



FPPA Police Pension Change Request

.....●
●.....
July 23, 2018

Purpose

- The City Manager has evaluated a request to change the Police Pension Plan and has come to the decision that evaluating that decision should come during the FOP contract negotiations in July of 2019
- Tonight the City Manager will lay out some of the key issues and outline the basis for his decision



Background

- In March 2018, members of FOP lodge 19 requested the City Manager evaluate changing the Police Pension plan from the current ICMA money purchase plan to the FPPA state-wide defined benefit plan



Background

- This question was originally directed to the Police Pension Board established by the City Council for consideration and evaluation
 - Police Pension Board met on March 20, 2018 and authorized a special meeting for the purpose of learning more from FPPA about this kind of transition
 - A Special meeting was held on May 15, 2018



Key Issues

- The Police Pension Board has no Authority over this decision
 - The Police pension board established by the city council, through ordinance, limits their authority to “defined contribution pension plans”
 - Since the FPPA is a defined benefit plan, the board does not have the authority to deal with this request



Key Issues

- Current initiatives & benefits
 - On going effort to recruit and fill vacant positions
 - Paid training and certification
 - The current CBA calls for
 - police salary set at 1% higher then the average salary as determined by survey results
 - police employees are currently covered by FPPA death and disability plan
 - retiree health insurance benefits
 - \$1000.00 uniform allowance



Key Issues

- The contribution levels required by the FPPA to participate in the defined benefit plan are not in alignment with the collective bargaining agreement
 - Current contract requires a 10% contribution by the City and a 10% contribution by the employee
 - Entry to the FPPA requires a total contribution of 24% between the employee and employer



Key Issues

- Costs and fees associated with this change are unknown and unfunded at this point in time
 - Fees associated with transferring funds
 - Fee increases for members who may elect to stay in current plan
 - Costs associated with severing the contract with current provider (ICMA)
 - Cost increase to employee or employer or both to match the required 24% contribution and other plans across the City



Key Issues

- Other factors associated with the decision
 - Bound by the terms and conditions of the existing contract between the City and ICMA
 - Current employees must make an irrevocable decision to join FPPA
 - All new employees are mandated to participate in FPPA
 - Implementation time is 9 to 12 months according to the FPPA



Nest Steps

- Defer decision, pending the outcome of contact negotiations (scheduled for June, 2019)
 - Since this decision is based upon terms and conditions of the Collective Bargaining Agreement, this is a matter subject to negotiations and is best addressed during the 2019 contract negotiations



Future Considerations for City Council

- What is the City Council's opinion about other union and nonunion employees with respect to retirement contributions?
- Does the City Council want to manage this possible transition or change the ordinance to give the Police Pension Board the ability to explore and implement this change, subject to the terms and conditions of the future CBA?



FOP

- Provide the FOP an opportunity to share information with City Council about their desire to make a change to the police pension plan



Questions?

