



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING**

#19-1160

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: December 3, 2019

TITLE: Consideration of a Cost of Living Adjustment for the General Employees
Retirement System in the Estimated Amount of \$3,347,751 -
(Commission Districts 1, 2, 3 and 4)

Request

The General Employees Retirement System (“GERS”) Board of Trustees requests that the City Commission consider granting a cost-of-living-adjustment (“COLA”) for retirees.

Background

On October 23, 2018, the City Commission was presented with a letter and study (Exhibit 1), from the GERS Board of Trustees (“Board”), showing the impact of a COLA for the GERS plan retirees and beneficiaries. The Board requested a 2.5% increase to all retirees and beneficiaries receiving benefits as of September 30, 2017. If fully funded, the cost will be \$10,304,000 or if amortized over a five-year period the payment would be \$2,365,000 annually.

At the Commission’s direction, the Board of Trustees was asked to provide additional options to be considered including issuing a 13th check to all retirees and beneficiaries. A new report was prepared by GRS Retirement Consulting which includes the calculation of three alternative designs with COLAs (Exhibit 2). The options vary based on the number of years since retirement and result in the same increase in liability as the increase in liability of a flat one-time 2.5%, 2.0%, and 1.5% COLA, which are \$10.3 million, \$8.2 million and \$6.2 million, respectively.

As an alternative the City conducted its own calculation (Exhibit 3) to offer a 13th check equivalent to an extra monthly pension payment, which is estimated at \$3.3 million. The impact to the General Fund is estimated to be \$1.6 million.

The proposed 13th check would be paid in full if adopted and would not affect the plan’s funded status, future Actuarially Determined Contributions, or the Unfunded Actuarial Accrued Liability. The City Attorney and I share the concern that a 13th check paid from City funds is extra compensation and therefore prohibited by Florida Statutes.

Resource Impact

If approved, there would be a fiscal impact in the amount of \$3,347,751 in the funds listed below and would be contingent upon the approval of a future Consolidated Budget Amendment Commission Agenda Memo.

| Fund | Allocation by Fund |
|---------------------------------|-------------------------------|
| General Fund | \$ 1,628,346.00 |
| Housing & Community Development | \$ 25,777.68 |
| Building Permits | \$ 157,344.29 |
| Sanitation | \$ 172,409.17 |
| Water And Sewer | \$ 801,451.55 |
| Central Regional | \$ 52,894.46 |
| Parking System | \$ 121,858.13 |
| Airport | \$ 49,546.71 |
| Stormwater | \$ 72,980.97 |
| City Insurance | \$ 25,108.13 |
| Central Services | \$ 233,673.01 |
| Vehicle Rental | \$ 6,360.73 |
| | <u>\$ 3,347,750.83</u> |

Strategic Connections

This item supports the *Press Play Fort Lauderdale 2024* Strategic Plan, specifically advancing:

- The Internal Support Focus Area
- Goal 8: Build a leading government organization that manages all resources wisely and sustainably.
- Objective: Maintain financial integrity through sound budgeting practices, prudent fiscal management, cost effective operations, and long-term planning.

This item advances the *Fast Forward Fort Lauderdale 2035* Vision Plan: We Are United.

Attachments

Exhibit 1 – GERS Letter

Exhibit 2 – GRS Thirteenth Check Analyses

Exhibit 3 – City of Fort Lauderdale Thirteenth Check Analysis

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