

1 **BY AUTHORITY**

2 ORDINANCE NO.
3 SERIES OF 2019

COUNCIL BILL NO.
COMMITTEE OF REFERENCE:

4
5 **A BILL**

6 **For an ordinance amending the 1963 Retirement Plan with regard to**
7 **contributions and payroll deductions.**
8

9 **WHEREAS**, under Section 18-405(g) of the Code, the Retirement Board is
10 responsible for making recommendations to the City for amendments to the Denver
11 Employees Retirement Plan (the "Plan") when in the judgment of the Board such changes
12 are necessary; provided that such recommendations are accompanied by a report of the
13 Plan's actuary setting forth the effect of such amendments; and,

14 **WHEREAS**, the actuary for the Plan recently recommended the Retirement Board
15 adopt certain prevailing actuarial methods; and,

16 **WHEREAS**, once the new actuarial methods were adopted by the Retirement
17 Board, the total computed actuarially determined contribution rate for the Plan increased
18 by three and one-half (3.5) percentage points; and,

19 **WHEREAS**, the Plan's actuary has further determined that receiving this increased
20 contribution is actuarially necessary to improve the funded status of the Pension and
21 Retiree Medical Plans, and to strengthen their actuarial soundness; and,

22 **WHEREAS**, the Retirement Board duly considered the reports and
23 recommendations of its actuary, finding, that to strengthen and maintain the actuarial
24 soundness of the Plan, the new prevailing actuarial methods needed to be adopted, thus
25 were adopted, and the Retirement Board determined that an increase in the contribution
26 rate is both desirable and necessary; and,

27 **WHEREAS**, Section 18-407(a) of the Revised Municipal Code of the City and
28 County of Denver states that the employer intends to continue the plan and to contribute
29 regularly to the trust each payroll period such amounts as are necessary to maintain or

1 assist in maintaining the Plan on a sound actuarial basis as prescribed by applicable law
2 and, particularly, the Internal Revenue Code for defined benefit pension plans qualified
3 under Section 401(a) thereof, and that employees shall contribute regularly to the trust
4 each payroll period in such amounts as are necessary, in the judgment of the City, to
5 assist in maintaining the Plan on a sound actuarial basis; and,

6 **WHEREAS**, in order to maintain the Plan on a sound actuarial basis, now and
7 potentially in the future, it is advisable to give the City flexibility in funding the actuarially
8 determined contribution going forward for such amounts as are necessary, in the
9 judgment of the City, to assist in maintaining the Plan; and,

10 **WHEREAS**, it is further in the judgment of the City that, in order to maintain the
11 Plan on a sound actuarial basis, the sponsoring employers shall each have their regular
12 contributions to the Plan increased by one and three-quarters (1.75) percentage points,
13 the sponsoring employers shall, as part of their actuarially determined contribution, also
14 either contribute the equivalent of an additional one (1.0) percentage point of anticipated
15 2020 payroll in a one-time, lump sum payment on or before December 31, 2019 or add
16 an additional one (1.0) percentage point for 2020 to the rate set forth in Section 18-
17 407(e)(1) of the Code, and their respective employees shall each have their regular
18 contributions to the Plan increased by three-quarters (0.75) of a percentage point for an
19 overall increase in contributions to the Plan of three and one-half (3.5) percentage points.

20
21 **NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE CITY AND COUNTY**
22 **OF DENVER:**

23
24 **Section 1.** That Sections 18-407(e)(1) and 18-407(f)(1) (sometimes known and cited
25 as Section 407, Subsections (e)(1) and (f)(1), Chapter 18) of the Revised Municipal Code,
26 relating to contributions and payroll deductions, be amended by deleting the language
27 stricken and adding the language underlined as follows:

28
29 **Sec. 18-407. Contributions; payroll deductions.**

30
31 (e) *Employer contributions.* From and after the date a person first becomes an active

1 member, and until the actual retirement date or prior termination of employment, the
2 manager of finance and each contractual entity shall transfer into the trust fund each
3 payroll period from such sources as shall, in the case of the city, be designated by
4 ordinance, the amounts listed in this section which have been determined, on an actuarial
5 basis, to be sufficient to provide for the benefits of eligible members.

- 6
7 (1) Effective until December 31, 2019, for ~~For~~ each active member, including
8 each elected official, the employer shall contribute thirteen (13.0) percent of
9 the member's gross salary. Effective January 1, 2020, for each active
10 member, including each elected official, the employer shall contribute
11 fourteen and three-quarters (14.75) percent of the member's gross salary.
12 In the case of a contractual entity, the employer shall, as a condition
13 necessary to becoming or remaining a contractual entity, also make any
14 actuarially determined supplemental contributions necessary to fund the
15 current cost of benefits available under the plan payable to current and
16 future employees of the contractual entity. Further, the city may make
17 additional discretionary contributions, upon appropriation of funds for that
18 purpose by City Council.

19
20 (f) *Employee contributions.* Each active member shall contribute to the trust fund, by
21 means of payroll deductions which shall be withheld by the manager of finance or
22 contractual entity and transferred each payroll period directly to the trust, the following
23 amounts:

- 24
25 (1) Effective until December 31, 2019, for ~~For~~ each active member, including
26 each elected official, the employee shall contribute eight and one-half (8.5) percent
27 of his or her gross salary to the trust fund. Effective January 1, 2020, for each
28 active member, including each elected official, the employee shall contribute nine
29 and one-quarter (9.25) percent of his or her gross salary to the trust fund.

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33 [SIGNATURE PAGE FOLLOWS]
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1 COMMITTEE APPROVAL DATE:

2 MAYOR-COUNCIL DATE:

3
4 PASSED BY THE COUNCIL

5 _____ 2019

6 _____ -PRESIDENT

7 APPROVED: _____ -MAYOR _____ 2019

8 ATTEST: _____ -CLERK AND RECORDER,
9 EX-OFFICIO CLERK OF THE
10 CITY AND COUNTY OF
11 DENVER

12
13 NOTICE PUBLISHED IN THE DAILY JOURNAL _____ 2019 _____ 2019

14
15 PREPARED BY: JAMES E. THOMPSON III, GENERAL COUNSEL
16 DENVER EMPLOYEES RETIREMENT PLAN

17
18 AND: Joshua L. Roberts, Assistant City Attorney DATE: November 7, 2019

19
20 Pursuant to section 13-12, D.R.M.C., this proposed ordinance has been reviewed by the
21 office of the City Attorney. We find no irregularity as to form, and have no legal objection
22 to the proposed ordinance. The proposed ordinance is not submitted to the City Council
23 for approval pursuant to §3.2.6 of the Charter.

24
25 Kristin M. Bronson, City Attorney

26 BY: _____, Assistant City Attorney DATE: _____