Ordinance No. 122851

Council Bill No. 116382

AN ORDINANCE relating to the Firefighters' Pension Fund established under RCW 41.16; amending Ordinances 117216, 118814 and 122293 to suspend contributions to the Actuarial Account for two years beginning in 2009.

Related Legislation File: _____

Date Introduced and Referred: 10-27-08	To: (committee): Budget
Date Re-referred:	To: (committee):
Date Re-referred:	To: (committee):
Date of Final Action: 11-24-08	Date Presented to Mayor: 11-25-08
Date Signed by Mayor: 12.2.08	Date Returned to City Clerk: 12.4.08
Published by Title Only ✓ / Published in Full Text 4	Date Vetoed by Mayor:
Date Veto Published:	Date Passed Over Veto:
Date Veto Sustained:	Date Returned Without Signature:

The City of Seattle – Legislative Department

Council Bill/Ordinance sponsored by: Godden

Committee Action:

Date	Recommendation	Vote
11/12/08	PASS	8-0 (Excused: LICATA)

This file is complete and ready for presentation to Full Council. _____

Full Council Action:

Date	Decision	Vote
11-24-08	Passed	9-0

Pml/pml
Leg 2008 Fire Pension Ord
Fire Pension Actuarial Account
10-20-08
Version #3

ORDINANCE 122859

AN ORDINANCE relating to the Firefighters' Pension Fund established under RCW 41.16; amending Ordinances 117216, 118814 and 122293 to suspend contributions to the Actuarial Account for two years beginning in 2009.

WHEREAS, on July 11, 1994, the City Council passed Ordinance 117216, establishing an Actuarial Account within the Firefighters' Pension Fund; and

WHEREAS, on November 13, 1997, the City Council passed Ordinance 118814, which clarified the funding plan for the Actuarial Account; and

WHEREAS, on November 20, 2006, the City Council passed Ordinance 122293, postponing by five years the date by which full funding of the Actuarial Account was to be achieved in recognition of lower interest rates available for investments; and

WHEREAS, the rapid escalation in salaries for current firefighters has increased the amount needed for the Actuarial Account far beyond the levels envisioned when the Account was originally created; and

WHEREAS, the Firefighters' Pension Fund is a closed system and has not accepted new members since 1977, thereby limiting the amount of future liability; and

WHEREAS, interest rates have fallen even further than the 5.125 percent assumed in Ordinance 122293, with the City's investment pool earning only 4.2 percent through August 2008; and

WHEREAS, the City faces significant financial uncertainty due to the condition of the national economy, turmoil in financial markets, and higher inflation; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 1 of Ordinance 117216, as amended by Ordinance 118814, and Ordinance 122293, is further amended as follows:

((~~As requested by the Firefighters' Pension Board (the "Board"), t~~))The following funding policy is adopted with respect to the Firefighters' Pension Fund (the "Fund"):

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A. Beginning in 1994, the City will place in a separate "Actuarial Account" within the Fund each year an amount which is sufficient to fully amortize as described below the estimated remaining pension liabilities of the Fund by December 31, 2023. The Actuarial Account will be funded as follows:

1. Each year, the City will appropriate a "Level Payment Amount" to the Fund. The Level Payment Amount is intended to be constant for each year between 1994 and 2023. If necessary, the Level Payment Amount will be modified every two years as specified in subsection A(4) below. Notwithstanding the foregoing, no payments will be made in 2009 and 2010.

2. In each year, the Level Payment Amount will be the sum of the expected current pension obligations for that year and a contribution to the Actuarial Account. Thus, the transfer to the Actuarial Account may vary in amount from year to year.

3. In some years, the expected current pension obligations will exceed the Level Payment Amount. In such years, the City will appropriate additional funds to the Fund in order to cover all expected current pension obligations. No contribution will be made to the Actuarial Account in such years.

4. The actuarial calculations of the Level Payment Amount and of the portion to be contributed to the Actuarial Account shall be performed in a manner consistent with Attachment A to Ordinance 118814.

