

INTRODUCED: November 12, 2019

AN ORDINANCE No. 2019-317

To provide for a one-percent cost of living allowance for retirees who retired on or before January 1, 2019, to be fully funded from an assignment of fund balance called the 2019 Cost of Living Adjustment for City Retirees Reserve established by Ord. No. 2019-272, adopted Oct. 28, 2019, in an amount of up to \$6,200,000.00.

Patron – Mayor Stoney

Approved as to form and legality
by the City Attorney

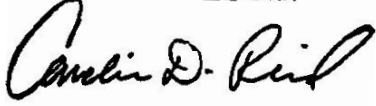
PUBLIC HEARING: DEC 9 2019 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That a one-percent cost of living allowance is hereby provided for persons retired from employment with the City of Richmond on or before January 1, 2019, to be fully funded from an assignment of fund balance called the 2019 Cost of Living Adjustment for City Retirees Reserve established by Ordinance No. 2019-272, adopted October 28, 2019, in an amount of up to \$6,200,000.00.

§ 2. This ordinance shall be in force and effect on January 1, 2020.

**A TRUE COPY:
TESTE:**


City Clerk

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: DEC 09 2019 REJECTED: _____ STRICKEN: _____



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

Received

4-9354
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

THROUGH: Mona Easley, Interim Director of Human Resources

FROM: John B. Wack, Director of Finance

RE: Providing a 1% COLA for Retirees who Retired on or Before January 1, 2019

ORD. OR RES. No. _____

PURPOSE: To provide a 1% cost of living allowance (COLA) in January 2020 for retirees who retired on or before January 1, 2019.

REASON: The limited funded status of the Richmond Retirement System (RRS) has prevented the granting of a COLA for City retirees in recent years. Funds derived from the City's FY2019 general fund surplus of revenues over expenditures were assigned to grant a 1% COLA for retirees in FY2020. The City Administration supports the granting of a 1% COLA in January 2020.

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. If granted, 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 appropriating prior year assigned balance to grant the COLA without negatively impacting the funded status of RRS.

FISCAL IMPACT / COST: \$6,963,640 in prior year assigned balance is available for contribution to RRS, to cover the 1% ad hoc COLA and reduce the unfunded status of RRS.

FISCAL IMPLICATIONS: This will provide the first COLA to City retirees since 2008 without negatively impacting the funded status of RRS.

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

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, Human Resources, 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