



Legislation Text

File #: 14-0646, **Version:** 1

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

Attached for your review and approval are revised 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. The recommended revision establishes a minimum increase of 2% per year, which staff and the City's actuary indicate is appropriate to achieve full funding at a future date.

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

Staff recommends adoption of these policies.

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

Approved by: Steven D. Powers, City Administrator

Whereas, On May 21, 2012, Council adopted (R-12-237) funding policies for the City's pension and VEBA funds;

Whereas, The City staff and the City's actuary have indicated a minimum annual increase of 2% is an appropriate policy to achieve full funding; 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 revised pension and VEBA funding policies in order to help address the City's long-term liabilities and mitigate future increases in City operating costs.