from salary, is hereby amended as follows:

28
29 Sec. 2-455. - Amount of employee contributions; deduction from salary.

30
31 (a) From December 16, 1991, until July 11, 1992, there shall be contributed to the
32 plan from the salary of every participant, an amount equal to 7.5 percent of
33 such salary.

- 34
35 (b) From July 11, 1992, until July 10, 1993, there shall be contributed to the plan
36 from the salary of every participant, an amount equal to eight percent of such
37 salary.
38
39 (c) Commencing July 11, 1993, and continuing thereafter there shall be contributed
40 to the plan and from the salary of every participant except those described in
41 subsection (d) below, an amount equal to 8.5 percent of such salary.
42
43 (d) Commencing July 10, 2016, and continuing thereafter there shall be contributed
44 to the plan and from the salary of every participant who commenced
45 employment in the fire department prior to June 1, 2006, an amount equal to
46 15.13 percent of such salary. This contribution shall be deemed to include the
47 Additional Funding Contribution (hereinafter "AFC") described in subsection (e)
48 of this section, and no participant contributing to the plan in the amount
49 described in this subsection shall be required to make an additional contribution
50 as described in subsection (e) below. This contribution rate shall not be subject
51 to recalculation, regardless of any actuarial calculation of the AFC as described
52 in subsection (e) below.

53
54 (e) Additional Funding Contribution.
55

- 56 (1) For participants who are current employees of the fire department who
57 commenced employment in the fire department prior to June 1, 2006, in
58 addition to the contribution referenced in subsection (c) above,
59 commencing May 21, 2000, and continuing thereafter until July 10, 2016
60 there shall be contributed to the plan and from the salary of every
61 participant an additional amount, also calculated as a percentage of such
62 participant's salary, called the Additional Funding Contribution ("AFC"), for
63 purposes of this section 2-455. The AFC is intended to cover the additional
64 cost to the plan of the Additional 0.3 Percent Multiplier, described in
65 subsection 2-465(e). Until July 10, 2016, the AFC will be calculated by the
66 actuaries for the Board of Trustees of the retirement fund over intervals of
67 three budget years each so that the total amount derived from the AFC for
68 all eligible employees shall be equal to the cost of the Additional 0.3
69 Percent Multiplier described in section 2-465(e) for all eligible participants.
70 This AFC will be established at the beginning of each such three-year City
71 budget year interval following the initial interval set out in subsection 2-
72 455(e)(3) below based upon the actuarial cost to the plan of the Additional
73 0.3 Percent Multiplier described in subsection 2-465(a)(3)(5).
74 Notwithstanding anything herein to the contrary, effective July 10, 2016, an
75 AFC for the participants who commenced employment in the fire
76 department prior to June 1, 2006, shall not be calculated, and is already
77 included in their contribution under subsection 2-455(d) above.
78

79 (2) For participants who are current employees of the police ~~or fire~~
80 departments prior to June 1, 2006, in addition to the contribution
81 referenced in subsection (c) above, commencing May 21, 2000, and
82 continuing thereafter there shall be contributed to the plan and from the
83 salary of every participant, an additional amount, also calculated as a
84 percentage of such participant's salary, called the Additional Funding
85 Contribution (hereinafter "AFC"), for purposes of this section 2-455. The
86 AFC is intended to cover the additional cost to the plan of the Additional 0.3
87 Percent Multiplier, described in subsection 2-465(e). The AFC will be
88 calculated by the actuaries for the Board of Trustees of the retirement fund
89 over intervals of three budget years each so that the total amount derived
90 from the AFC for all eligible employees shall be equal to the cost of the
91 Additional 0.3 Percent Multiplier described in section 2-465(e) for all eligible
92 participants. This AFC will be established at the beginning of each such
93 three-year City budget year interval following the initial interval set out in
94 subsection ~~(1)2-455(e)(3)~~ below based upon the actuarial cost to the plan
95 of the Additional 0.3 Percent Multiplier described in subsection 2-
96 465(a)(3)(5).
97

