



Legislation Text

File #: 20-0781, **Version:** 1

Resolution to Approve a Waiver of the Pension Policy for FY 2020 and FY 2021 **(8 Votes Required)**
The attached resolution requests a waiver of portions of section 1.3 and 2.2 of the Pension 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.

Monthly transfers occur for this funding. It is being requested that Council waive this policy for the June 2020 transfer to allow the money to stay within the operating funds for FY 2020.

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

Budget/Fiscal Impact: It is requested that the attached Pension amounts totaling \$825,448 be eliminated from the June transfer to Pension which includes \$498K that will then stay in the General Fund. This amount represents the amount of excess contributions over the ADC amount that were planned for FY 2020.

It is further requested that the attached Pension amounts totaling \$891,305 be retained within the operating funds, which includes \$533K 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 COVID-19 pandemic;

Whereas, Section 1.3 of the City's Pension Policy states that the City's contributions from shall increase a minimum of 2% per year;

Whereas, A reduction in excess Pension contributions for FY 2020 will provide a total of \$825,448 in relief to the City's operating funds (of which \$498,190 is attributable to the General Fund) due to the COVID-19 pandemic;

Whereas, A reduction in excess Pension contributions for FY 2021 will provide a total of \$891,305 in relief to the City's operating funds (of which \$533,042 is attributable to the General Fund) due to the COVID19 pandemic; and

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

RESOLVED, That City Council approve a temporary waiver of the portions of sections 1.3 and 2.2 of the Pension Policy for FY 2020 that provide for contributions in excess of (a) the Normal Cost for FY 2020 to the extent required to be funded under the Michigan Constitution, Article IX, Section 24 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 a temporary waiver of the portions of sections 1.3 and 2.2 of the Pension Policy for FY 2021 that provide for contributions in excess of (a) the Normal Cost for FY 2021 to the extent required to be funded under the Michigan Constitution, Article IX, Section 24 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 2020 transfer for Pension totaling \$825,448 thereby allowing the money to stay within the operating funds for FY 2020;

RESOLVED, That City Council approve the reduction in excess Pension contributions across all participating funds totaling \$891,305 for FY 2021;

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

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

Sponsored by: Mayor Taylor