

One-rdg. \_\_\_\_\_  
P. Hrngs. \_\_\_\_\_  
Pgs. 10  
Filed: 04-16-19

Sponsored by: Hosmer

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

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

COUNCIL BILL 2019-103

GENERAL ORDINANCE \_\_\_\_\_

AN ORDINANCE

1 AMENDING the Springfield City Code, Chapter 2, Administration, Article VI, Finances,  
2 Division 4, Police Officers' and Fire Fighters' Retirement System, by  
3 amending Section 2-455, 'Amount of employee contributions; deductions  
4 from salary,' by revising provisions regarding Police participants'  
5 Additional Funding Contribution and Additional Three-Tenths Percent  
6 Multiplier and by amending Section 2-456, 'Return of participant  
7 contributions upon leaving service or death' by revising provisions  
8 regarding the return of contributions to certain Police participants.  
9

\_\_\_\_\_

10  
11 BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD,  
12 MISSOURI, as follows, that:

13  
14 NOTE: Language being added is underlined and language being deleted is  
15 ~~stricken~~.

16  
17 Section 1 – The Springfield City Code, Chapter 2, Administration, Article VI,  
18 Finances, Division 4, Police Officers' and Fire Fighters' Retirement System, Section 2-  
19 455, 'Amount of employee contributions; deductions from salary,' is hereby amended as  
20 follows:

21  
22 Sec. 2-455. - Amount of employee contributions; deduction from salary.

23  
24 (a) From December 16, 1991, until July 11, 1992, there shall be contributed to the  
25 plan from the salary of every participant, an amount equal to seven and one-half  
26 percent of such salary.

27  
28 (b) From July 11, 1992, until July 10, 1993, there shall be contributed to the plan  
29 from the salary of every participant, an amount equal to eight percent of such  
30 salary.

31  
32 (c) Commencing July 11, 1993, and continuing thereafter there shall be contributed  
33 to the plan and from the salary of every participant except those described in

34 subsections (d) and (e) below, an amount equal to eight and one-half percent of  
35 such salary.

36  
37 (d) Commencing July 10, 2016, and continuing thereafter there shall be contributed  
38 to the plan and from the salary of every participant who commenced employment  
39 in the fire department prior to June 1, 2006, an amount equal to 15.13 percent of  
40 such salary. This contribution shall be deemed to include the additional funding  
41 contribution (hereinafter "AFC") described in subsection (fe) of this section, and  
42 no participant contributing to the plan in the amount described in this subsection  
43 shall be required to make an additional contribution as described in subsection  
44 (fe) below. This contribution rate shall not be subject to recalculation, regardless  
45 of any actuarial calculation of the AFC as described in subsection (fe) below.

46  
47 (e) Commencing July 1, 2019, and continuing thereafter there shall be contributed to  
48 the plan and from the salary of every participant who commenced employment in  
49 the police department prior to June 1, 2006, an amount equal to 20.0 percent of  
50 such salary. This contribution shall be deemed to include the additional funding  
51 contribution (hereinafter "AFC") described in subsection (f) of this section, and no  
52 participant contributing to the plan in the amount described in this subsection  
53 shall be required to make an additional contribution as described in subsection (f)  
54 below. This contribution rate shall not be subject to recalculation, regardless of  
55 any actuarial calculation of the AFC as described in subsection (f) below.

56  
57 (fe) *Additional funding contribution.*

58  
59 (1) For participants who are current employees of the fire department who  
60 commenced employment in the fire department prior to June 1, 2006, in  
61 addition to the contribution referenced in subsection (c) above,  
62 commencing May 21, 2000, and continuing thereafter until July 10, 2016  
63 there shall be contributed to the plan and from the salary of every  
64 participant an additional amount, also calculated as a percentage of such  
65 participant's salary, called the additional funding contribution ("AFC"), for  
66 purposes of this section 2-455. The AFC is intended to cover the  
67 additional cost to the plan of the additional 0.3 percent multiplier,  
68 described in subsection 2-465(ea)(3)(5). Until July 10, 2016, the AFC will  
69 be calculated by the actuaries for the board of trustees of the retirement  
70 fund over intervals of three budget years each so that the total amount  
71 derived from the AFC for all eligible employees shall be equal to the cost  
72 of the additional 0.3 percent multiplier described in subsection 2-  
73 465(ea)(3)(5) for all eligible participants. This AFC will be established at  
74 the beginning of each such three-year city budget year interval following  
75 the initial interval set out in subsection (fe)(3) below based upon the  
76 actuarial cost to the plan of the additional 0.3 percent multiplier described  
77 in subsection 2-465(a)(3)(5). Notwithstanding anything herein to the  
78 contrary, effective July 10, 2016, an AFC for the participants who  
79 commenced employment in the fire department prior to June 1, 2006, shall

80 not be calculated, and is already included in their contribution under  
81 subsection (d) above.