98 ~~(1)(3)~~ From May 21, 2000, through June 30, 2005, the AFC shall be 2.14 percent.
99

100 ~~(2)(4)~~ Effective July 1, 2005, and at intervals of three City budget years
101 thereafter, upon the recommendation of the actuaries for the board and the
102 approval of the City Manager, the AFC may be administratively changed to
103 cover any actuarially calculated increases or decreases in the total cost of
104 the Additional Three-Tenths Percent (0.3%) Multiplier benefit not covered
105 by the latest AFC rate and amounts.
106

107 ~~(3)(5)~~ Effective July 1, 2013, and thereafter, the AFC shall be calculated and
108 adjusted as may be required in accordance with subsection ~~(de)~~ of this
109 section at intervals of three City budget years.
110

111 ~~(4)(6)~~ From July 1, 2010 through June 30, 2013 the AFC shall be 4.85 percent.
112

113 ~~(5)(7)~~ Effective July 1, 2010 the City made a one-time lump sum contribution of
114 \$4.75 million to partially fund the Additional Three-Tenths Percent (0.3%)
115 Multiplier.
116

117 ~~(6)(8)~~ Effective July 1, 2010 the Director of Finance and the Board of Trustees
118 shall cause the actuarial firm retained by the City and/or the Board of
119 Trustees to establish and maintain a separate bookkeeping account, (the
120 "AFC bookkeeping account") to determine and keep track of the value of all
121 of the AFC amounts contributed by employee plan participants historically
122 and in the future, all historical and future income and losses attributed to
123 such AFC amounts, and the \$4.75 million one-time lump sum contribution
124 of the City made pursuant to Resolution No. 9786. In determining the

125 beginning balance of the AFC bookkeeping account, the total value of the
126 AFC amounts contributed by employee plan participants and income and
127 losses up to and including June 30, 2009 is deemed to be \$3,913,630.00.
128 The \$4.75 million one-time lump sum contribution of the City made
129 pursuant Resolution No. 9786, all AFC amounts contributed by employee
130 plan participants on or after July 1, 2009 and all income and losses
131 attributable to the AFC bookkeeping account on or after July 1, 2009, shall
132 be added to the AFC bookkeeping account. The actual contributions and
133 earnings and losses shall not be segregated into an asset fund, but shall
134 be handled, invested and administered as part of the entire retirement fund.
135 In the determination of the amount of the earnings and/or losses
136 attributable to the AFC bookkeeping account, the amount of income,
137 losses, and expenses shall be determined on a pro rata basis taking into
138 account the beginning account balance plus contributions of the AFC
139 bookkeeping account compared to the total beginning account balance and
140 contributions of the entire retirement fund. No expenses, including but not
141 limited to fees charged by the actuarial firm, shall be allocated specifically
142 to the AFC bookkeeping account.
143

144 (9) Effective July 10, 2016, the Director of Finance and the Board of Trustees
145 shall cause the actuarial firm retained by the City and/or the Board of
146 Trustees to establish and maintain two (2) separate AFC bookkeeping
147 accounts, one for police department participants and one for fire
148 department participants. The total assets of the Police AFC bookkeeping
149 account for police department participants as determined by the Board of
150 Trustee's actuary's findings adopted by the Board of Trustees at its
151 meeting on February 11, 2016, as of June 30, 2015 shall be Nine Million
152 One Hundred Three Thousand Six Hundred Eighty-Six Dollars and 00/100
153 (\$9,103,686.00). The total assets of the Fire AFC bookkeeping account
154 for fire department participants as determined by the Board of Trustee's
155 actuary's findings adopted by the Board of Trustees at its meeting on
156 February 11, 2016, as of June 30, 2015, shall be Five Million Six Hundred
157 Sixty-Eight Thousand Three Hundred Eighty Dollars and 00/100
158 (\$5,668,380.00). All AFC amounts contributed by police department
159 participants after June 30, 2015, and all income and losses attributable to
160 the Police AFC bookkeeping account after June 30, 2015 shall be added to
161 the Police AFC bookkeeping account. All AFC amounts contributed by fire
162 department participants after June 30, 2015, including the 6.63 percent
163 under subsection 2-455(e)(10) below and all income and losses attributable
164 to the Fire AFC bookkeeping account after June 30, 2015 shall be added to
165 the Fire AFC bookkeeping account. The City lump sum contributions
166 described in subsections 2-455(e)(14) and (15) below shall also be added
167 to the Fire AFC bookkeeping account.
168

