

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 - 207 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 three-quarter cent sales tax (3/4-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 three-quarter cent sales tax (3/4-cent) on all retail sales made within the
13 City 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 three-quarter cent sales tax (3/4-cent) with an election

30 to determine whether said tax should be repealed at the end of five years or to repeal
31 said tax upon the fund reaching fully-funded status; and
32

33 WHEREAS, the City has found it desirable to submit the question of three-
34 quarter cent sales tax (3/4-cent) for funding the Springfield Police Officers' and
35 Firefighters' Pension System at the General Primary Election to be held on November 3,
36 2009.
37

38 NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF
39 SPRINGFIELD, MISSOURI, as follows that:
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41 Section 1 - An election is hereby ordered to be held in the City on
42 November 3, 2009, on the following corrected proposition:
43
44

45
46 Question
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48 "Shall the City of Springfield impose a sales tax at a rate of three-quarter of one
49 percent (3/4-cent) solely for the purpose of providing revenues for the Springfield
50 Police Officers' and Firefighters' Pension System, with said tax to sunset upon
51 the Pension System fund reaching a fully-funded (100%) status as determined by
52 an independent actuarial study conducted for the Pension System Board of
53 Trustees?"
54

55 — → Yes — → No
56

57 INSTRUCTION TO VOTERS:
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59 To vote FOR the Question, complete the arrow opposite YES.
60

61 To vote AGAINST the Question, complete the arrow opposite NO.
62
63

64
65 Section 2 - The form of the Notice of Election for said election, a copy of
66 which is attached hereto and made a part hereof, is hereby approved.
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68 Section 3 - The City Clerk is hereby authorized and directed to notify the
69 County Clerk of Greene County, Missouri, of the adoption of this ordinance no later than
70 5:00 p.m. on the tenth Tuesday prior to the regular or special election, and to include in
71 said notification all of the terms and provisions required by Chapter 115, RSMo. 2000 as
72 amended.

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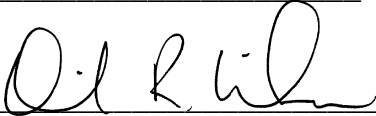
Section 4 - The City Council finds and declares this ordinance constitutes an emergency because it relates to the calling of an election; therefore, this ordinance shall be in full force and effect from and after passage.


Passed at meeting: _____

Mayor

Attest: _____, City Clerk

Filed as Ordinance: _____

Approved as to form:  _____, City Attorney

Approved for Council action:  _____, City Manager

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 3/4 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 3/4 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