CITY OF JOPLIN
COUNCIL AGENDA ITEM

ITEM
Council Bill 2019-536 – Adopting the LAGERS retirement system for public safety employees effective February 1, 2020

MEETING DATE
December 2, 2019

ORIGINATING DEPT
Finance

ATTACHMENTS
CB 2019-536 Ordinance

REVIEWED BY
Department Head: Leslie Haase; Human Resources Director: Dave Allgood; City Attorney: Peter Edwards; Interim City Manager: Dan Pekarek

SUMMARY
This Council Bill adopts the LAGERS retirement system for public safety employees hired on or after February 1, 2020.

BACKGROUND
In late 2018, an internal work group began working on a recommendation to improve public safety recruiting and retention. The recommendation from the work group was as follows:

- Fund and close the pension plan to new hires
- Move new hires to the LAGERS retirement L-11 plan
- Allow Tier II employees the voluntary option to migrate to LAGERS

This plan required voter approval of a ½-cent sales tax dedicated for these purposes until the pension plan is either 120% funded or 12 years, whichever occurs first. Voters approved this tax on November 5, 2019. It is anticipated this tax will go into effect on April 1, 2020 with the first collections by the City in June.

The council bill approves an ordinance for the City to participate in the LAGERS retirement system for public safety employees hired on or after February 1, 2020. Public safety employees will be covered by the L-11 plan option, with the following main components:

- 2.5% benefit multiplier
- Not covered by social security
- Eligible to receive full retirement benefit at age 55
- No employee contribution

The City received a final cost as a percentage of payroll for the police employees and the fire

employees. The City's cost for police will be 16.4%, while fire will be 19.8%. Over the next two years, $2 million of the ½-cent sales tax will be sent to LAGERS to decrease this cost as a percentage of pay. As a result, the percentage of payroll cost will decrease over at least the next two years.

FUNDING SOURCE

This item is not applicable for this council bill.

RECOMMENDATION

Staff recommends approval of this council bill on first reading.

COUNCIL BILL NO. 2019-536 ORDINANCE NO.

AN ORDINANCE adopting the Missouri Local Government Employees Retirement System (LAGERS) L-11 plan for public safety employees of the City of Joplin hired on or after February 1, 2020, in accordance with RSMo. Sections 70.600 through 70.755; and, setting a date when this ordinance shall become effective.

WHEREAS, the voters of the City of Joplin approved a ½-cent sales tax dedicated to close the pension plan to new hires and transition public safety employees to LAGERS; and,

WHEREAS, the Council of the City of Joplin, Missouri, desires to include its eligible Police and Fire Department employees in the retirement system provided by the Missouri Local Government Employees Retirement System (LAGERS), pursuant to the provisions of Sections 70.600 through 70.755, RSMo.; and,

WHEREAS, the City Council of the City of Joplin, Missouri understands that by covering its eligible Police and Fire Department employees in LAGERS, the Council of the City of Joplin, Missouri is accepting the legal obligation to fully fund the elected benefits now, and, in the future and that it will be financially able to do so; and,

WHEREAS, the City Administration duly requested an actuarial evaluation of the proposed LAGERS Benefit Program and the same has been on file with the City Clerk since November 18, 2019, in accordance with Section 105.675 RSMo.; and,

WHEREAS, the City Council desires to adopt the LAGERS retirement system for Police and Fire Department employees effective February 1, 2020.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF JOPLIN, MISSOURI, as follows:

Section 1. That it is declared to be the policy of the City of Joplin, a political subdivision as defined by section 70.600 RsMo., to consider as eligible for coverage Police and Fire Department employees hired on or after February 1, 2020 who are eligible by state law.

Section 2. That all Police and Fire Department employees hired on or after February 1. 2020 and declared to be eligible, who have 1,500 or more hours of annual employment, shall be covered under Benefit Program L-11 (2.50%).

Section 3. That the final average salary for each employee shall be determined on the basis of a sixty (60) consecutive month period.

Section 4. That contributions to LAGERS of 0% total gross wages shall be required from all eligible employees.

Section 5. That all qualified employment after the effective date shall be considered membership service, as defined in 70.600(15) RSMo.

Section 6. That employee retirement benefits shall be based on the "minimum service retirement age", in accordance with the provisions of section 70.600(16) RSMo.

Section 7. That the Finance Director is hereby directed to deduct from the wages and salaries of each eligible Police and Fire Department employee member, the contributions, if any, required by Section 70.705 RSMo. and to remit the deductions to LAGERS, together with the employer contributions required by Section 70.705 and 70.750 RSMo.

Section 8. That the City Council of the City of Joplin agrees to hold LAGERS harmless from any liability with respect to this transaction, apart from those obligations imposed on LAGERS by sections 70.600 – 70.755 RSMo., provided the transaction is completed according to the terms contained herein.

Section 9. That the City Manager of the City of Joplin is hereby authorized and directed to take all actions, sign all documents, and to do any and all things and take any and all actions required to place the foregoing ordinance into effect, including the revision of any relevant ordinances and resolutions of the City of Joplin which shall be promptly submitted to the City Council for approval.

Section 10. That remittances and other required reports and records shall be forwarded to LAGERS in accordance with administrative guidelines established by officials of LAGERS.

Section 11. That this ordinance shall become effective on February 1, 2020.

PASSED BY THE COUNCIL OF THE CITY OF JOPLIN, MISSOURI, this _____ day

of _____, 2019.

_____
Gary L. Shaw, Mayor

ATTEST:

_____
Barbara J. Gollhofer, City Clerk

APPROVED AS TO FORM:

_____
Peter C. Edwards, City Attorney