169 (10) Effective July 10, 2016, and continuing thereafter, the AFC shall be 6.63
170 percent for all fire participants. This amount of 6.63 percent is included in

171 the 15.13 percent contribution for fire department participants under
172 Section 2-455(d) above.

173
174 ~~(7)~~(11) Except as provided in subsection 2-455(e)(16), Only funds allocated to
175 the AFC bookkeeping accounts as provided in subsection ~~(5)~~ Section 2-
176 455(e) shall be available to pay the Additional Three-Tenths Percent
177 (0.3%) Multiplier, including in the case of fire department participants, the
178 City lump sum contributions described in Subsections 2-455(e)(14) and
179 (15) below. Except as provided in subsection 2-455(e)(16) below,
180 Employee plan participants entitled to the Additional Three-Tenths
181 Percent (0.3%) Multiplier, who are employed on or after June 14, 2010,
182 shall be fully responsible for any and all costs of providing the Additional
183 Three-Tenths Percent (0.3%) Multiplier for retirees. Except for the City's
184 \$4.75 million contribution and the City lump sum contributions described in
185 subsections 2-455(e)(14) and (15) below and the City's responsibility for
186 the fire department participants' AFC under subsection 2-455(e)(16) below,
187 neither the City nor the taxpayers shall be liable or responsible in any way
188 for the Additional Three-Tenths Percent (0.3%) Multiplier unless the City
189 takes an action described in subsection ~~(8)~~(12) below.

190
191 ~~(8)~~(12) If the City takes one of the following actions after March 7, 2011, the City
192 will be responsible for the increase in the cost of providing the Additional
193 Three-Tenths Percent (0.3%) Multiplier caused by such action: (1) the City
194 amends the plan provisions relating to the AFC and/or the Additional
195 Three-Tenths Percent (0.3%) Multiplier without the consent of a majority of
196 the then current employee plan participants; (2) the City administers the
197 plan provisions relating to the AFC and/or the Additional Three-Tenths
198 Percent (0.3%) Multiplier in violation of the terms of the plan as amended,
199 effective March 7, 2011, ~~2010~~; or (3) the City approves actuarial
200 assumptions for determining the AFC and/or the Additional Three-Tenths
201 Percent (0.3%) Multiplier that are different than the general actuarial
202 assumptions used in analyzing the retirement fund as a whole.

203
204 ~~(9)~~(13) After the AFC has been determined for the fiscal year beginning July 1,
205 2013, the employee participants and the City shall meet and confer to
206 discuss the status of the Additional Three-Tenths Percent (0.3%) Multiplier
207 and whether or not any prospective changes should be considered and/or
208 made to said benefit. Prior to July 1, 2016, the members shall, if they deem
209 it necessary, propose any amendments to the Additional Three-Tenths
210 Percent (0.3%) Multiplier to the City for its consideration. The actuarial cost
211 incurred in the examination of alternatives requested by the employees
212 regarding the Additional Three-Tenths Percent (0.3%) Multiplier at any time
213 shall be treated as a general expense of the retirement fund. The AFC
214 bookkeeping account shall bear only its pro rata share of said expenses.

215

216 (14) For the fiscal year beginning July 1, 2017, no later than the end of the first
217 quarter of the fiscal year, the City shall contribute a one-time lump sum of
218 \$265,764 to the plan to partially fund the fire participants' accrued liability
219 for the Additional Three-Tenths Percent (0.3%) Multiplier. This one-time
220 lump sum contribution shall be allocated to the Fire AFC bookkeeping
221 account. Notwithstanding any other provision of this Code to the contrary,
222 the City's lump sum contribution of \$265,764 shall remain in the plan for
223 investment and benefit payments and shall not be subject to a return of
224 participant contributions.

