



City Council

Approval of an Ordinance Amending the LEOFF 1 (Law Enforcement Officers and Fire Fighters) Medical Benefits Trust Fund

Agenda Date: 10/17/2017
Agenda Item Number: 4.G
File Number: 17-0914

Type: ordinance **Version:** 2 **Status:** Passed

Title

Approval of an Ordinance Amending the LEOFF 1 (Law Enforcement Officers and Fire Fighters) Medical Benefits Trust Fund

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve the ordinance amending the LEOFF 1 Medical Benefits Trust Fund on second reading.

Report

Issue:

Whether to amend the LEOFF 1 medical benefits trust fund ordinance to authorize the fund to pay for the administrative costs associated with the LEOFF 1 medical benefits.

Staff Contact:

Stacie Tellers, Acting Accounting Supervisor, Administrative Services, 360.753.8599

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

Background and analysis has not changed from first to second reading.

The City is obligated to pay medical benefits for LEOFF(Law Enforcement Officers and Fire Fighters) Plan 1 retirees. Plan 1 is for firefighters and police officers hired prior to October 1, 1977. There are currently 68 City of Olympia retirees and one current employee who are members of the LEOFF Plan 1 system.

The City of Olympia created the LEOFF 1 OPEB (Other Post-Employment Benefits) Trust Fund for LEOFF 1 medical benefits, "LEOFF 1 OPEB Trust" in 2015. Prior to the creation of the LEOFF 1

OPEB Trust, Police retirees' OPEB costs were paid from the General Fund; Fire retirees' OPEB costs were paid from the Firemen's Pension Fund; and long-term care costs were paid out of the special accounts fund. The creation of the LEOFF 1 OPEB Trust consolidated the benefit payments into one Fund.

In addition to the benefit payments, the City of Olympia is responsible for the actuarial analysis and administrative functions of the LEOFF 1 OPEB Trust. Costs associated with these functions were paid from the General Fund, Firemen's Pension Fund, and special accounts fund. The creation of the LEOFF 1 OPEB Trust did not address these costs; therefore, these costs have been paid for by the General Fund. In 2016 costs for the full bi-annual actuarial data was \$22,325. The anticipated 2018 cost for the full bi-annual data is \$28,000.

The City of Olympia is responsible for audits, membership communications, and maintenance of membership data of the LEOFF 1 OPEB Trust Fund and its members. Costs associated with the administrative responsibility is currently paid for by the General Fund. Costs directly related to the administrative functions of the LEOFF 1 OPEB Trust should be charged to the LEOFF 1 OPEB Trust Fund.

Staff is recommending the amendment to the LEOFF 1 OPEB Trust fund to allow for payment of actuarial evaluations and other costs related to the administration of the LEOFF 1 OPEB Fund.

Neighborhood/Community Interests (if known):

None as this is an administrative amendment.

Options:

1. Approve the ordinance amending the LEOFF 1 medical benefits trust fund ordinance to authorize the fund to pay for the administrative costs associated with the LEOFF 1 medical benefits trust fund.
2. Do not approve the ordinance. The City would continue to pay LEOFF 1 Trust fund actuarial and administrative expenses from the General Fund.

Financial Impact:

No additional financial obligations. See background and analysis for the financial impacts.

Attachments:

Ordinance