

1 **BY AUTHORITY**

2 ORDINANCE NO.  
3 SERIES OF 2014

COUNCIL BILL NO. CB14-0953  
COMMITTEE OF REFERENCE:  
Technology and Governance

6 **A BILL**

7  
8 **For an ordinance amending the 1963 Retirement Plan with regard to employer**  
9 **and employee contributions**  
10

11 **WHEREAS**, the implementation dates for the actuarially required contribution ("ARC")  
12 increases approved by the City and County of Denver (the "City") for the Denver Employees  
13 Retirement Plan (the "Plan") in each of the years 2009-2012 were delayed until January of the year  
14 following enactment of the Ordinance authorizing the contribution increases; and,

15 **WHEREAS**, the resulting consequence of the delayed payments is an approximately \$15  
16 million dollar funding gap between what was owed to the Plan for the ARC and what has been paid  
17 to the Plan; and,

18 **WHEREAS**, the City has determined that the most practical manner in which to close that  
19 funding gap and ensure payment to the Plan of the entire ARC is by a contribution increase; and,

20 **WHEREAS**, the enacted contribution increases from 2009-2012 were divided between the  
21 sponsoring employers and their employees in a manner whereby the sponsoring employers paid  
22 approximately 30% of the increases and the employees paid approximately 70% of the increases;  
23 and

24 **WHEREAS**, the City has determined that any contribution increase approved to remedy the  
25 funding gap created by the delayed payments shall be divided between sponsoring employers and  
26 the employees in the same approximate proportion as the original contribution increases were  
27 implemented, resulting in the sponsoring employers paying 30% of any contribution increase and  
28 the employees paying 70% of any contribution increase; and

29 **WHEREAS**, under Section 18-405(g) of the Code, the Retirement Board is responsible for  
30 making recommendations to the City for amendments to the Plan when, in the judgment of the  
31 Board such changes are necessary; provided that such recommendations be accompanied by a  
32 report of the Plan's actuary setting forth the effect of such amendments; and,

1           **WHEREAS**, Section 18-407(a) of the Revised Municipal Code of the City and County of  
2 Denver states that the employer intends to continue the plan and to contribute regularly to the trust  
3 each payroll period for each member such amounts as are necessary to maintain or assist in  
4 maintaining the plan on a sound actuarial basis as prescribed by applicable law and, particularly,  
5 the Internal Revenue Code for defined benefit pension plans qualified under section 401(a)  
6 thereof, and that employees shall contribute regularly to the trust each payroll period in such  
7 amounts as are necessary, in the judgment of the city, to assist in maintaining the plan on a sound  
8 actuarial basis; and,

9           **WHEREAS**, it is in the judgment of the City that, in order to maintain the Plan on a sound  
10 actuarial basis, the sponsoring employers shall each have their contributions to the Plan increased  
11 by three tenths of one percentage point (0.3) and their respective employees shall each have their  
12 contributions to the Plan increased by seven tenths of one percentage point (0.7) for an overall  
13 increase in contributions to the Plan of one (1.0) percentage point:  
14

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

17  
18 **Section 1.** That Section 18-407(e) and Section 18-407(f) (sometimes known and cited as  
19 Section 407, Subsections (e) and (f), Chapter 18) of the Revised Municipal Code, relating to  
20 contributions and payroll deductions be amended by deleting the language stricken and by adding  
21 the language underlined as follows:  
22

23 **Sec. 18-407. Contributions; payroll deductions.**

24  
25 (e) *Employer contributions.* From and after the date a person first becomes an active member, and  
26 until the actual retirement date or prior termination of employment, the manager of finance and  
27 each contractual entity shall transfer into the trust fund each payroll period from such sources  
28 as shall, in the case of the city, be designated by ordinance, the amounts listed in this section  
29 which have been determined, on an actuarial basis, to be sufficient to provide for the benefits of  
30 eligible members.  
31

32 (1) For each active member, including each elected official, the employer shall contribute  
33 eleven and ~~two tenths one-half~~ (11.211.5) percent of the member's gross salary. In the case  
34 of a contractual entity, the employer shall, as a condition necessary to becoming or  
35 remaining a contractual entity, also make any actuarially determined supplemental  
36 contributions necessary to fund the current cost of benefits available under the plan payable  
37 to current and future employees of the contractual entity.

38 (2) For accounting, reporting, and record-keeping purposes, a portion of said contributions shall

1 be contributed so that it can be allocated and apportioned to the health benefits account  
2 created by section 18-412 based upon the determination made, from time to time, by the  
3 plan's actuary of the amount necessary for the actuarial soundness of the health benefits  
4 account, such portion not to exceed, however, two (2) percent of said total gross salary.  
5 Expenses relating to the administration and investment of the health benefits account shall  
6 be charged thereto with the same limitations imposed thereon as are set forth in section 18-  
7 403 regarding the administration of pension benefits.  
8

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

13 (1) For each active member, including each elected official, the employee shall, contribute  
14 ~~seven and three tenths~~ eight (8.0) percent of his or her gross salary to the trust fund.

15 (2) For the employee contributions required under paragraph (1) above and subject to the  
16 requirements of section 414(h) of the Internal Revenue Code the employer shall pick-up the  
17 designated employee contributions as an employer pick-up of the contributions. If an active  
18 member terminates employment prior to being vested, the plan shall refund to the  
19 terminated employee in a lump sum the employee contribution plus three (3) percent per  
20 annum simple interest attributable to the employee's contributions to the trust fund.  
21 Employee contributions attributable to an employee who is vested or eligible to receive a  
22 retirement benefit from the plan, shall not be considered "accumulated contributions" as that  
23 term is defined in this division, and shall not be refunded to the employee at any time but  
24 shall remain a part of the trust fund and used to fund, but not increase, retirement benefits.  
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27 **Section 2.** The amendments set forth herein shall be effective with the first employee  
28 paychecks issued in January, 2015.  
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1 COMMITTEE APPROVAL DATE: November 4, 2014

2 MAYOR-COUNCIL DATE: November 11, 2014

3  
4 PASSED BY THE COUNCIL \_\_\_\_\_ 2014

5 \_\_\_\_\_ -PRESIDENT

6 APPROVED: \_\_\_\_\_ -MAYOR \_\_\_\_\_ 2014

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 \_\_\_\_\_ 2014 \_\_\_\_\_ 2014

13  
14 PREPARED BY: Victoria A. Hale, GENERAL COUNSEL,  
15 DENVER EMPLOYEES RETIREMENT PLAN,  
16 October 7, 2014

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

22  
23 D. Scott Martinez, Denver City Attorney

24 BY: \_\_\_\_\_, Assistant City Attorney      DATE: \_\_\_\_\_, 2014