Ordinance No. 123301

Council Bill No. 116854

AN ORDINANCE relating to the City's Retirement System; amending Seattle Municipal Code Section 4.36.110 to provide for contribution rate increases for members of the City's Retirement System.

CF No. _____

Date Introduced: May 3, 2010	
Date 1st Referred:	To: (committee) Finance and Budget
Date Re - Referred:	To: (committee)
Date Re - Referred:	To: (committee)
Date of Final Passage: 5.10.10	Full Council Vote: 7-0
Date Presented to Mayor: 5.11.10	Date Approved: May 13, 2010
Date Returned to City Clerk: May 14, 2010	Date Published: T.O. ___ F.T. ✓
Date Vetoed by Mayor:	Date Veto Published:
Date Passed Over Veto:	Veto Sustained:

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: _____

Councilmember

Committee Action:

Y - J G, M' OB

5.10.11 Passed 7-0 Excused, TB, TR

This file is complete and ready for presentation to Full Council. Committee: _____ (initial/date)

Law Department

Law Dept. Review	OMP Review	City Clerk Review	Electronic Copy Loaded	Indexed

Mark McDermott/David Bracilano/sb
PERS Retirement Contribution Increase ORD
May 3, 2010
Version #6

ORDINANCE 123301

AN ORDINANCE relating to the City's Retirement System; amending Seattle Municipal Code Section 4.36.110 to provide for contribution rate increases for members of the City's Retirement System.

WHEREAS, Seattle Municipal Code ("SMC") Section 4.36.140 A (3) provides that, subject to the approval of the City Council, the Seattle Employees' Retirement Fund Board of Administration ("Board") may revise or change the rate of contribution by the City on the basis of such mortality, service and other tables adopted by the Board pursuant to actuarial investigations as may be necessary; and

WHEREAS, SMC Section 4.36.140 F provides that whenever the Board deems it necessary or advisable, it may recommend that the City Council change the rates of contributions of members on the basis of mortality, service, and other tables adopted by the Board; and

WHEREAS, the City of Seattle and the City's labor unions entered into agreements providing for increases of member retirement contributions from 8.03% up to a maximum of 10.03% of pensionable compensation, provided that the City match such member increases and pay all actuarially necessary contributions beyond 10.03%; and

WHEREAS, agreements between the City and the unions were ratified by City Council by way of Ordinance 122892, Ordinance 122893 and Ordinance 123174.

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Subsection A of Seattle Municipal Code Section 4.36.110 shall be amended as follows:

SMC Section 4.36.110 Contributions -- City matching funds.

A. Members of the retirement system shall make contributions to the retirement fund at the rate of 8.03((~~%~~))percent of the compensation of each such member, exclusive of overtime; provided that the City Council may by ordinance make increases to such member contributions, up to a maximum contribution rate of 10.03 percent; provided, further, that any member whose rate of contribution prior to June 23, 1972((~~,~~)) was less than ((~~six (~~))6((~~)~~)) percent ((~~shall have~~)) and

CITY CLERK

whose ((~~such~~)) rate was increased by 2.03((~~%~~))percent pursuant to Ordinance 111303, may have such rate further increased by the City Council by ordinance up to an additional 2 percent; provided, further, that any reinstated member who has redeposited his/her withdrawn contributions plus interest as provided in ((~~Subsection 4.36.190 B~~))subsection 4.36.190.B, who was a member of the retirement system at any time prior to June 23, 1972, and whose rate of contribution at such prior time was less than ((~~six (~~))6((~~)~~)) percent compensation ((~~shall have~~)) and whose ((~~such~~)) rate was increased by 2.03((~~%~~))percent of the compensation of such member pursuant to Ordinance 111303, may have such rate further increased by the City Council by ordinance up to an additional 2 percent. Contributions shall be calculated, at the rates established herein, on all compensation paid to members from and after the first pay period following January 1, 1984.

* * *

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 10th day of May, 2010, and signed by me in open session in authentication of its passage this 10th day of May, 2010.

President _____ of the City Council

FILED CITY CLERK

Approved by me this 13th day of May, 2010

Michael McGinn, Mayor

Filed by me this 14th day of May, 2010.

City Clerk

(Seal)

EMS CITY CLERK

Mark McDermott/David Bracilano/sb/p
PERS Retirement Contrivution Increase FISC
May 3, 2010
Version #3

Form revised February 4, 2010

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Personnel	David Bracilano/4-7874 Sarah Butler/4-7929	Amy Williams/3-2651

Legislation Title:
AN ORDINANCE relating to the City's Retirement System; amending Seattle Municipal Code Section 4.36.110 to provide for contribution rate increases for members of the City's Retirement System.

- **Summary of the Legislation:**

This legislation amends the Seattle Municipal Code Section 4.36.110 to allow for increases from 8.03 percent up to a maximum of 10.03 percent for most retirement system members and for retirement system members whose rate of contribution prior to June 23, 1972 was less than 6 percent and whose rate was increased by 2.03 percent pursuant to Ordinance 111303, may have their rate further increased up to an additional 2 percent.

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

During the last round of bargaining with unions (which took place between 2007 and 2009) the City and its civilian unions entered into negotiations over wages, benefits and other conditions of employment. As an outcome of those negotiations, the City and unions agreed to equally share future contribution rate increases if (1) an actuarial study that finds that the amortization period for the Retirement System's unfunded liability exceeds 30 years, and (2) the City decides to raise contribution rates as a result of that study.

Most agreements with City unions on this issue also include a provision that limits employees' total contribution rate to a maximum of 10.03 percent (an additional 2percent of pensionable wages on top of their current contribution rate of 8.03 percent). Contribution rate increases will also be extended to employees not covered by a collective bargaining agreement. The City's public safety unions belong to the State LEOFF retirement system and are not affected by this legislation.

