

MEMORANDUM

DATE: 9/24/15
TO: Mayor Keil
City Council
THRU: Douglas Faseler, City Manager
FROM: Tammy Garcia, Director of Human Resources 
SUBJECT: Ordinance adopting 2016 TMRS plan

In 2014 City Council took the first step towards fully funding the employee retirement plan by voting to reinstate the annually repeating provision of the updated service credit benefit. In addition, council passed a resolution directing staff to continue with financial planning to fully fund retirement benefits by no later than fiscal year 2019. The goal of fully funding the plan includes reinstatement of the annually repeating provision for the annuity increase benefit and budgeting for the cost of these benefits as actuarially established by the Texas Municipal Retirement System.

The established contribution rate for 2016 is 15.54% for the current level of benefits. The contribution rate to fully fund the plan would be 23.22%. The recently adopted FY 2016 budget includes a TMRS contribution rate of 17.5% effective 1/1/16. The budgeted rate exceeds the mandated rate by 1.96% which is approximately $\frac{1}{4}$ of the total cost needed to reach the fully funded rate within the next four years. While the actuarially established rates are a moving target since they are based upon employee demographics, interest rates, etc. staff is confident that this first step in the four year plan will put the City in a financial position to reach full funding by FY 2019.

Staff recommends approval of the attached ordinance adopting the existing benefits for calendar year 2016. Staff also recommends that the City adopt a contribution rate of 17.50% (1.96% over the TMRS established rate) effective January 1, 2016 as provided for in the FY 2016 budget.

I would be happy to respond to any questions you have regarding this item.