



Legislation Details (With Text)

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Title: Resolution to Adopt Funding Policies for the City's Pension and Voluntary Employee Beneficiary Association (VEBA) plans

Sponsors:

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Attachments: 1. Information Pgs-OPEB Policy FY13.pdf, 2. Information Pgs-Pension Policy FY13.pdf

Date	Ver.	Action By	Action	Result
5/21/2012	1	City Council	Approved	Pass

Resolution to Adopt Funding Policies for the City's Pension and Voluntary Employee Beneficiary Association (VEBA) plans

Attached for your review and approval are a funding policies for the City's Pension and VEBA (retiree healthcare) plans. These policies were drafted to provide guidance on how to fund the existing long-term liabilities of the pension and VEBA systems. Fundamentally these policies attempt to accelerate funding into the plans during periods of economic strengthening and to provide some reduction of future cost increases to the City for these plans during periods of moderate economic weakness. The policies are expected to achieve this by recommending that future city contributions to the plans be the higher of the Actuarial Required Contribution (ARC) rate or the existing level of contributions adjusted for the change in General Fund revenues.

Adoption of these policies are consistent with the City Administrator's recommended budget.

Staff recommends adoption of these policies.

Prepared/Reviewed by: Tom Crawford, CFO/Finance and Administrative Services Area Administrator

Approved by: Steven D. Powers, City Administrator

Whereas, Historically the city has charged all service units for pension and retiree healthcare costs consistent with the actuarial required contribution as determined by the outside actuaries;

Whereas, The pension and VEBA plans were funded at 100% and 31%, respectively as of June 30, 2008 but have been adversely impacted from the recent economic downturn and are now funded at 88% and 34%, respectively as of June 30, 2011; and

Whereas, The City desires to operate within prudent financial policies that seek to both address long-term liabilities while also mitigating future increases in operating costs;

RESOLVED, That the City Council adopt the attached pension and VEBA funding policies in order to

help address the City's long-term liabilities and mitigate future increases in City operating costs.