5. Beginning in 1998, the Level Payment Amount will be recalculated by June 30 of each even-numbered year by a qualified actuary retained by the Board. While the Level

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Payment Amount is generally expected to remain constant over time, small variations are likely due to changes in mortality, inflation, and other factors. In addition, the actuary will calculate the expected current pension obligations for each of the two following years. The contribution to the Actuarial Account will be defined as the difference between the Level Payment Amount and the expected current pension obligations for each year. The City will use the actuary's figures in establishing the Level Payment Amount in the biennial budget for the following two (2) years, subject to Board confirmation. In the mid-biennium, the City shall revise the expected current pension obligations based on the actuary's latest estimates, subject to Board confirmation. This may change the contribution to the Actuarial Account in the second year of each biennium depending on any increases or decreases in expected current pension obligations.

6. In the event that actual current pension obligations for any year exceed the amounts projected by the actuary and included in the budget, the City will appropriate additional amounts to cover any shortfall. Transfers to the Actuarial Account will not be changed once they are included in the Adopted Budget.

7. Funds in the Actuarial Account are for the purpose of meeting pension obligations and funds will not be transferred from the Actuarial Account for any other purpose unless and until all pension obligations of the Fund have been satisfied.

8. The Department of Finance and the Seattle Firefighters' Pension Board will review actuarial projections in 2010 and will develop recommendations for possible future funding of the Actuarial Account.

* * *

DRS CITY CLERK

Section 2. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 24th day of November, 2008, and signed by me in open session in authentication of its passage this 24th day of November, 2008.

President _____ of the City Council

Approved by me this 2nd day of December, 2008.

Gregory J. Nickels, Mayor

Filed by me this 4th day of December, 2008.

City Clerk

(Seal)

ORIG CITY CLERK

Form revised April 10, 2006

2009 BUDGET LEGISLATION FISCAL NOTE

Note: This fiscal note template may be used for most pieces of budget legislation. Certain legislation submitted with the budget (e.g., the Supplemental Ordinance, Drug Forfeiture Legislation, Money Laundering Forfeiture Legislation, etc.), require that the standard fiscal note template be used with some modification. Please work with your Budget Analyst so that your fiscal note provides the information that is required during the budget process. The standard template can be found on the Legislation Tracking Page on the inweb at http://inweb/legislationtracking/

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Legislature Finance	Patricia Lee Dwight Dively/684-5212	Patricia Lee/ 386-0078 Dwight Dively/ 684-5212

AN ORDINANCE relating to the Firefighters' Pension Fund established under RCW 41.16; amending Ordinances 117216, 118814 and 122293 to suspend contributions to the Actuarial Account for two years beginning in 2009.

- Summary of the Legislation: This legislation suspends contributions to the Actuarial Account in the Firefighters' Pension Fund for two years, 2009 through 2010. It calls for an evaluation of funding for the Actuarial Account to be conducted by the Department of Finance and the Seattle Firefighters' Pension Board in 2010.

- Background: *(Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):*

In 1994, the Mayor and City Council approved Ordinance 117216 to begin to accumulate funds in an Actuarial Account within the Firefighters' Pension Fund. The intention of this ordinance was to accumulate sufficient funds in the Actuarial Account by the end of 2018 to fully fund all pension obligations owed after that date. The funding approach was rephrased in 1997 through Ordinance 118814. The funding period was extended to 2023 in 2006 through Ordinance 122293 to recognize that interest rates were lower than had been assumed. The City has added money to the Actuarial Account each year since 1994.

The economic situation has changed significantly since 2006. The national economy appears to be in a recession, financial markets are in turmoil, and higher inflation is putting pressure on the City's budget. Market interest rates are below the 5.125% figure assumed in Ordinance 122293, with the City's investment pool only earning about 4.2% through August 2008. In addition, recent increases in firefighter salaries have raised pension benefits, resulting in contributions to the Actuarial Account needing to be much higher than previously assumed. This ordinance would suspend payments to the Actuarial Account in recognition of these circumstances. A study would be conducted in 2010 to re-examine the basis for the Actuarial Account.

