

CITY COUNCIL COMMUNICATION



MEETING DATE: October 24, 2023

ITEM NUMBER: 9.E

SECOND READING:

{{customfields.ResoOrdNumber}}

TYPE OF ITEM: Consent

PRESENTED BY:

Jim Golden, Finance Administration, Jim.Golden@longmontcolorado.gov

SUBJECT/AGENDA TITLE:

A Resolution Of The Longmont City Council Authorizing The Transfer Of A Portion Of The Unencumbered Appropriation Balance Of The Employee Benefit Fund To The Employee Pension Fund And The Police Pension Fund

EXECUTIVE SUMMARY:

At the September 12, 2023, City Council meeting, during the budget presentation, staff presented an overview of the City's defined benefit pension plans. The pension plans received their annual actuarial reports at the August 2022 retirement board meetings. The actuarial valuations indicate that the Old Hire Police plan is 92.4% funded and has an unfunded accrued liability of \$78,379 while the General Employees Retirement Plan (GERP) is 82.8% funded and has an unfunded accrued liability of \$40.9 million.

In the past, the City has made lump sum contributions from the Health Benefit Fund to help meet the actuarial contribution requirements of pension plans. Since no contribution was budgeted for 2023 to the Old Hire Police Plan, staff recommends a lump sum contribution of \$20,000 be made in 2023 from the Health Benefits Fund to the Old Hire Police Plan. For the GERP, the 2023 contributions from the City (at 9.0%) and from employees (at a blend of 5.9%) are below the actuarial required contribution level of 15.4%. Once again, staff recommends another lump sum contribution be made from the Health Benefits Fund to the GERP in 2023 in the amount of the projected contribution deficit of \$700,000.

The Health Benefits Fund fund balance to begin 2023 was \$10.3 million and 2023 operations could potentially increase that balance by up to \$1.9 million. The fund balance has been growing with recent growth in budget compensation and, thus, contributions to the Health Benefit Fund. In turn, vacancies have reduced the actual costs of the fund. The Health Benefits Fund can afford to make these two transfers at a total of \$720,000 and would still increase the fund balance in 2023 by over \$1 million.

COUNCIL OPTIONS:

1. Approve the resolution
2. Do not approve the resolution

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**RECOMMENDED OPTIONS:**

Approve the resolution

FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION:

The Health Benefit Fund can afford to make the transfers of \$720,000 and will still have a very healthy fund balance to end 2023 of over \$11 million.

BACKGROUND AND ISSUE ANALYSIS:

N/A

ATTACHMENTS:

Att 1 - Resolution