

**CITY OF JOPLIN
COUNCIL AGENDA ITEM**

ITEM

Council Bill 2019-536 – Adopting the LAGERS retirement system for public safety employees effective February 1, 2020

MEETING DATE

December 2, 2019

ORIGINATING DEPT

Finance

ATTACHMENTS

CB 2019-536 Ordinance

REVIEWED BY

Department Head: Leslie Haase; Human Resources Director: Dave Allgood; City Attorney: Peter Edwards; Interim City Manager: Dan Pekarek

SUMMARY

This Council Bill adopts the LAGERS retirement system for public safety employees hired on or after February 1, 2020.

BACKGROUND

In late 2018, an internal work group began working on a recommendation to improve public safety recruiting and retention. The recommendation from the work group was as follows:

- Fund and close the pension plan to new hires
- Move new hires to the LAGERS retirement L-11 plan
- Allow Tier II employees the voluntary option to migrate to LAGERS

This plan required voter approval of a ½-cent sales tax dedicated for these purposes until the pension plan is either 120% funded or 12 years, whichever occurs first. Voters approved this tax on November 5, 2019. It is anticipated this tax will go into effect on April 1, 2020 with the first collections by the City in June.

The council bill approves an ordinance for the City to participate in the LAGERS retirement system for public safety employees hired on or after February 1, 2020. Public safety employees will be covered by the L-11 plan option, with the following main components:

- 2.5% benefit multiplier
- Not covered by social security
- Eligible to receive full retirement benefit at age 55
- No employee contribution

The City received a final cost as a percentage of payroll for the police employees and the fire

employees. The City's cost for police will be 16.4%, while fire will be 19.8%. Over the next two years, \$2 million of the ½-cent sales tax will be sent to LAGERS to decrease this cost as a percentage of pay. As a result, the percentage of payroll cost will decrease over at least the next two years.

FUNDING SOURCE

This item is not applicable for this council bill.

RECOMMENDATION

Staff recommends approval of this council bill on first reading.