- 82
- 83 (2) For participants who are current employees of the police department who  
84 commenced employment in the police department prior to June 1, 2006, in  
85 addition to the contribution referenced in subsection (c) above,  
86 commencing May 21, 2000, and continuing thereafter until July 1, 2019,  
87 there shall be contributed to the plan and from the salary of every  
88 participant, an additional amount, also calculated as a percentage of such  
89 participant's salary, called the additional funding contribution (hereinafter  
90 "AFC"), for purposes of this section 2-455. The AFC is intended to cover  
91 the additional cost to the plan of the additional 0.3 percent multiplier,  
92 described in subsection 2-465(ea)(3)(5). Until July 1, 2019, ~~the~~ AFC will  
93 be calculated by the actuaries for the board of trustees of the retirement  
94 fund over intervals of three budget years each so that the total amount  
95 derived from the AFC for all eligible employees shall be equal to the cost  
96 of the additional 0.3 percent multiplier described in section 2-465(ea)(3)(5)  
97 for all eligible participants. This AFC will be established at the beginning of  
98 each such three-year city budget year interval following the initial interval  
99 set out in subsection (f)(3) below based upon the actuarial cost to the  
100 plan of the additional 0.3 percent multiplier described in subsection 2-  
101 465(a)(3)(5). Notwithstanding anything herein to the contrary, effective  
102 July 1, 2019, an AFC for participants who commenced employment in the  
103 police department prior to June 1, 2006, shall not be calculated, and is  
104 already included in their contribution under subsection (e) above.  
105
- 106 (3) From May 21, 2000, through June 30, 2005, the AFC shall be 2.14  
107 percent.
- 108
- 109 (4) Effective July 1, 2005, and at intervals of three city budget years  
110 thereafter, upon the recommendation of the actuaries for the board and  
111 the approval of the city manager, the AFC may be administratively  
112 changed to cover any actuarially calculated increases or decreases in the  
113 total cost of the additional three-tenths percent (0.3%) multiplier benefit  
114 not covered by the latest AFC rate and amounts.
- 115
- 116 (5) Effective July 1, 2013, and thereafter, the AFC shall be calculated and  
117 adjusted as may be required in accordance with subsection (f) of this  
118 section at intervals of three city budget years.
- 119
- 120 (6) From July 1, 2010, through June 30, 2013, the AFC shall be 4.85 percent.
- 121
- 122 (7) Effective July 1, 2010, the City made a one-time lump sum contribution of  
123 \$4,750,000.00 to partially fund the additional three-tenths percent (0.3%)  
124 multiplier.
- 125

126 (8) Effective July 1, 2010, the director of finance and the board of trustees  
127 shall cause the actuarial firm retained by the city and/or the board of  
128 trustees to establish and maintain a separate bookkeeping account, (the  
129 "AFC bookkeeping account") to determine and keep track of the value of  
130 all of the AFC amounts contributed by employee plan participants  
131 historically and in the future, all historical and future income and losses  
132 attributed to such AFC amounts, and the \$4,750,000.00 one-time lump  
133 sum contribution of the city made pursuant to Resolution No. 9786. In  
134 determining the beginning balance of the AFC bookkeeping account, the  
135 total value of the AFC amounts contributed by employee plan participants  
136 and income and losses up to and including June 30, 2009, is deemed to  
137 be \$3,913,630.00. The \$4,750,000.00 one-time lump sum contribution of  
138 the city made pursuant Resolution No. 9786, all AFC amounts contributed  
139 by employee plan participants on or after July 1, 2009 and all income and  
140 losses attributable to the AFC bookkeeping account on or after July 1,  
141 2009, shall be added to the AFC bookkeeping account. The actual  
142 contributions and earnings and losses shall not be segregated into an  
143 asset fund, but shall be handled, invested and administered as part of the  
144 entire retirement fund. In the determination of the amount of the earnings  
145 and/or losses attributable to the AFC bookkeeping account, the amount of  
146 income, losses, and expenses shall be determined on a pro rata basis  
147 taking into account the beginning account balance plus contributions of  
148 the AFC bookkeeping account compared to the total beginning account  
149 balance and contributions of the entire retirement fund. No expenses,  
150 including but not limited to fees charged by the actuarial firm, shall be  
151 allocated specifically to the AFC bookkeeping account.

