City of Joplin City Council Agenda Item

REQUESTED COUNCIL MEETING DATE: AUGUST 15, 2016

ITEM: COUNCIL BILL NO. 2016-516
ORIGINATING DEPARTMENT: FINANCE DEPARTMENT

Finance Director: Leslie Haase
City Attorney: Peter Edwards
City Manager: Sam Anselm

INTRODUCTION:
This Council Bill approves an amendment to the Policemen's and Firemen's Pension Plan to correct an unintended consequence of a change required as the result of an audit by the Missouri Department of Labor & Industrial Relations, Division of Workers' Compensation.

DISCUSSION:
Prior to the audit by the Division of Worker's Compensation, when an employee was off work because of a worker's compensation injury, the City would continue to pay full wages to the employee so that there was no delay in payments. Many cities across Missouri handled worker's compensation wages this same way. However, the City was audited by the Missouri Department of Labor & Industrial Relations in early 2013. They ruled the City could no longer handle the worker's compensation payments in this manner.

As a result, the eligible worker's compensation wages while an employee is off work must be paid directly to the employee by the City's third-party administrator. This has caused an unintended consequence to the retirement benefit for the police and fire pension plan.

When the city paid the wages directly, these wages qualified as compensation under the "compensation" definition of Section 1.11 in the pension plan. However, now that another party pays those "wages", they are no longer considered compensation under Section 1.11 of the pension plan. As a result, the pension board voted to hold an election to ask the membership to consider adding the following language to Section 1.11 of the pension plan to ensure these "wages" paid directly by another party will be included in the retirement benefit calculation:

> "1.11 COMPENSATION
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> shall mean amounts paid by the City which constitute regular wages, longevity pay, stipends, overtime pay, sick pay, vacation pay, compensable time pay, amounts deferred pursuant to Section 457 of the Code and employee salary reduction amounts contributed pursuant to Section 125 of the Code to the City's Flexible Benefits Plan. **Compensation shall also include payments made by the City's authorized Third Party Administrator for lost wages as a result of worker's compensation related injuries limited to the Participant's regular base salary.**

Clothing and Cell Phone allowances shall not qualify as Compensation. …"

Any change to the Policemen's and Firemen's Pension Plan must be approved by the membership through an election and ratified by the City Council in an ordinance. An official election of the membership was held from July 5, 2016 to August 1, 2016. The results of the pension election were 162 votes in favor and 3 votes against this change. Therefore, the membership has approved the proposed language change to Section 1.11 as outlined above.

RECOMMENDATION:
City Staff recommends this Council Bill be approved on an emergency basis.