



AGENDA MEMORANDUM

First Reading for the City Council Meeting of 11/13/2018
Second Reading for the City Council Meeting of 11/27/2018

DATE: October 29, 2018

TO: Keith Selman, Interim City Manager

FROM: Steven Viera, Director of Human Resources
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Texas Municipal Retirement System (TMRS) Annual Repeating Updated Service Credits, Increase in Retirement Annuities and Increased Deposit Rate of 7%.

CAPTION:

Ordinance authorizing and allowing, under the Act governing the Texas Municipal Retirement System, "Updated Service Credits" in said system on an annual basis for service performed by qualifying members of such system who at the effective date of the allowance are members of the City Of Corpus Christi; providing for increased prior and current service annuities for retirees and beneficiaries of deceased retirees of the City; to increase the rate of deposits to the Texas Municipal Retirement System by the employees of the City; and establishing an effective date for the ordinance.

PURPOSE:

The purpose of this ordinance is to provide "Updated Service Credits" and "Increased Prior and Current Service Annuities" in TMRS on an Annual Repeating basis and increase the Rate of Deposit to 7% by the employees of the City. Updated Service Credit (USC) – Is a provision adopted by City ordinance that may increase the value of employee retirement benefits by accounting for increases in salary later in the employee's career. Annuity Increase, or Cost of Living Adjustment (COLA) – Is provided as an increase in annuities for retirees. COLAs are a plan enhancement to help retirees with increases in their cost of living after retirement. These provisions also adhere to the negotiation of "Updated Service Credits" and "Increased Prior and Current Service Annuities" in the collective bargaining agreement with Corpus Christi Police Officer's Association (CCPOA), Government Accounting Standards, as interpreted by the City's external auditor, dictating that the City must record the liability as if annually repeating for the term of the contract (which ends on September 30, 2019).

BACKGROUND AND FINDINGS:

On July 27, 2004, for an effective date of January 1, 2005, Council adopted "Updated Service Credits" and "Increased Prior and Current Service Annuities" on an annual basis (annually repeating, not requiring approval by Council each year). Ordinance 025865

On December 7, 2010 Council approved the contract with the Corpus Christi Police Officer's Association (CCPOA), which included provisions for "Updated Service Credits" and "Increased Prior and Current Service Annuities" on an "Ad Hoc" basis.

On December 14, 2010 Council approved Ordinance 028892 authorizing “Updated Service Credits” and “Increased Prior and Current Service Annuities” for 2011.

On November 15, 2011, Council approved Ordinance 029290 authorizing “Updated Service Credits” and “Increased Prior and Current Service Annuities” for 2012.

On December 11, 2012, Council approved Ordinance 029692 authorizing “Updated Service Credits” and “Increased Prior and Current Service Annuities” for 2013.

On December 17, 2013, Council approved Ordinance authorizing “Updated Service Credits” and “Increased Prior and Current Service Annuities” for 2014.

On December 16, 2014, Council approved Ordinance authorizing “Updated Service Credits” and “Increased Prior and Current Service Annuities” for 2015.

On December 16, 2015, Council approved Ordinance authorizing “Updated Service Credits” and “Increased Prior and Current Service Annuities” for 2016.

On December 13, 2016, Council approved Ordinance authorizing “Updated Service Credits” and “Increased Prior and Current Service Annuities” for 2017.

On December 19, 2017, Council approved Ordinance authorizing “Updated Service Credits” and “Increased Prior and Current Service Annuities” for 2018.

ALTERNATIVES:

The City is restricted by the terms of the collective bargaining agreement with the CCPOA and provisions of the state statute governing TMRS. State statute extends to services performed by qualifying members of such system who presently are members of the City of Corpus Christi; providing for increased prior and current service annuities for retirees and beneficiaries of deceased retirees of the City. This is a five year contract which is effective from August 1, 2015 through September 30, 2019.

OTHER CONSIDERATIONS:

The City budgeted and was contributing 22.46% since January 2018 thru December 31, 2018. In January 2019, the City will increase its contribution to 24.61% to address the liability issue and this will allow the City to get back to an annual repeating contribution for updated service credits, increase in retirement annuities and increased deposit rate of 7%.

CONFORMITY TO CITY POLICY:

Adoption of this ordinance is in accordance with the Agreement negotiated with the Corpus Christi Police Officers’ Association.

EMERGENCY / NON-EMERGENCY:

Non-emergency

RECOMMENDATION:

Staff recommends adoption of the Ordinance.

LIST OF SUPPORTING DOCUMENTS:

Ordinance