152  
153 (9) Effective July 10, 2016, the director of finance and the board of trustees  
154 shall cause the actuarial firm retained by the city and/or the board of  
155 trustees to establish and maintain two separate AFC bookkeeping  
156 accounts, one for police department participants and one for fire  
157 department participants. The total assets of the Police AFC bookkeeping  
158 account for police department participants as determined by the board of  
159 trustee's actuary's findings adopted by the board of trustees at its meeting  
160 on February 11, 2016, as of June 30, 2015, shall be \$9,103,686.00. The  
161 total assets of the Fire AFC bookkeeping account for fire department  
162 participants as determined by the board of trustee's actuary's findings  
163 adopted by the board of trustees at its meeting on February 11, 2016, as  
164 of June 30, 2015, shall be \$5,668,380.00. All AFC amounts contributed by  
165 police department participants after June 30, 2015, and all income and  
166 losses attributable to the Police AFC bookkeeping account after June 30,  
167 2015, shall be added to the Police AFC bookkeeping account. All AFC  
168 amounts contributed by fire department participants after June 30, 2015,  
169 including the 6.63 percent under subsection (f)(10) below and all income  
170 and losses attributable to the Fire AFC bookkeeping account after June  
171 30, 2015 shall be added to the Fire AFC bookkeeping account. The city

172 lump sum contributions described in subsections ~~(fe)~~(154) and ~~(165)~~  
173 below shall also be added to the Fire AFC bookkeeping account.

174  
175 (10) Effective July 10, 2016, and continuing thereafter, the AFC shall be 6.63  
176 percent for all fire participants. This amount of 6.63 percent is included in  
177 the 15.13 percent contribution for fire department participants under  
178 subsection (d) above.

179  
180 (11) Effective July 1, 2019, and continuing thereafter, the AFC shall be 11.5  
181 percent for all police participants. This amount of 11.5 percent is included  
182 in the 20.0 percent contribution for police department participants under  
183 subsection (e) above.

184  
185 (124) Except as provided in subsection ~~(fe)~~(176), only funds allocated to the  
186 AFC bookkeeping accounts as provided in subsection ~~(fe)~~ shall be  
187 available to pay the additional three-tenths percent (0.3%) multiplier,  
188 including in the case of fire department participants, the city lump sum  
189 contributions described in subsections ~~(fe)~~(154) and ~~(165)~~ below. Except  
190 as provided in subsection ~~(fe)~~(176) below, employee plan participants  
191 entitled to the additional three-tenths percent (0.3%) multiplier, who are  
192 employed on or after June 14, 2010, shall be fully responsible for any and  
193 all costs of providing the additional three-tenths percent (0.3%) multiplier  
194 for retirees. Except for the city's \$4,750,000.00 contribution and the city  
195 lump sum contributions described in subsections ~~(fe)~~(154) and ~~(165)~~  
196 below and the city's responsibility for the fire department participants' AFC  
197 under subsection ~~(fe)~~(176) below, neither the city nor the taxpayers shall  
198 be liable or responsible in any way for the additional three-tenths percent  
199 (0.3%) multiplier unless the city takes an action described in subsection  
200 (132) below.

201  
202 (132) If the city takes one of the following actions after March 7, 2011, the city  
203 will be responsible for the increase in the cost of providing the additional  
204 three-tenths percent (0.3%) multiplier caused by such action: (1) the city  
205 amends the plan provisions relating to the AFC and/or the additional  
206 three-tenths percent (0.3%) multiplier without the consent of a majority of  
207 the then current employee plan participants; (2) the city administers the  
208 plan provisions relating to the AFC and/or the additional three-tenths  
209 percent (0.3%) multiplier in violation of the terms of the plan as amended,  
210 effective March 7, 2011, or (3) the city approves actuarial assumptions for  
211 determining the AFC and/or the additional three-tenths percent (0.3%)  
212 multiplier that are different than the general actuarial assumptions used in  
213 analyzing the retirement fund as a whole.

214  
215 (143) After the AFC has been determined for the fiscal year beginning July 1,  
216 2013, the employee participants and the city shall meet and confer to  
217 discuss the status of the additional three-tenths percent (0.3%) multiplier

218 and whether or not any prospective changes should be considered and/or  
219 made to said benefit. Prior to July 1, 2016, the members shall, if they  
220 deem it necessary, propose any amendments to the additional three-  
221 tenths percent (0.3%) multiplier to the city for its consideration. The  
222 actuarial cost incurred in the examination of alternatives requested by the  
223 employees regarding the additional three-tenths percent (0.3%) multiplier  
224 at any time shall be treated as a general expense of the retirement fund.  
225 The AFC bookkeeping account shall bear only its pro rata share of said  
226 expenses.

