SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
Retirement	Jeff Davis/4-8071	Jessica Wang/5-1759

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: A RESOLUTION amending Resolution 31334; establishing the Council's intent to fund the Seattle City Employees' Retirement System (SCERS) in accordance with the January 1, 2016, Actuarial Study.

Summary and background of the Legislation:

Resolution 31334, adopted in November 2011 and amended in September 2015, declared the City's commitment to fully fund SCERS in accordance with a sound actuarial framework. The framework is endorsed by SCERS' actuaries, and is analogous to that which is described for State pension plans in RCW 41.45.035.

The proposed amendment updates the contribution rate to be used in the 2017 budget to reflect the results of January 1, 2016 Actuarial Valuation. The total rate is set to 25.32% of payroll, an increase of 0.06% from the current rate. Of the total, 10.03% will continue to come from employee contributions. The City contribution will be 15.29% of payroll.

As of January 1, 2016, SCERS' unfunded liability is estimated at an actuarial present value of $1.21 billion, largely due to investment losses in 2008, which affected pension plans nationally. Since then, the City has increased its pension contributions to address the shortfall, from a level of 16.06% of covered payroll, to 25.26% of payroll in the current year, and 25.32% of payroll for 2017. With Resolution 31334, the City committed to amortizing the unfunded liability over a 30 year period. This 30 year period was fixed in the 2013 amendment to the resolution, making 2042 the year in which the unfunded liability is eliminated (assuming that the assumptions of the actuarial study hold through the period).

2. CAPITAL IMPROVEMENT PROGRAM

___ **This legislation creates, funds, or amends a CIP Project.**
(If box is checked, please attach a new (if creating a project) or marked-up (if amending) CIP Page to the Council Bill. Please include the spending plan as part of the attached CIP Page.)

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:	Total Cost:

3. SUMMARY OF FINANCIAL IMPLICATIONS

Please check one:

_X___ This legislation has direct financial implications. (If the legislation has direct fiscal impacts (appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" section.)

____ This legislation does not have direct financial implications.
(Please skip to "Other Implications" section at the end of the document and answer questions a-i.)

Budget program(s) affected:				
Estimated $ Appropriation change:	**General Fund $**		**Other $**	
	2016	**2017**	**2016**	**2017**
Estimated $ Revenue change:	**Revenue to General Fund**		**Revenue to Other Funds**	
	2016	**2017**	**2016**	**2017**
Positions affected:	**No. of Positions**		**Total FTE Change**	
	2016	**2017**	**2016**	**2017**
Other departments affected:				

3.a. Appropriations

____ This legislation adds, changes, or deletes appropriations.
(If this box is checked, please complete this section. If this box is not checked, please proceed to Revenues/Reimbursements.)

Fund Name and number	Dept	Budget Control Level Name/#*	2016 Appropriation Change	2017 Estimated Appropriation Change
TOTAL				

See budget book to obtain the appropriate Budget Control Level for your department.
(This table should reflect appropriations that are a direct result of this legislation. In the event that the project/programs associated with this ordinance had, or will have, appropriations in other legislation please provide details in the Appropriation Notes section below. If the appropriation is not completely supported by revenue/reimbursements listed below, please identify the funding source (e.g. available fund balance) to cover this appropriation in the notes section. Also indicate if the legislation changes appropriations one-time, ongoing, or both.)

Appropriations Notes:

3.b. Revenues/Reimbursements

____ This legislation adds, changes, or deletes revenues or reimbursements.
(If this box is checked, please complete this section. If this box is not checked, please proceed to Positions.)

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2016 Revenue	2017 Estimated Revenue
TOTAL				

(This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below. Do the revenue sources have match requirements? If so, what are they?)

Revenue/Reimbursement Notes:

3.c. Positions

____ This legislation adds, changes, or deletes positions.
(If this box is checked, please complete this section. If this box is not checked, please proceed to Other Implications.)

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

Position # for Existing Positions	Position Title & Department*	Fund Name & #	Program & BCL	PT/FT	2016 Positions	2016 FTE	Does it sunset? (If yes, explain below in Position Notes)
TOTAL							

* *List each position separately*

(This table should only reflect the actual number of positions created by this legislation In the event that positions have been, or will be, created as a result of previous or future legislation or budget actions, please provide details in the Notes section below.)

Position Notes:

4. OTHER IMPLICATIONS

a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?
All other things being equal, contribution rates would be expected to follow the path specified in the January 1, 2015 Actuarial Valuation for the next 28 years:

Year	Contribution Rate as a % of Covered (Non-Overtime) Payroll
2017	25.32%
2018	25.28%
2019	25.40%
2020	25.78%
2021 and after	26.10%

SOURCE: Milliman January 1, 2016 Actuarial Valuation, p. 3
Note: Rate changes in the first 5 years of the amortization are due to asset smoothing.

b) Is there financial cost or other impacts of not implementing the legislation?
If the City does not properly fund the pension system in the upcoming year, the cost of funding the system in the future will increase.

c) Does this legislation affect any departments besides the originating department?
Yes, this resolution affects the pension contribution rates paid by all City departments with SCERS members, including the utilities.

d) Is a public hearing required for this legislation?
No.

e) Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?
No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?
No.

g) Does this legislation affect a piece of property?
No.

h) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?
The legislation affects all SCERS members and is not expected to have any disproportionate impact on vulnerable or historically disadvantaged communities.

i) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.
Not applicable

j) Other Issues:
None

List attachments/exhibits below: