

1 **BY AUTHORITY**

2 ORDINANCE NO. _____
3 SERIES OF 2019

COUNCIL BILL NO. CB19-1271
COMMITTEE OF REFERENCE:
Finance & Governance

6 **A BILL**

7 **For an ordinance amending the 1963 Retirement Plan with regard to**
8 **contributions and payroll deductions.**
9

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

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

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

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

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

27 **WHEREAS**, Section 18-407(a) of the Revised Municipal Code of the City and County of
28 Denver states that the employer intends to continue the plan and to contribute regularly to the trust
29 each payroll period such amounts as are necessary to maintain or assist in maintaining the Plan on
30 a sound actuarial basis as prescribed by applicable law and, particularly, the Internal Revenue Code
31 for defined benefit pension plans qualified under Section 401(a) thereof, and that employees shall

1 contribute regularly to the trust each payroll period in such amounts as are necessary, in the
2 judgment of the City, to assist in maintaining the Plan on a sound actuarial basis; and,

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

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

16
17 **NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE CITY AND COUNTY OF**
18 **DENVER:**

19
20 **Section 1.** That Sections 18-407(e)(1) and 18-407(f)(1) (sometimes known and cited as Section
21 407, Subsections (e)(1) and (f)(1), Chapter 18) of the Revised Municipal Code, relating to
22 contributions and payroll deductions, be amended by deleting the language stricken and adding the
23 language underlined as follows:

24
25 **Sec. 18-407. Contributions; payroll deductions.**

26
27 (e) *Employer contributions.* From and after the date a person first becomes an active member,
28 and until the actual retirement date or prior termination of employment, the manager of finance and
29 each contractual entity shall transfer into the trust fund each payroll period from such sources as
30 shall, in the case of the city, be designated by ordinance, the amounts listed in this section which
31 have been determined, on an actuarial basis, to be sufficient to provide for the benefits of eligible
32 members.

33
34 (1) Effective until December 31, 2019, for ~~For~~ each active member, including each elected
35 official, the employer shall contribute thirteen (13.0) percent of the member's gross

1 salary. Effective January 1, 2020, for each active member, including each elected
2 official, the employer shall contribute fourteen and three-quarters (14.75) percent of
3 the member's gross salary. In the case of a contractual entity, the employer shall, as a
4 condition necessary to becoming or remaining a contractual entity, also make any
5 actuarially determined supplemental contributions necessary to fund the current cost
6 of benefits available under the plan payable to current and future employees of the
7 contractual entity. Further, the city may make additional discretionary contributions,
8 upon appropriation of funds for that purpose by City Council.
9

10 (f) *Employee contributions.* Each active member shall contribute to the trust fund, by means of
11 payroll deductions which shall be withheld by the manager of finance or contractual entity and
12 transferred each payroll period directly to the trust, the following amounts:
13

14 (1) Effective until December 31, 2019, for ~~For~~ each active member, including each elected
15 official, the employee shall contribute eight and one-half (8.5) percent of his or her gross
16 salary to the trust fund. Effective January 1, 2020, for each active member, including each
17 elected official, the employee shall contribute nine and one-quarter (9.25) percent of his or
18 her gross salary to the trust fund.
19
20
21

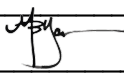
22 [SIGNATURE PAGE FOLLOWS]
23
24
25
26
27
28
29
30
31
32
33
34
35
36

1 COMMITTEE APPROVAL DATE: November 19, 2019

2 MAYOR-COUNCIL DATE: November 26, 2019 by Consent

3
4 PASSED BY THE COUNCIL December 9, 2019 _____ 2019

5  _____ -PRESIDENT

6 APPROVED:  _____ -MAYOR Dec 10, 2019 _____ 2019

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

11
12 NOTICE PUBLISHED IN THE DAILY JOURNAL _____ 2019 _____ 2019

13
14 PREPARED BY: JAMES E. THOMPSON III, GENERAL COUNSEL
15 DENVER EMPLOYEES RETIREMENT PLAN

16
17 AND: Joshua L. Roberts, Assistant City Attorney DATE: November 27, 2019

18
19 Pursuant to section 13-12, D.R.M.C., this proposed ordinance has been reviewed by the office of
20 the City Attorney. We find no irregularity as to form, and have no legal objection to the proposed
21 ordinance. The proposed ordinance is not submitted to the City Council for approval pursuant to
22 §3.2.6 of the Charter.

23
24 Kristin M. Bronson, City Attorney

25 BY:  _____, Assistant City Attorney DATE: Nov 25, 2019 _____