

Pub. Imp. \_\_\_\_\_  
Govt. Grnt. \_\_\_\_\_  
Emer. \_\_\_\_\_ X \_\_\_\_\_  
P. Hrngs. \_\_\_\_\_  
Pgs. \_\_\_\_\_ 4 \_\_\_\_\_  
Filed: \_\_\_\_\_ 8-18-09 \_\_\_\_\_

Sponsored by: \_\_\_\_\_ Council \_\_\_\_\_

First Reading: \_\_\_\_\_ Second Reading: \_\_\_\_\_

COUNCIL BILL NO. \_\_\_\_\_ 2009 - 206 \_\_\_\_\_ SPECIAL ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE

1 CALLING AN ELECTION on November 3, 2009, in the City of Springfield, Missouri, to  
2 submit to the qualified voters a question as to whether or not to institute a  
3 five-eighths cent sales tax (5/8-cent) on retail sales within the City of  
4 Springfield, Missouri, for the purpose of providing revenues for the Springfield  
5 Police Officers' and Firefighters' Pension System, providing for a repeal  
6 election on the tax at the earlier of either the end of five years from the date of  
7 commencement of the tax or the Pension Fund reaching a fully-funded status,  
8 and declaring an emergency.  
9 \_\_\_\_\_

10  
11 WHEREAS, Section 94.579 RSMo., 2007, authorizes the City Council of the City  
12 to impose a five-eighths cent sales tax (5/8-cent) on all retail sales made within the City  
13 for the purposes of funding the Springfield Police Officers' and Firefighters' Pension  
14 System with the approval of the voters; and  
15

16 WHEREAS, the ongoing deterioration of the funding level of the Pension Fund  
17 requires a massive infusion of new capital in order to stabilize and revitalize the funding  
18 level of the Pension Fund; and  
19

20 WHEREAS, the City Council of Springfield has taken several measures  
21 beginning in 1995 to correct issues related to the Pension Fund and also implemented  
22 budget reductions in all other areas of the General Fund in order to meet the actuarial  
23 recommended funding requirements for the Pension Fund; and  
24

25 WHEREAS, the measures taken by City Council to reduce and redirect  
26 expenditures into the Pension Fund has not resulted in the improved funded ratio of the  
27 Pension Fund and it is determined that the only avenue to correct and improve the  
28 funded ratio of the Pension Fund is to seek from the Citizens of the City of Springfield,  
29 Missouri, a sales tax increase of five-eighths cent sales tax (5/8-cent) with an election to



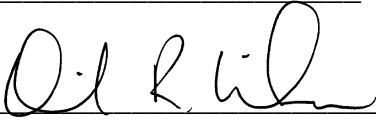
73                    Section 4 - The City Council finds and declares this ordinance constitutes an  
74 emergency because it relates to the calling of an election; therefore, this ordinance shall  
75 be in full force and effect from and after passage.  
76


77 Passed at meeting: \_\_\_\_\_  
78

79 \_\_\_\_\_  
80 Mayor  
81

82  
83 Attest: \_\_\_\_\_, City Clerk  
84

85  
86 Filed as Ordinance: \_\_\_\_\_  
87

88  
89 Approved as to form: , City Attorney  
90

91  
92 Approved for Council action: , City Manager  
93  
94

Aff. Agcy. Noticed	_____
Emergency Required	<u>  x  </u>
P. Hrngs. Required	_____
Fiscal Note Required	_____
Board Rec. Required	_____

**EXPLANATION TO COUNCIL BILL NO. 2009-\_\_\_\_\_**

**ORIGINATING DEPARTMENT:** City Council

**PURPOSE:** To call an election on the question of authorizing the City to impose a sales tax of 5/8ths of one-percent pursuant to Section 94.579 RSMo to be exclusively dedicated to funding the Police Officers' and Firefighters' Pension Plan (Plan).

**BACKGROUND INFORMATION:** The Plan has experienced a period of decline in its funding status since the early part of this decade resulting in an unfunded liability expected to exceed \$200 million or more for the fiscal year ended June 30, 2009. The Police and Fire Pension Fund Citizens' Task Force (Task Force) was appointed in April, 2009 by the Mayor and City Council to study the Plan in order to recommend funding alternatives that would place the fund on an actuarially-sound financial basis for the long-term. The Task Force, after conducting over 25 public meetings and Town Hall events, has recognized the urgency of the need for an immediate solution and short-term infusion of funds; and therefore, has recommended that part of the funding solution is to increase contributions to the Plan through the imposition of a dedicated sales tax of 5/8ths of one-percent. The Task Force believes that the imposition of this tax, which can only be used to fund the Plan, is the only way to inject sufficient revenue into the Plan for the short-term in order to return it to an actuarially-sound basis for the long-term. The studies conducted for the Task Force by the actuary for the Plan's Board of Trustees, Milliman Associates, indicates that it is possible to return the fund to a healthy status within 9-12 years, assuming an annualized rate of return on investment of 7.5%, assuming good market returns, and with the City continuing its contribution at the rate of 35% of the police and fire payroll during the time the tax is in place.

The Task Force has determined that without such an infusion of funds into the Plan, the Plan's assets will be depleted within the next 20 years. The Task Force believes that while this tax proposal is not the perfect answer to the funding of the Plan, this proposal is the best option available to the City. Other entities such as the Greene County Commission and Springfield R-12 School District have supported this solution and publicly stated that this issue must be addressed. The Safety and Justice Roundtable determined it to be their number one priority facing Springfield and Greene County when studying the safety and judicial needs of this community. Without a remedy to this issue, the citizens of Springfield and Greene County and their quality of life will be adversely affected for many years into the future.

Approved by:

  
 \_\_\_\_\_  
 City Manager