- *Please check one of the following:*

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

The City will put forward a separate Ordinance that appropriates funds to increase employer contribution rates after the decision to implement such an increase is finalized. While there is no immediate financial impact as a result of this legislation, future legislation increasing the contribution rate will have financial implications. Each 1 percent increase to the City's (employer) contribution rate costs the City approximately $6 million annually (e.g., raising the

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contribution rate to 9.03percent will cost the City approximately $6 million annually and raising the contribution rate to 10.03 percent will cost the City $12 million annually).

DOS CITY CLERK

City of Seattle

Michael McGinn, Mayor

Office of the Mayor

March 30, 2010

Honorable Richard Conlin
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Conlin:

I am transmitting to you the attached proposed Council Bill that amends Seattle Municipal Code Section 4.36.110 to increase the maximum rate for City's retirement system member contribution rates. This legislation amends the Seattle Municipal Code Section 4.36.110 to allow for increases from 8.03% up to a maximum of 10.03% for most retirement system members and increases from 2.03% up to a maximum of 4.03% for retirement system members whose rate of contribution prior to June 23, 1972 was less than 6%.

The City and its civilian unions entered into negotiations during the last round of bargaining (between 2007 and 2009, depending on when the collective bargaining agreement expired) over wages, benefits and other conditions of employment. As an outcome of those negotiations, the City and unions agreed to equally share future contribution rate increases following the City's decision to raise such rates based on an actuarial study that finds that the amortization period for the Retirement System's unfunded liability exceeds 30 years. Most agreements with City unions on this issue also include a provision that limits the employee's total contribution rate to a maximum of 10.03%. These contribution rate increases will also be extended to the City's non-represented employees. (The City's public safety unions belong to the State LEOFF retirement system and are not affected by this legislation.) This legislation does not appropriate funds to pay for the employer contribution rate increases; a separate Ordinance appropriating funds will be forwarded once the City finalizes its decision to implement such an increase.

Thank you for your consideration of this legislation. Should you have questions, please contact David Bracilano at (206) 684-7874 or Sarah Butler at (206) 684-7929.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

600 Fourth Avenue, 7th Floor, P.O. Box 94749, Seattle, WA 98124-4749
Tel: (206) 684-4000, TDD: (206) 615-0476 Fax: (206) 684-5360, Email: mike.mcginn@seattle.gov
An equal employment opportunity, affirmative action employer. Accommodations for people with disabilities provided upon request.

2010 CITY CLERK

STATE OF WASHINGTON – KING COUNTY

--ss.

255001 No.
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:123301 ORDINANCE

was published on

05/20/10

The amount of the fee charged for the foregoing publication is the sum of $ 136.50, which amount has been paid in full.

Subscribed and sworn to before me on

05/20/10

Notary public for the State of Washington,
residing in Seattle

JENNIFER A. PATEE
NOTARY PUBLIC
STATE OF WASHINGTON
COMMISSION EXPIRES

Affidavit of Publication

City of Seattle

ORDINANCE 123301

AN ORDINANCE relating to the City's Retirement System; amending Seattle Municipal Code Section 4.36.110 to provide for contribution rate increases for members of the City's Retirement System.

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WHEREAS, SMC Section 4.36.140 F provides that whenever the Board deems it necessary or advisable, it may recommend that the City Council change the rates of contributions of members on the basis of mortality, service, and other tables adopted by the Board; and

WHEREAS, the City of Seattle and the City's labor unions entered into agreements providing for increases of member retirement contributions from 8.03% up to a maximum of 10.03% of pensionable compensation, provided that the City match such member increases and pay all actuarially necessary contributions beyond 10.03%; and

WHEREAS, agreements between the City and the unions were ratified by City Council by way of Ordinance 122892, Ordinance 122893 and Ordinance 123174.

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Subsection A of Seattle Municipal Code Section 4.36.110 shall be amended as follows:

SMC Section 4.36.110 Contributions -- City matching funds.

A. Members of the retirement system shall make contributions to the retirement fund at the rate of 8.03((%))percent of the compensation of each such member, exclusive of overtime; provided that the City Council may by ordinance make increases to such member contributions, up to a maximum contribution rate of 10.03 percent; provided, further, that any member whose rate of contribution prior to June 23, 1972((,)) was less than ((~~six~~))6((,)) percent ((~~shall have~~)) and whose ((~~such~~)) rate was increased by 2.03((%))percent pursuant to Ordinance 111303, may have such rate further increased by the City Council by ordinance up to an additional 2 percent; provided, further, that any reinstated member who has redeposited his/her withdrawn contributions plus interest as provided in ((~~Subsection 4.36.190 B~~))subsection 4.36.190.B, who was a member of the retirement system at any time prior to June 23, 1972, and whose rate of contribution at such prior time was less than ((~~six~~))6((,)) percent compensation ((~~shall have~~)) and whose ((~~such~~)) rate was increased by 2.03((%))percent of the compensation of such member pursuant to Ordinance 111303, may have such rate further increased by the City Council by ordinance up to an additional 2 percent. Contributions shall be calculated, at the rates established herein, on all compensation paid to members from and after the first pay period following January 1, 1984.

* * *

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 10th day of May, 2010, and signed by me in open session in authentication of its passage this 10th day of May, 2010.

Richard Conlin

President of the City Council

Approved by me this 13th day of May, 2010

Michael McGinn, Mayor

Filed by me this 14th day of May, 2010.

Publication ordered by the City Clerk

Date of publication in the Seattle Daily Journal of Commerce, May 20, 2010.

5/20(255001)