

INTRODUCED: November 12, 2019

AN ORDINANCE No. 2019-305

To amend Ord. No. 2019-041, adopted May 13, 2019, which adopted the Fiscal Year 2019-2020 General Fund Budget and made appropriations pursuant thereto, by re-appropriating \$6,200,000.00 of the Fiscal Year 2018-2019 fund balance excess assigned to the 2019 Cost of Living Adjustment for City Retirees Reserve established by Ord. No. 2019-272, adopted Oct. 28, 2019, and \$763,640.00 of the Fiscal Year 2018-2019 fund balance excess assigned to the 2019 Richmond Retirement System Unfunded Liability Reduction Reserve established by Res. No. 2019-R061, adopted Oct. 28, 2019, and to appropriate these funds to the Fiscal Year 2019-2020 General Fund Budget by increasing estimated revenues and the amount appropriated to the Richmond Retirement System by \$6,963,640.00 for the purpose of providing a one-time, one-percent cost of living adjustment for each member of the Richmond Retirement System who began receiving a retirement allowance on or before Jan. 1, 2019, and reducing the unfunded liability of the Richmond Retirement System.

Patron – Mayor Stoney

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: DEC 9 2019 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That Ordinance No. 2019-041, adopted May 13, 2019, which adopted a General Fund Budget for the fiscal year commencing July 1, 2019, and ending June 30, 2020, and made appropriations pursuant thereto, is hereby amended by re-appropriating \$6,200,000.00 from that

AYES: 9 NOES: 0 ABSTAIN: _____

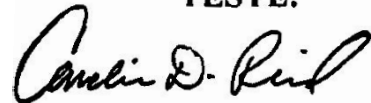
ADOPTED: DEC 09 2019 REJECTED: _____ STRICKEN: _____

portion of the fund balance excess for the fiscal year commencing July 1, 2018, and ending June 30, 2019, assigned to the 2019 Cost of Living Adjustment for City Retirees Reserve established by Ordinance No. 2019-272, adopted October 28, 2019, and \$763,640.00 from that portion of the fund balance excess for the fiscal year commencing July 1, 2018, and ending June 30, 2019, assigned to the 2019 Richmond Retirement System Unfunded Liability Reduction Reserve established by Resolution No. 2019-R061, adopted October 28, 2019, for the purpose of providing a one-time, one-percent cost of living adjustment for each member of the Richmond Retirement System who began receiving a retirement allowance on or before January 1, 2019, and reducing the unfunded liability of the Richmond Retirement System.

§ 2. That the funds re-appropriated pursuant to section 1 of this ordinance are hereby appropriated to the General Fund Budget for the fiscal year commencing July 1, 2019, and ending June 30, 2020, by increasing estimated revenues by \$6,963,640.00, increasing the amount appropriated for expenditures by \$6,963,640.00 and allotting to the Richmond Retirement System the sum of \$6,963,640.00 for the purpose of providing a one-time, one-percent cost of living adjustment for each member of the Richmond Retirement System who began receiving a retirement allowance on or before January 1, 2019, reducing the unfunded liability of the Richmond Retirement System.

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

**A TRUE COPY:
TESTE:**



City Clerk



CITY OF RICHMOND
INTRACITY CORRESPONDENCE

Received
4-9355
OCT 29 2019

Office of the
Chief Administrative Officer

O&R REQUEST

DATE: October 28, 2019 EDITION: 1
TO: The Honorable Members of City Council
THROUGH: The Honorable Levar M. Stoney, Mayor
THROUGH: Lenora G. Reid, Acting Chief Administrative Officer
THROUGH: Jay A. Brown, Director of Budget & Strategic Planning
FROM: John B. Wack, Director of Finance
RE: Appropriation of Prior Year Assigned Balance for Richmond Retirement System

ORD. OR RES. No. _____

PURPOSE: To amend Ordinance 2019-041, adopted May 13, 2019, which adopted the FY2020 General Fund budget, by appropriating \$6,963,640 in prior year assigned fund balance to the FY2019 Non-Departmental budget for a supplemental contribution to the Richmond Retirement System to support a 1% COLA for retirees and reduce the unfunded status of the City's pension.

REASON: The limited funded status of the Richmond Retirement System (RRS) has prevented the granting of a COLA for City retirees in recent years, and the funded status also declined during FY2019 due to Retirement Board decisions made as a result of the Experience Study. Funds derived from the City's FY2019 general fund surplus of revenues over expenditures were assigned for these purposes in the City's FY2019 Comprehensive Annual Financial Report.

RECOMMENDATION: The City Administration recommends adoption.

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 increased the unfunded liability of the system as of 6/30/19. 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 effective January 1, 2020, to retirees that had been retired one year at that time. This would be supported by another ordinance authorizing the COLA.

City Council assigned \$6,200,000 for a 1% ad hoc COLA for City retirees via Ordinance 2019-272, and another \$763,640 was made available by resolution from the calculated FY2019 general fund surplus for a reduction of the unfunded liability of RRS.

SOURCE: (must select all that apply)

New/increased revenue

Existing general

Fund Balance/Reserve/Contingency/Other Funding)

FISCAL IMPACT/COST ():

- **If Adopted:** The City's retirees who have been retired one year as of 1/1/20 will receive a 1% COLA, and the funded status of the retirement system will be improved.
- **If Not Adopted:** The City's unfunded retirement system liability will be higher.

FISCAL IMPACT / COST: \$6,963,640 in prior year assigned balance is available for contribution to RRS.

FISCAL IMPLICATIONS: This will provide the first COLA to City retirees since 2008 and improve the funded status of RRS.

BUDGET AMENDMENT NECESSARY: Yes, a \$6,963,640 increase to the Non-Departmental FY2020 general fund budget is requested.

REVENUE TO CITY: N/A

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: November 12, 2019

CITY COUNCIL PUBLIC HEARING DATE: December 9, 2019

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: N/A

AFFECTED AGENCIES: Finance, RRS, and Budget and Strategic Planning

RELATIONSHIP TO EXISTING ORD. OR RES.: 2019-041, 2019-272

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