ROSEVILLE

REQUEST FOR COUNCIL ACTION

Date: July 1, 2013
Item No.: 10.c

Department Approval | City Manager Approval

P. Trudgeon

Item Description: Roseville Fire Relief Association Discussion

BACKGROUND

The Roseville Fire Relief Association has requested that the City consider raising the monthly benefit its members currently receive from $30 to $32 per month for each year of service.

Prior to considering this request, staff would like to provide the City Council with information regarding the history of the Roseville Fire Relief Association and the future of the fire relief pension.

Staff has created a detailed presentation that it will share with the City Council during the July 1st meeting. Some of the highlights from the presentations include:

- The Relief Association is statutorily established and is a separate legal entity from the City of Roseville and the Fire Department. It exists to provide a retirement incentive for firefighters. It is self-governing. It is designed to provide for the option of lump sum benefit or monthly benefits. By definition, it is considered a defined benefit plan.
- A board of nine trustees manages the business of the Relief Association. Six of the board members are elected from the membership of the Association, one of which may be a retired member receiving a monthly pension. The elected members serve three year terms on a rotating basis. The three remaining trustees serve on the board per state law. These ex-officio members are the Fire Chief, the Mayor, and the City Manager.
- The Relief Association's first funding source is the State of Minnesota, which levies a 2% tax on all fire insurance premiums paid in to the State. These monies are allocated to the municipalities according to a formula which considers the population and taxable property of the municipality. If State aid is not sufficient to meet the Association’s benefit requirements, the City of Roseville is required to fund the difference.
- In 2010 the City decided to change the pension option provided to part-time firefighters. The City agreed to no longer offer the Relief Association as a pension option but to place all newly hired firefighters into Public Employee Retirement Association (PERA). Current employees in the Relief Association were offered a one-time possibility to switch to PERA.
- Since no new members are being added to the Relief Association, there will come a point in the future that there will be no designated beneficiaries. In recognition of that fact, staff believes that there should be a discussion with the Fire Relief Association on how

the plan should be changed to accommodate the eventual sunset of the association.

Members of the Fire Relief Board will be present at the July 1st meeting to provide their input into the discussion.

Policy Objective

To provide financial oversight of the Fire Relief Association retirement benefit in order to allocate a fiscally responsible amount of City investment to the fund while providing appropriate retirement benefits to fire fighters and their families.

Budget Implications

Providing the Fire Relief Association pension is an on-going cost to the City. The amount of contribution varies from year- to- year dependent on market condition. The $2 monthly increase will add about $577,764 liability to the fund. Below is a table showing existing and future contributions:

	2013	2014 with benefit increase	2014 without benefit increase
City of Roseville Contribution	$152,500	$72,817	$25,342
State 2% Insurance Funding	$145,733	$147,750 (est.)	$147,750 (est.)
Total	$298,233	$220,571	$172,096

Staff Recommendation

In consideration of past practices and the condition of the fund, staff is supportive of increasing the monthly benefit by $2 per month for each year of service. However, staff would make this approval conditioned on the several items. They include:

- Directing the Relief Association Board to coordinate all future actuarial requests with City Staff, and with the approval of City Council.
- Prior to requesting a future benefit increase, the Relief Association Board should:
  - Research and present to the City other fire relief retirement plans and present plan comparisons.
  - Research and present to the City possibilities of transitioning to an annuity plan.
  - Research and present plan options to the City with comparisons to the Social Security retirement structure.
  - Research and present plan options to the City that establishes future plan caps as the association moves toward sunset.

REQUESTED COUNCIL ACTION

The City Council should provide direction in regards to the benefit increase. This item will be brought back to a future City Council meeting for official action.

Prepared by: Patrick Trugeon, Interim City Manager (651) 792-7021
Attachments: None