225
226 (15) Commencing the fiscal year beginning July 1, 2018, and continuing until
227 July 1, 2029, or until the fire participants' accrued liability for the Additional
228 Three-Tenths Percent (0.3%) Multiplier reaches a 100 percent funding
229 ratio, as determined by the Board's actuary, whichever comes first, no
230 later than the end of the first quarter of each fiscal year, the City shall
231 contribute annually a lump sum of \$321,562 to the plan to partially fund
232 the fire participants' accrued liability for the Additional Three-Tenths
233 Percent (0.3%) Multiplier. These lump sum contributions shall be
234 allocated to the Fire AFC bookkeeping account. If the fire participants'
235 accrued liability for the Additional Three-Tenths Percent (0.3%) Multiplier
236 reaches a 100 percent funding ratio, as determined by the Board's
237 actuary, prior to July 1, 2029, the lump sum contribution by the City
238 described in this subsection shall end on the last day of the pay period in
239 the fiscal year in which the Board's actuary made the determination.
240 Notwithstanding any other provision of this Code to the contrary, the City's
241 annual contribution of \$321,562 shall remain in the plan for investment
242 and benefit payments and shall not be subject to a return of participant
243 contributions.

244
245 (16) Effective July 1, 2029, or after the fire participants' accrued liability for the
246 Additional Three-Tenths Percent (0.3%) Multiplier reaches a 100 percent
247 funding ratio, as determined by the Board's actuary, whichever comes
248 first, the fire participants' portion of the AFC Bookkeeping Account shall
249 cease to be calculated separately from other pension liabilities as
250 described in subsections 2-455(e)(8) and (9) above. At that time,
251 notwithstanding any provisions in this Code to the contrary, payment of
252 the fire participants' Additional Three-Tenths Percent (0.3%) Multiplier
253 shall not be limited to only funds allocated to the Fire AFC bookkeeping
254 account as provided in subsection 2-455(e)(11) above, and the City shall
255 assume liability for the Additional Three-Tenths Percent (0.3%) Multiplier
256 for fire participants. The provisions in subsection 2-455(e)(16) apply
257 solely to the Fire AFC and Additional Three-Tenths Percent (0.3%)
258 Multiplier benefit and are not intended to change or impact the benefits of
259 any other group in the Police Officers' and Fire Fighters' Retirement
260 System.

261

262 (ef) Participants commencing employment on or after June 1, 2006, shall contribute
263 from their salaries the amount set out in subsection (c) above. These
264 participants shall not contribute from their salaries the AFC amount described in
265 the preceding subsection (~~de~~).

266
267 (fg) Such amounts contributed shall be deducted each pay period from each
268 participant's compensation which is due him and paid into the retirement fund.
269 This shall be done by the Director of Finance. Every person who is a current
270 participant or who becomes a participant shall be liable for the aforesaid
271 contributions and shall sign an authorization, prepared by the Director of
272 Finance to deduct such 8.5 percent and, the AFC percentage for participants
273 who are current employees of the police or fire departments prior to June 1,
274 2006, and, in consideration of employment by the City, shall be conclusively
275 deemed to undertake and agree to pay the same and to have it deducted from
276 his compensation as provided in this section. The execution of such
277 authorization cards shall be a condition of employment and any employee who
278 fails to do so shall forfeit his right to continued employment by the City. The
279 contributions hereunder shall be, within the meaning of Section 414(h)(2) of the
280 Internal Revenue Code of 1986, as amended, deemed to be in lieu of
281 contributions by the employee, treated as picked up by the City and therefore
282 treated as employer contributions for purposes of federal income tax. An
283 employee shall not have the option of choosing to receive the contributed
284 amount since the City shall pay the amount directly to the Fund. For purposes
285 of computing pension benefits and all other salary-related benefits, the full
286 amount of the participant's salary (unreduced by the amount treated as the pick-
287 up) shall continue to be used to compute benefit amounts. No benefit payable
288 under this section shall exceed the limitations under Section 415 of the Internal
289 Revenue Code and such limitations are expressly incorporated herein by
290 reference. These limitations override any other plan provision to the contrary.