227  
228 (154) For the fiscal year beginning July 1, 2017, no later than the end of the first  
229 quarter of the fiscal year, the city shall contribute a one-time lump sum of  
230 \$265,764.00 to the plan to partially fund the fire participants' accrued  
231 liability for the additional three-tenths percent (0.3%) multiplier. This one-  
232 time lump sum contribution shall be allocated to the Fire AFC bookkeeping  
233 account. Notwithstanding any other provision of this Code to the contrary,  
234 the city's lump sum contribution of \$265,764.00 shall remain in the plan for  
235 investment and benefit payments and shall not be subject to a return of  
236 participant contributions.

237  
238 (165) Commencing the fiscal year beginning July 1, 2018, and continuing until  
239 July 1, 2029, or until the fire participants' accrued liability for the additional  
240 three-tenths percent (0.3%) multiplier reaches a 100 percent funding ratio,  
241 as determined by the board's actuary, whichever comes first, no later than  
242 the end of the first quarter of each fiscal year, the city shall contribute  
243 annually a lump sum of \$321,562.00 to the plan to partially fund the fire  
244 participants' accrued liability for the additional three-tenths percent (0.3%)  
245 multiplier. These lump sum contributions shall be allocated to the Fire AFC  
246 bookkeeping account. If the fire participants' accrued liability for the  
247 additional three-tenths percent (0.3%) multiplier reaches a 100 percent  
248 funding ratio, as determined by the board's actuary, prior to July 1, 2029,  
249 the lump sum contribution by the city described in this subsection shall  
250 end on the last day of the pay period in the fiscal year in which the board's  
251 actuary made the determination. Notwithstanding any other provision of  
252 this Code to the contrary, the city's annual contribution of \$321,562.00  
253 shall remain in the plan for investment and benefit payments and shall not  
254 be subject to a return of participant contributions.

255  
256 (176) Effective July 1, 2029, or after the fire participants' accrued liability for the  
257 additional three-tenths percent (0.3%) multiplier reaches a 100 percent  
258 funding ratio, as determined by the board's actuary, whichever comes first,  
259 the fire participants' portion of the AFC Bookkeeping Account shall cease  
260 to be calculated separately from other pension liabilities as described in  
261 subsections (f)(8) and (9) above. At that time, notwithstanding any  
262 provisions in this Code to the contrary, payment of the fire participants'  
263 additional three-tenths percent (0.3%) multiplier shall not be limited to only

264 funds allocated to the Fire AFC bookkeeping account as provided in  
265 subsection (f)(124) above, and the city shall assume liability for the  
266 additional three-tenths percent (0.3%) multiplier for fire participants. The  
267 provisions in subsection (f)(176) apply solely to the Fire AFC and  
268 additional three-tenths percent (0.3%) multiplier benefit and are not  
269 intended to change or impact the benefits of any other group in the police  
270 officers' and fire fighters' retirement system.

271  
272 (gf) Participants commencing employment on or after June 1, 2006, shall contribute  
273 from their salaries the amount set out in subsection (c) above. These participants  
274 shall not contribute from their salaries the AFC amount described in the  
275 preceding subsection (f).

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

301  
302 Section 2 – The Springfield City Code, Chapter 2, Administration, Article VI,  
303 Finances, Division 4, Police Officers' and Fire Fighters' Retirement System, Section 2-  
304 456, 'Return of participant contributions upon leaving service or death' is hereby  
305 amended as follows:

306  
307 Sec. 2-456. - Return of participant contributions upon leaving service or death.  
308

309 (a) Any participant leaving the service, for any cause other than death or service or  
310 disability retirement with pension, shall be paid out of the retirement fund, on  
311 demand and without interest, the amount of his contribution to any fund of the  
312 city. Payment under such circumstances shall terminate the employee's right to  
313 any further payment or pension from the retirement fund, subject to, in the event  
314 of reemployment of the participant, the provisions of section 2-461.  
315

316 (b) (1) Except as described in subsection (b)(2) below, Pparticipants  
317 commencing employment in the police or fire departments prior to June 1,  
318 2006, and leaving the service of the city for a service or disability  
319 retirement with pension, after September 30, 1995, shall be paid only the  
320 member's actual contribution, without interest, out of the retirement fund.  
321 Said actual contribution shall be paid to the participant at such time as the  
322 participant begins receiving service or disability pension benefit payments.  
323

324 (2) Participants commencing employment in the police department prior to  
325 June 1, 2006, and leaving the service of the city for a service or disability  
326 retirement with pension, after July 1, 2019, shall be paid out of the  
327 retirement fund, without interest:  
328

