

BY AUTHORITY

ORDINANCE NO.
SERIES OF 2021

COUNCIL BILL NO. 21-1448
COMMITTEE OF REFERENCE:
Finance & Governance

A BILL

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

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

WHEREAS, Section 18-409(h)(1) of the Code was changed in 2020 to decrease the actuarial assumption of investment return ("ARR") from 7.50% to 7.25%.; and,

WHEREAS, the lower ARR is to be phased in over a three-year period; and,

WHEREAS, the Plan's actuary has further determined that as a result of the lower ARR, an increased contribution is actuarially necessary to improve the funded status of the Pension and Retiree Medical Plans, and to strengthen their actuarial soundness; and,

WHEREAS, the Retirement Board determined that an increase in the contribution rate is both desirable and necessary; and,

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

WHEREAS, it is further in the judgment of the City that, in order to maintain the Plan on a sound actuarial basis, the participating employers shall each have their regular contributions to the Plan increased by one (1) percentage point, and their respective employees shall each have their regular contributions to the Plan decreased by four-tenths (0.4) of a percentage point for an overall increase in contributions to the Plan of six-tenths (0.6) of a percentage point.

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

Section 1. That paragraph (1) of Subsection (e) of Section 18-407 of the Revised Municipal Code, relating to contributions and payroll deductions, be amended by deleting the language struck through and adding the language underlined as follows:

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

2
3 (e) *Employer contributions.* From and after the date a person first becomes an active member,
4 and until the actual retirement date or prior termination of employment, the manager of finance and
5 each contractual entity shall transfer into the trust fund each payroll period from such sources as
6 shall, in the case of the city, be designated by ordinance, the amounts listed in this section which
7 have been determined, on an actuarial basis, to be sufficient to provide for the benefits of eligible
8 members.

- 9
10 (1) ~~Effective January 1, 2021, for each active member, including each elected official, the~~
11 ~~employer shall contribute fifteen and three-quarters (15.75%) percent of the member's~~
12 ~~gross salary. Effective January 1, 2022, for each active member, including each~~
13 ~~elected official, the employer shall contribute sixteen and three-quarters (16.75%)~~
14 ~~percent of the member's gross salary. Any employer may prepay this contribution~~
15 ~~obligation with the approval of the retirement board. In the case of a contractual entity,~~
16 ~~the employer shall, as a condition necessary to becoming or remaining a contractual~~
17 ~~entity, also make any actuarially determined supplemental contributions necessary to~~
18 ~~fund the current cost of benefits available under the plan payable to current and future~~
19 ~~employees of the contractual entity. Further, the city may make additional discretionary~~
20 ~~contributions, upon appropriation of funds for that purpose by city council.~~

21
22 **Section 2.** That Paragraph (1) of Subsection (f) of Section 18-407 of the Revised Municipal Code,
23 relating to contributions and payroll deductions, be amended by deleting the language struck through
24 and adding the language underlined as follows:

25
26 (f) *Employee contributions.* Each active member shall contribute to the trust fund, by means of
27 payroll deductions which shall be withheld by the manager of finance or contractual entity and
28 transferred each payroll period directly to the trust, the following amounts:

- 29
30 (1) ~~Effective until December 31, 2019, for each active member, including each elected~~
31 ~~official, the employee shall contribute eight and one-half (8.5) percent of his or her gross~~
32 ~~salary to the trust fund. Effective January 1, 2020, for each active member, including each~~
33 ~~elected official, the employee shall contribute nine and one-quarter (9.25) percent of his or~~
34 ~~her gross salary to the trust fund. Effective January 1, 2022, for each active member, including~~
35 ~~each elected official, the employee shall contribute eight and eighty-five one-hundredths~~
36 ~~(8.85%) percent of his or her gross salary to the trust fund.~~

37
38 **Section 2. Effective Date.** This bill takes effect January 1, 2022.

1 COMMITTEE APPROVAL DATE: November 30, 2021 by Consent
2 MAYOR-COUNCIL DATE: December 7, 2021 by Consent
3 PASSED BY THE COUNCIL _____
4 _____ - PRESIDENT
5 APPROVED: _____ - MAYOR _____
6 ATTEST: _____ - CLERK AND RECORDER,
7 EX-OFFICIO CLERK OF THE
8 CITY AND COUNTY OF DENVER
9 NOTICE PUBLISHED IN THE DAILY JOURNAL _____ ; _____
10 PREPARED BY: Robert A. McDermott, Assistant City Attorney DATE: December 9, 2021
11 Pursuant to section 13-9, D.R.M.C., this proposed ordinance has been reviewed by the office of the
12 City Attorney. We find no irregularity as to form and have no legal objection to the proposed
13 ordinance. The proposed ordinance is not submitted to the City Council for approval pursuant to
14 §3.2.6 of the Charter.
15
16 Kristin M. Bronson, City Attorney
17
18 BY: *Jonathan Griffin*, Assistant City Attorney DATE: Dec 9, 2021