

INTRODUCED: September 9, 2019

AN ORDINANCE No. 2019-250

To create three new reservations of fund balance called the 2019 Cost of Living Adjustment for City Retirees Reserve, the 2019 Richmond Retirement System Unfunded Liability Reduction Reserve, and the 2019 Capital Projects Replenishment Reserve, each intended to be categorized as a committed fund balance and used, respectively, to provide a one-time, one-percent cost of living adjustment for each member of the Richmond Retirement System who has received a retirement allowance for at least one year at the time such adjustment is granted, to reduce the unfunded liability of the Richmond Retirement System, and to restore funding to certain capital projects for which funding was reduced in the Fiscal Year 2019-2020 capital budget.

Patron – Mayor Stoney

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: SEP 23 2019 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That:

(a) A new reservation of fund balance called the 2019 Cost of Living Adjustment for City Retirees Reserve is hereby created. Up to the first \$6,200,000.00 of any general fund balance, as section 12-251(a)(2) of the Code of the City of Richmond (2015), as amended, defines “general fund balance,” for the fiscal year commencing July 1, 2018, and ending June 30, 2019, shall be

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: _____ REJECTED: _____ STRICKEN: SEP 23 2019

committed to the 2019 Cost of Living Adjustment for City Retirees Reserve. It is the intent of this ordinance that the amount committed to the 2019 Cost of Living Adjustment for City Retirees Reserve be appropriated to the Richmond Retirement System for the purpose of providing a one-time, one-percent cost of living adjustment for each member of the Richmond Retirement System who has received a retirement allowance for at least one year at the time such adjustment is granted.

(b) A new reservation of fund balance called the 2019 Richmond Retirement System Unfunded Liability Reduction Reserve is hereby created. After the reservation of fund balance described in subsection (a) of this section has been fulfilled, up to \$1,000,000.00 of any general fund balance, as section 12-251(a)(2) of the Code of the City of Richmond (2015), as amended, defines “general fund balance,” for the fiscal year commencing July 1, 2018, and ending June 30, 2019, shall be committed to the 2019 Richmond Retirement System Unfunded Liability Reduction Reserve. It is the intent of this ordinance that the amount committed to the 2019 Richmond Retirement System Unfunded Liability Reduction Reserve be appropriated to the Richmond Retirement System for the purpose of reducing the unfunded liability of the Richmond Retirement System.

(c) A new reservation of fund balance called the 2019 Capital Projects Replenishment Reserve is hereby created. After the reservations of fund balance described in subsections (a) and (b) of this section have been fulfilled, up to \$962,558.00 of any general fund balance, as section 12-251(a)(2) of the Code of the City of Richmond (2015), as amended, defines “general fund balance,” for the fiscal year commencing July 1, 2018, and ending June 30, 2019, shall be committed to the 2019 Capital Projects Replenishment Reserve. It is the intent of this ordinance that all amounts committed to the 2019 Capital Projects Replenishment Reserve be appropriated in the following amounts for the following capital projects with names as shown on Exhibit A to

Ordinance No. 2019-043, adopted May 13, 2019, in the following order of priority from highest to lowest, based on the available amounts committed to the 2019 Capital Projects Replenishment Reserve:

(1) \$180,000.00 for the capital project named “Universal Access at Huguenot Flatwater;”

(2) \$500,000.00 for the capital project named “Community Center Enhancements;” and

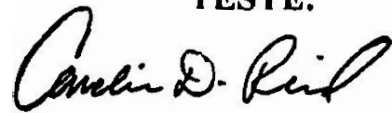
(3) \$282,558.00 for the capital project named “Tredegar/Brown’s Island Accessible Walk Improvements.”

(d) It is the intent of this ordinance that each reserve created by subsections (a), (b), and (c) of this section be categorized as a committed fund balance for purposes of generally accepted accounting principles.

§ 2. This ordinance shall be in force and effect upon adoption.

A TRUE COPY:

TESTE:



City Clerk



CITY OF RICHMOND
INTRACITY CORRESPONDENCE

O & R REQUEST
4-9076
SEP 05 2019
Office of the Chief Administrative Officer

O&R REQUEST

DATE: September 5, 2019 EDITION: 2

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor YAA for Mayor Levar Stoney

THROUGH: Selena Cuffee-Glenn, Chief Administrative Officer [Signature]

THROUGH: Lenora G. Reid, DCAO for Finance & Administration [Signature]

THROUGH: Jay A. Brown, Director of Budget & Strategic Planning [Signature]

FROM: John B. Wack, Director of Finance [Signature]

