



Legislation Details (With Text)

File #:	20-0663	Version:	1	Name:	Resolution to Approve a Waiver of the Pension and Other Post-Employment Benefits (OPEB) Funding Policies for FY 2020 (8 Votes Required)
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Title:	Resolution to Approve a Waiver of the Other Post-Employment Benefits (OPEB) Funding Policies for FY 2020 and FY 2021 (8 Votes Required)				
Sponsors:	Christopher Taylor				
Indexes:					
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Attachments:	1. VEBA Waiver - FY20 and FY21 Amounts.pdf				

Date	Ver.	Action By	Action	Result
6/15/2020	1	City Council	Approved	Pass

Resolution to Approve a Waiver of the Other Post-Employment Benefits (OPEB) Funding Policies for FY 2020 and FY 2021 (8 Votes Required)

The attached resolution requests a waiver of part of section 1.3 and 2.2 of the Other Post-Employment Benefits (OPEB) Funding Policy for the purpose of retaining the money within the City's operating funds due to a reduction in revenue from the COVID-19 pandemic. This request was highlighted as part of the Financial Recovery Plan provided to Council during the May 11, 2020 work session.

It is being requested that Council waive this policy for FY 2020 for the June 2020 transfer to allow the money to stay within the operating funds. Monthly transfers occur for this funding. The Other Post-Employment Benefits amounts reside in the Risk Fund until a transfer is made to the VEBA Trust and it is also requested that section 1.3 of the Other Post-Employment Benefits (OPEB) Funding Policy be waived in order to rebate the necessary funds from the Risk Fund back to the participating funds.

It is also requested that Council waive this policy for FY 2021 to allow the excess Other Post-Employment Benefits funding above the actuarial determined contribution (ADC) to stay within the operating funds.

Budget/Fiscal Impact: It is requested that the attached Other Post-Employment Benefits amounts totaling \$2,500,000 be eliminated from the June 2020 transfer/rebated from the Risk Fund which includes \$1.63M that will then stay in the General Fund. This amount represents a portion of the excess contributions over the ADC amount that were planned for FY 2020.

It is further requested that the attached VEBA amounts totaling \$5,237,824 be retained within the operating funds, which includes \$3.4M that will then stay in the General Fund. This amount represents a portion of the excess contributions over the ADC amount that were planned for FY 2021.

Prepared by: Kim Buselmeier, Budget & Finance Supervisor

Reviewed by: Matthew Horning, Interim Financial Services Area Administrator
and CFO

Approved by: Tom Crawford, Interim City Administrator

Whereas, The City of Ann Arbor is experiencing revenue shortfalls due to the COVID19 pandemic;

Whereas, That section 1.3 of the Other Post-Employment Benefits (OPEB) Policy states that the City's contributions from all funds shall increase a minimum of 2% per year;

Whereas, A reduction in Other Post-Employment Benefits contributions for FY 2020 will provide a total of \$2,500,000 in relief to the City's operating funds (of which \$1,627,527 is attributable to the General Fund) due to the COVID-19 pandemic;

Whereas, A reduction in Other Post-Employment Benefits contributions for FY 2021 will provide a total of \$5,237,824 in relief across all the City operating funds (of which \$3,430,930 is attributable to the General Fund) due to the COVID-19 pandemic;

Whereas, Up to \$5,237,824 in funding to pay for retiree healthcare will be needed from the VEBA Trust during FY 2021; and

Whereas, A reduction in the excess contribution amounts for VEBA were highlighted as part of the Financial Recovery Plan for FY 2020 and FY 2021 presented to Council on May 11, 2020;

RESOLVED, That City Council approve a temporary waiver of the portions of sections 1.3 and 2.2 of the Other Post-Employment Benefits (OPEB) Funding Policy for FY 2020 that provide for contributions in excess of (a) the Actuarial Determined Contribution for FY 2020, and (b) funds provided under the City of Ann Arbor Employee Benefits millage, for the purpose of providing relief to the City's operating funds due to the COVID-19 pandemic;

RESOLVED, That City Council approve the reduction of the June transfer for FY 2020 Other Post-Employment Benefits contributions totaling \$1,339,074 and approve the rebate from the Risk Fund of \$1,160,926 to the participating funds for the portion of the Other Post-Employment Benefits contributions that have already been charged to the participating funds in FY 2020 for a total of \$2,500,000;

RESOLVED, That City Council approve the reduction in excess Other Post-Employment Benefits contributions across all participating funds totaling \$5,237,824 for FY 2021;

RESOLVED, That City Council approve an increase to the FY 2021 VEBA Trust budget in the amount of up to \$5,237,824 for a transfer to the FY 2021 Risk Fund to pay for retiree healthcare and that the FY 2021 Risk Fund budget include a revenue transfer from the FY 2021 VEBA Trust fund budget in the amount of up to \$5,237,824;

RESOLVED, That as revenues return to their previous amounts that the supplemental contribution also returns to their previous amounts; and

RESOLVED, That the City Administrator be authorized to take all necessary administrative actions to implement this resolution.

Sponsored by: Mayor Taylor