291
292 Section 3 – Severability Clause. If any section, subsection, sentence, clause or
293 phrase of this ordinance is for any reason held to be invalid, such decision shall not
294 affect the validity of the remaining portions of this ordinance. The City Council hereby
295 declares that it would have adopted the ordinance and each section, subsection,
296 sentence, clause, or phrase thereof, irrespective of the fact that any one or more
297 sections, sentences, clauses, or phrases be declared invalid.

298
299 Section 4 – Savings Clause. Nothing in this ordinance shall be construed to
300 affect any suit or proceeding now pending in any court or any rights acquired or liability
301 incurred nor any cause or cause of action occurred or existing, under any act or
302 ordinance repealed hereby. Nor shall any right or remedy of any character be lost,
303 impaired, or affected by this ordinance.

304
305 Section 5 – The City Council hereby finds and declares that an emergency exists
306 in that this ordinance relates to labor management relations and employee
307 compensation and benefits, and therefore, involves the immediate preservation of public

308 peace, property, health, and safety; therefore, this ordinance shall be in full force and
309 effect from and after passage.

310
311 Passed at meeting: _____

312
313
314 _____
315 Mayor

316
317 Attest: _____, City Clerk

318
319 Filed as Ordinance: _____

320
321
322 Approved as to form: *Rhonda Lewaden*, Assistant City Attorney

323
324
325 Approved for Council action: *Greg Burt*, City Manager

EXPLANATION TO COUNCIL BILL NO: 2016-137

FILED: 06-07-16

ORIGINATING DEPARTMENT: Human Resources

PURPOSE: To approve the amendment of Chapter 2, Administration, Article VI, Finances, Division 4, Policemen's and Firemen's Pension Plan, by amending the title to Police Officers' and Fire Fighters' Retirement System and by amending Section 2-455, Amount of employee contributions; deductions from salary, of the Springfield City Code, by revising provisions regarding Fire Participants' Additional Funding Contribution (AFC) and Additional Three-Tenths Percent Multiplier in The Police Officers' and Fire Fighters' Retirement Fund; and to declare an emergency.

BACKGROUND: This Council bill contains proposed amendments to the Springfield City Code that revise the title of The Police Officers' and Fire Fighters' Retirement System and amend Chapter 2, Administration, Article VI, Finances, Division 4, Policemen's and Firemen's Pension Plan, Section 2-455, Amount of employee contributions; deductions from salary.

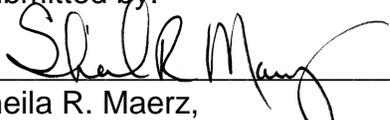
A tentative agreement was reached between the City and the International Association of Fire Fighters (IAFF) resulting in recommendations for funding of the Fire Participants Additional Funding Contribution (AFC) and Additional Three-Tenths Percent Multiplier. The Police Officers' and Fire Fighters' Retirement System Board has reviewed the actuary report prepared as a result of the City and IAFF's tentative agreement and has agreed to the proposed changes necessary to implement the tentative agreement. The proposed amendments in this Council bill revise the City Code to comply with the tentative agreement.

The City's contributions to the AFC in the amount of \$265,764 in Fiscal Year 2017-2018 and \$321,563 in Fiscal Year 2018-2019 and thereafter, represents the remainder of funds from the 3.5 percent compensation pool, after the wage and benefit adjustments for the FPS pay schedule are applied and as described in Council Bill 2016-136.

This bill is presented as an emergency. City Council is not expected to vote on this bill after the first reading. The bill is presented as an emergency to allow changes to the ordinance after the first reading and prior to final approval by City Council.

REMARKS: City staff and IAFF recommend this Council bill and respectfully request City Council's approval.

Submitted by:



Sheila R. Maerz,
Director of Human Resources

Approved by:



Greg Burris,
City Manager