

# **CIVIL SERVICE RETIREMENT STABILITY BENEFIT**

Proposed by Garland Fire Fighters Association - Part (2)

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**Garland City Council  
2017-18 Proposed Budget  
August 31, 2017**



# Proposed Retirement Stability Benefit

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## Issue:

### **Comparability of Retirement Benefits**

- Garland general schedule employees have mandated Social Security retirement benefits while civil service employees are not currently eligible for coverage.
- Cities with uncovered employees often provide a supplemental retirement plan that is funded by both City and employee contributions.
- Garland does not currently contribute to a supplemental retirement plan for civil service employees unlike its peer cities.

# Proposed Retirement Stability Benefit

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## GFFA Proposal:

### Creation of a Civil Service Retirement Stability Benefit (RSB)

- RSB funded with 3% (of gross pay) City contribution and a 4% employee contribution. Contributions would be made into individually owned 457(b) accounts.
- Participation optional but a 4% contribution is required if a civil service employee chooses to participate.

Percentage of Gross Pay	
City contribution	3%
Employee contribution	4%
Total 457(b) Funding Contribution	7%

# Perspectives on Retirement Stability Benefit

## *From August 24<sup>th</sup> Budget Work Session*

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### **Lenses (Perspectives):**

#### **(1) Historical – How We Got Here**

*Not a viable Social Security solution*

#### **(2) Internal Equity**

*Inequity exist between general and civil service retirement benefits*

*Vast differences between Social Security and 457(b) plans*

#### **(3) Competitiveness with Other Cities**

*Garland is the only peer City without Social Security not providing an RSB*

*Lack of RSB does not appear to impact recruitment*

#### **(4) Affordability**

*Difficult to implement 3% in one year – will take sacrifices in other areas*

*Multi-year approach is typically used for large on-going expenditures*

#### **(5) Competing Priorities**

*The City will always have to deal with the complexity that having multiple priorities brings.*



## Policy Questions

*From August 24<sup>th</sup> Budget Work Session*

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1. Is the establishment of an RSB program warranted for civil service?
2. Is there a better financial plan vehicle other than using individual 457(b) accounts?
3. What percentage should the City contribute?
4. What minimum percentage should employees be required to contribute?
5. Should participation in the RSB be voluntary or mandated?
6. Should the City's contribution be phased in over multiple years or should the target rate be achieved in year one?
7. How should the City address the fact that Police has very different priorities than Fire?

# Clarifications – Contribution Rates

*From August 24<sup>th</sup> Budget Work Session*

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## Based on 457(b) Withdrawals Starting at Age 55

Employee %	City %	Total %	457 (b) Benefit	Social Security
6.2%	2.8%	9.0%	26,000	26,000
<b>4.0%</b>	<b>3.0%</b>	<b>7.0%</b>	<b>18,500</b>	<b>26,000</b>
6.2%	0.0%	6.2%	16,500	26,000

## Based on 457(b) Withdrawals Starting at Age 62

Employee %	City %	Total %	457 (b) Benefit	Social Security
6.2%	1.0%	7.2%	26,000	26,000
<b>4.0%</b>	<b>3.0%</b>	<b>7.0%</b>	<b>23,800</b>	<b>26,000</b>
6.2%	0.0%	6.2%	21,200	26,000

*457 (b) Benefits and Social Security expressed in PV*



# Funding Options

## *2017-18 Alternative Scenarios*

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### **Alternative (A)**

Update scenarios from August 16<sup>th</sup> Memo from City Manager.

### **Alternative (B)**

Cut departmental expenses on a pro-rata basis across the General Fund to cushion the impact to any one department.

### **Alternative (C)**

Reallocation of cash funding to provide additional Police Officers and provide funding for establishment of an initial RSB.

# Funding Options

## 2017-18 Alternative (A) Updated 8-16-17 Memo

Year One City Contribution	3%	1.50%	1.00%	0.50%
<b>Cost of Supplemental Retirement</b>	<b>1,436,970</b>	<b>718,485</b>	<b>478,990</b>	<b>239,495</b>
Salary Increases - Reduction in Gen Sch 1/2%	163,203	0	0	0
Salary Increases - Reduction in Police 1/2%%	64,909	0	0	0
Salary Increases - Reduction in Fire 1/2%	47,452	0	0	0
Reduction in 457 Due to Less Salary Increase	3,371	0	0	0
OPEB Reduce Contribution	500,000	325,000	175,000	150,000
Library Book – Reduce increase in Cash Funding	125,000	125,000	75,000	0
Fire - Eliminate 4 Proposed Positions	294,696	0	0	0
Building Inspection - Contract Labor	21,000	21,000	0	0
Code Compliance - Vehicle Operating Cost		8,142	0	0
Code Compliance - PT Staff Member		15,015	0	0
Code Compliance - COG Property Mowing	15,000	30,000	30,000	30,000
Library - Blue Cloud Mobile App	11,000	11,000	11,000	0
Landfill - Temp Labor to Man Convenience Center	52,000	52,000	52,000	0
Parks - Downtown Concert Series	75,000	75,000	75,000	0
Parks - Additional Mowing on SH 78	8,000	8,000	8,000	8,000
Parks - Additional Litter Crew	53,508	53,508	53,508	53,508
Miscellaneous Adjustments	2,832	(5,180)	(518)	(2,013)
<b>Total Reductions in Proposed Budget</b>	<b>1,436,970</b>	<b>718,485</b>	<b>478,990</b>	<b>239,495</b>