CITY CLERK

- *Please check one of the following*:

____ This legislation does not have any financial implications. (*Stop here and delete the remainder of this document prior to saving and printing.)*

_X___ This legislation has financial implications. *(Please complete all relevant sections that follow.)*

Anticipated Revenue/Reimbursement: (For budget legislation that raises fees, please provide detail on each fee that is being raised, when it was last raised, how the proposed fee compares with similar fees in the region, etc.)

Fund Name and Number	Department	Revenue Source	2007 Revenue	2008 Revenue
TOTAL				

Notes: N/A

- What is the financial cost of not implementing this legislation? *(Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the legislation is not implemented)*

  This legislation suspends contributions to the Actuarial Account for 2009 and 2010. This is consistent with the 2009-2010 Proposed Budget. Without this legislation, significant increases in General Fund payments to the Actuarial Account would be needed. According to the latest actuarial report provided by the Milliman firm, $9,295,060 would need to be placed in the Actuarial Account in the 2009-2010 biennium if this legislation is not approved.

- What are the possible alternatives to the legislation that could achieve the same or similar objectives? *(Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)* None.

- Is the legislation subject to public hearing requirements? *(If yes, what public hearings have been held to date)* No.

- Other Issues (*including long-term implications of the legislation*): None.

2008 CITY CLERK

STATE OF WASHINGTON – KING COUNTY

--ss.

232334 No. 122863,64,65 TITLE ONLY

CITY OF SEATTLE,CLERKS OFFICE

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:122843,51,54,56,59-60

was published on

12/11/08

The amount of the fee charged for the foregoing publication is the sum of $ 119.43, which amount has been paid in full.

JENNIFER A. PATZER NOTARY PUBLIC STATE OF WASHINGTON COMMISSION EXPIRES OCT. 24, 2011

Subscribed and sworn to before me on

12/11/08

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following ordinances, passed by the City Council on November 24, 2008, and published here by title only, will be mailed, at no cost, on request for two months after this publication. For further information, contact the Seattle City Clerk at 684-8344.

ORDINANCE NO. 122865

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payments thereof.

ORDINANCE NO. 122864

AN ORDINANCE relating to the Pike Place Market, authorizing a renewal of the agreement with the Pike Place Market Preservation and Development Authority commonly known as the "Hildt-Licata Agreement," for a term of ten years.

ORDINANCE NO. 122863

AN ORDINANCE adopting a budget, including a capital improvement program and position modifications, for the City of Seattle for 2009.

ORDINANCE NO. 122860

AN ORDINANCE amending the 2008 Adopted Budget, including the 2008- 2013 Capital Improvement Program (CIP) and the Position List; changing appropriations to various departments and budget control levels, and from various funds in the Budget; establishing new appropriations; making cash transfers between various City funds; abrogating a position; and revising allocations in the 2008-2013 CIP for purposes of Ordinance 122560; all by a three-fourths vote of the City Council.

ORDINANCE NO. 122859

AN ORDINANCE relating to the Firefighters' Pension Fund established under RCW 41.16; amending Ordinances 117216, 118814 and 122293 to suspend contributions to the Actuarial Account for two years beginning in 2009.

ORDINANCE NO. 122854

AN ORDINANCE relating to the Joint Training Facility Project; amending Ordinance 121179, as previously amended by Ordinances 121363, 121980, 122289, and 122558 to extend the term of an interfund loan.

ORDINANCE NO. 122856

AN ORDINANCE relating to the Seattle Department of Transportation; establishing the fee schedule related to overlegal truck permits and parking pursuant to the trucking and parking regulations of the Traffic Code; and superseding previous overlegal truck permit and parking fee schedules.

ORDINANCE NO. 122851

AN ORDINANCE relating to the Seattle Department of Transportation; adopting a schedule of fees for the refilling and restoration of utility cuts and other openings in city streets, alleys, and other public places for construction or other activities; and authorizing the Director of Transportation to collect such fees in accordance with Seattle Municipal Code Chapter 15.26.

ORDINANCE NO. 122843

AN ORDINANCE authorizing the Director of Seattle Public Utilities to execute an amendment to an agreement with Waste Management of Washington for transportation and disposal of waste.

Publication ordered by JUDITH PIPPIN, City Clerk

Date of publication in the Seattle Daily Journal of Commerce, December 11, 2008.

12/11(232334)