

AGENDA



Thursday, December 18, 2008

**Police
RECOMMENDATION FOR COUNCIL ACTION****Item No. 41**

Subject: Approve a resolution relating to the consolidation of the Public Safety and Emergency Management (PSEM) law enforcement officers into the Austin Police Department (APD); granting authorization for the Austin Police Retirement System (APRS) to elect to participate in the Proportionate Retirement Program (PRP); accepting increased contribution rates to APRS from 18.00% to 18.25% from January 4, 2009 to the remainder of Fiscal Year 2008-2009 and from 18.25% to 18.63% for Fiscal Years 2009-2010 and beyond; waiving enforcement of the condition in Article 25, Section 10(c) of the Meet and Confer Agreement between the City of Austin and the Austin Police Association; and supporting legislation to amend the Austin Police Retirement System (APRS) pension statute. Related to Items #40 and \$47.

Fiscal Note: A fiscal note is not required.

For More Information: APD Chief of Staff, David Carter/974-5030

The recently ratified Meet and Confer Agreement (Agreement) between the City and the Austin Police Association includes provisions to accomplish the City's goal of consolidating the law enforcement officers of the Public Safety and Emergency Management Department into the Austin Police Department. The Agreement includes several conditions intended to prevent impairment of the retirement benefits of the PSEM officers who will be required to move out of the City of Austin Employees Retirement System (COAERS) and into the Austin Police Retirement System (APRS). Those conditions are:

1. APRS must elect to join the statewide Proportionate Retirement Program (PRP), in which COAERS participates. The PRP allows employees to combine retirement service credit from participating retirement systems in order to reach retirement eligibility. The law that authorizes the PRP also requires that the City (a) consent to APRS joining the PRP; (b) fund any additional cost incurred by APRS as a result of participating in the PRP by increasing the City's contribution rate to APRS; and (c) retain an actuary to review the cost of the City's decision that APRS may join the PRP.
2. The City's contribution rate to the APRS may not exceed 18.25% unless the City Council specifically accepts a higher contribution rate.
3. City Council must approve a resolution supporting legislation in the 2009 Legislature to amend the APRS pension statute to (a) increase the City's contribution rate for APRS to the amount determined by APRS's actuary to fund the additional liabilities incurred by APRS as a result of participating in the Proportionate Retirement Program and (b) require that approximately six (6) years after APRS begins participating in the Proportionate Retirement Program, APRS's actuary must conduct a five year experience study to determine whether the City's contribution rate should be increased or decreased based on utilization of the Proportionate Retirement Program during that period.

The first step required for APRS to join the PRP has been completed. The APRS actuary completed a special actuarial study which indicates that the City's contribution to APRS must increase from 18.0% to 18.61% to fund the additional cost to APRS of joining the PRP. The City's actuary has reviewed that report and the cost to the City of consenting that APRS may join the PRP.

APRS has agreed to phase in increased contribution rate. The rate will increase from 18.00% to 18.25% from January 4, 2009 through the remainder of fiscal year 2008-2009 and then increase to 18.63% beginning October 1, 2009.

The APRS Board of Trustees has notified the City that it intends to join the PRP if, in addition to the conditions outlined in the Agreement, the City Council also supports legislation requiring additional periodic actuarial reviews of the cost of APRS participation in the PRP. Those additional periodic reviews could result in an increase or decrease of the City's contribution rate.

The passage of this resolution will accomplish the requirements of both the Meet and Confer Agreement and state law to allow APRS to participate in PRP.