# Funding Options

## 2017-18 Alternative (B) Pro-rata Cuts

City Contribution	OPEX	3%	1.5%	1.0%	0.5%
Reduction Required	%	1,436,970	718,485	478,990	239,495
Parks, Rec. and Cultural Arts	22.58%	324,435	162,217	108,145	54,072
Police	18.92%	271,927	135,964	90,642	45,321
Fire	15.68%	225,365	112,682	75,122	37,561
Library	8.39%	120,524	60,262	40,175	20,087
EWS - Disposal (Landfill)	8.10%	116,430	58,215	38,810	19,405
Code Compliance	5.11%	73,497	36,749	24,499	12,250
Health	2.81%	40,373	20,186	13,458	6,729
Transportation	2.55%	36,692	18,346	12,231	6,115
Planning and CD	2.31%	33,142	16,571	11,047	5,524
Municipal Court	2.24%	32,143	16,071	10,714	5,357
City Attorney	1.98%	28,420	14,210	9,473	4,737
Human Resources	1.74%	25,012	12,506	8,337	4,169
City Council	1.48%	21,258	10,629	7,086	3,543
Engineering	1.12%	16,064	8,032	5,355	2,677
Building Inspection	0.84%	12,013	6,007	4,004	2,002
Tax	0.75%	10,780	5,390	3,593	1,797
Financial Services	0.63%	8,983	4,491	2,994	1,497
City Administration	0.57%	8,181	4,091	2,727	1,364
Purchasing	0.49%	7,057	3,528	2,352	1,176
City Secretary	0.49%	7,010	3,505	2,337	1,168
Public and Media Relations	0.42%	5,976	2,988	1,992	996
Office of Emergency Mgmt.	0.30%	4,336	2,168	1,445	723
Internal Audit	0.30%	4,282	2,141	1,427	714
Budget & Research	0.21%	3,072	1,536	1,024	512
<b>Total Reductions</b>	<b>100.00%</b>	<b>1,436,970</b>	<b>718,485</b>	<b>478,990</b>	<b>239,495</b>

*Almost 80% of Cuts in Just Six Departments*

# Funding Options

## 2017-18 Alternative (C) Reallocation of Cash Funding

1	<b>Year One City Contribution</b>	<b>1.00%</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.50%</b>
2	<b>Changes to Staffing/Cash Funding:</b>				
	Police - Patrol Positions	4	4	4	4
	Police - Community Outreach Officer	1	1	1	1
	Fire Fighter Positions	(4)	(4)	(2)	(1)
	Streets - Reduce Annual Cash Funding Increase	90%	60%	77%	87%
3	<b>Cost of Supplemental Retirement Benefits</b>	<b>478,990</b>	<b>239,495</b>	<b>239,495</b>	<b>239,495</b>
4	<b>Changes in Proposed Expenditures:</b>				
	Street Funding - Reduce Annual Increase in Cash Funding	675,000	450,000	577,500	652,500
	Police - Add 4 Patrol and 1 Community Outreach	(493,265)	(493,265)	(493,265)	(493,265)
	Fire - Delay Positions	294,696	294,696	147,348	73,674
	Miscellaneous Adjustments	2,559	(11,936)	7,912	6,586
	<b>Total Reductions in Proposed Budget</b>	<b>478,990</b>	<b>239,495</b>	<b>239,495</b>	<b>239,495</b>
5	<b>Annual Increase in Cash Funding \$750,000</b>				
	Street Improv - Cash and Tax Note	19,566,000	19,791,000	19,663,500	19,588,500
	Street Improv - Debt	6,989,000	6,764,000	6,891,500	6,966,500
	<b>Total Street Funding</b>	<b>26,555,000</b>	<b>26,555,000</b>	<b>26,555,000</b>	<b>26,555,000</b>
6	<b>Increase in Street Funding FY 2017-18</b>	<b>75,000</b>	<b>300,000</b>	<b>172,500</b>	<b>97,500</b>