RECEIVED
SEP 06 2019

OFFICE OF THE CITY ATTORNEY

RE: Commitment of Projected FY2019 General Fund Surplus for Richmond Retirement System and Certain Capital Projects

ORD. OR RES. No. _____

PURPOSE: To create three new reservations of fund balance called the 2019 Cost of Living Adjustment for City Retirees Reserve, the 2019 Richmond Retirement System Unfunded Liability Reduction Reserve, and the 2019 Capital Projects Replenishment Reserve, each intended to be categorized as a committed fund balance and used, respectively, to provide a one-time, one-percent cost of living adjustment for each member of the Richmond Retirement System who receives a retirement allowance, to reduce the unfunded liability of the Richmond Retirement System, and to restore funding to certain capital projects for which funding was reduced in the Fiscal Year 2019-2020 capital budget.

REASON: The limited funded status of the Richmond Retirement System (RRS) has precluded the recommendation of granting of a COLA for City retirees in recent years. Funding would also be set aside for certain capital projects prioritized by Council. Based on fourth quarter FY2019 general fund budget projections, it appears that some one-time funding will be available to help address these issues.

RECOMMENDATION: The City Administration recommends adoption of this Ordinance.

BACKGROUND: During the beginning of the FY2020 budget process, it was noted that the City Administration would have liked to grant a 1% COLA to City retirees. This was specifically mentioned on page 25 of the Five Year Forecast presentation to City Council on January 28, 2019, but ultimately wasn't included in the FY2020 budget due to a lack of available resources.

In a May 6, 2019 presentation to City Council's Organizational Development Committee, the Executive Director of RRS indicated that each percent of a one-time ad hoc COLA would increase RRS liabilities by approximately \$6.2 million, and RRS Board decisions made as a result of the Experience Study would increase the unfunded liability of the system as of 7/1/19 by approximately \$62 million. If funded, this 1% COLA would be the first one granted to City retirees in 11 years, as the last one occurred in 2008. It is the intent of the City Administration that a 1% COLA be granted on January 1, 2020, to retirees that had been retired at least one year at that time. This would require a subsequent appropriation to the FY2020 budget in December 2019 and another ordinance authorizing the COLA.

The FY2019 fourth quarter general fund budget projections have indicated that revenues are anticipated to significantly exceed expenditures, which would lead to a projected surplus. The City Administration would like to commit \$6,200,000 for a 1% ad hoc COLA for City retirees, and \$1,000,000 for a reduction of the unfunded liability of RRS, from FY2019 general fund results of operations. The Administration would also like to commit funding for three capital projects that were specifically identified in Resolution 2019-R016, which was adopted on June 24, 2019. Those projects include:

- \$180,000 for Universal Access;
- \$500,000 for Community Center Enhancements; and
- \$282,558 for Brown's Island Accessibility Project.

An ordinance is requested for these commitments so that they may be made prior to the determination of the "calculated general fund surplus" as defined in City Code Section 12-251(a)(1).

If the general fund surplus materializes as projected and the commitments are approved, they will be incorporated into the City's FY2019 Comprehensive Annual Financial Report (CAFR). After the FY2019 CAFR is completed, subsequent appropriations from these committed fund balances would be needed in order to transfer these funds from the general fund balance to RRS and the Capital Projects fund.

FISCAL IMPACT/COST: It is anticipated that \$7,200,000 in FY2019 general fund results of operations will be transferred to RRS to support a one-time 1% ad hoc COLA and improve the funded status of RRS, and \$962,558 be transferred to the Capital Projects fund to support the three projects listed above.

FISCAL IMPLICATIONS: This will provide the first COLA to City retirees since 2008, improve the funded status of RRS, and provide cash funding for capital projects.

BUDGET AMENDMENT NECESSARY: If the projected general fund surplus materializes as projected, a budget amendment will be needed at a future date if the funds are to be forwarded to RRS and the Capital Projects fund.

REVENUE TO CITY: N/A

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: September 9, 2019

CITY COUNCIL PUBLIC HEARING DATE: September 23, 2019

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: In the future, additional ordinances will be needed to appropriate the funds and support the granting of the 1% COLA.

AFFECTED AGENCIES: Finance, RRS, Public Works, Parks and Recreation, and Budget and Strategic Planning

RELATIONSHIP TO EXISTING ORD. OR RES.: 2017-215, 2019-R016

REQUIRED CHANGES TO WORK PROGRAM(S): RRS staff will need to administer the 1% COLA for City retirees, expected to be effective January 1, 2020 for those that have been retired one year at that time.

ATTACHMENTS: None

STAFF: John Wack, Director of Finance 646-5776