329 a. For contributions made prior to July 1, 2019, the member's actual  
330 contribution; and  
331

332 b. For contributions made on or after July 1, 2019, the member's  
333 actual contribution, less 2.6 percent of each annual contribution  
334 made at the 20.0 percent contribution rate. Each annual  
335 contribution shall be calculated from July 1 to June 30 for all  
336 contributions made July 1, 2019, and thereafter.  
337

338 Said contribution shall be paid to the participant at such time as the  
339 participant begins receiving service or disability pension benefit payments.  
340

341 ~~(32)~~ Participants commencing employment in the police or fire departments on  
342 or after June 1, 2006, and leaving the service of the city for a service or  
343 disability retirement with pension shall receive no return or refund of any  
344 member contribution amount paid into the retirement fund.  
345

346 (c) Should a participant die either before or after he or she shall have retired, and at  
347 the time of his or her death there shall be no person entitled to draw any  
348 survivor's benefits, and, further, should the participant not have drawn out of the  
349 pension plan at the time of his or her death through pension payments, disability  
350 payments or other payments from the plan at least as much as the contributions  
351 made by the participant to the pension plan from his or her wages, so much  
352 which is less than the participant's contribution, without interest, as shall not have  
353 been drawn out shall be payable to the estate of the deceased participant.  
354



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

361  
362            Section 4 – Savings Clause. Nothing in this ordinance shall be construed to  
363 affect any suit or proceeding now pending in any court or any rights acquired or liability  
364 incurred nor any cause or cause of action occurred or existing, under any act or  
365 ordinance repealed hereby. Nor shall any right or remedy of any character be lost,  
366 impaired, or affected by this ordinance.

367  
368            Section 5 – This ordinance shall be in full force and effect from and after passage,  
369 except the provisions contained herein which have different effective date shall be  
370 effective on and after such date.

371  
372 Passed at meeting: \_\_\_\_\_

373  
374  
375  
376 \_\_\_\_\_  
377 Mayor

378 Attest: \_\_\_\_\_, City Clerk

379  
380  
381 Filed as Ordinance: \_\_\_\_\_

382  
383  
384 Approved as to form: Rhonda Lewsader, City Attorney

385  
386  
387 Approved for Council action: Jason R. Hage, City Manager

**EXPLANATION TO COUNCIL BILL 2019-103**

FILED: 04-16-19

ORIGINATING DEPARTMENT: Human Resources


PURPOSE: Amending the Springfield City Code, Chapter 2, Administration, Article VI, Finances, Division 4, Police Officers' and Fire Fighters' Retirement System, by amending Section 2-455, 'Amount of employee contributions; deductions from salary,' by revising provisions regarding Police participants' Additional Funding Contribution and Additional Three-Tenths Percent Multiplier and by amending Section 2-456, 'Return of participant contributions upon leaving service or death' by revising provisions regarding the return of contributions to certain Police participants.

BACKGROUND INFORMATION: This Council bill contains proposed amendments to the Springfield City Code that amend Chapter 2, Administration, Article VI, Finances, Division 4, Police Officers' and Fire Fighters' Retirement System, Section 2-455, Amount of employee contributions; deductions from salary. The amendments address revisions specific to the future contributions for current police employees participating in the Police Officers' and Fire Fighters' Retirement System. Based on current plan requirements, eligible police employees contribute an additional amount (AFC) to cover the Additional 0.3 Percent Multiplier, with the set amount established every three years at the beginning of a three-year budget cycle and based on actuarial studies conducted for the Board of Trustees of the retirement fund. The new AFC amount is scheduled for update with the beginning of the Fiscal Year 2020 budget cycle.

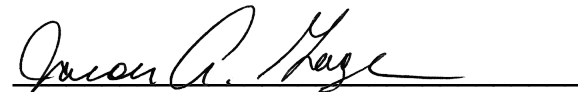
Based on the review of the current actuarial report as well as discussions with eligible police employees, several amendments are proposed based on consensus discussions. If approved, these amendments will institute a cap on AFC amounts at 20.0 percent for police participants and require police participants to forfeit 2.6 percent of each annual contribution made to the plan on or after July 1, 2019. Based upon the actuarial projection, this change is anticipated to be cost neutral. However, future liabilities are assumed by the City.

REMARKS: City staff and the police employees still participating in the Police Officers' and Fire Fighters' Retirement System recommend this Council bill and respectfully request City Council's approval.

Submitted by:

  
\_\_\_\_\_  
Darla Morrison,  
Director of Human Resources

Approved by:

  
\_\_\_\_\_  
Jason Gage,  
City Manager