



**GRAND JUNCTION CITY COUNCIL
MONDAY, DECEMBER 18, 2017**

**PRE-MEETING (DINNER) 5:00 P.M. ADMINISTRATION CONFERENCE ROOM
WORKSHOP, 5:30 P.M.
CITY HALL AUDITORIUM
250 N. 5TH STREET**

To become the most livable community west of the Rockies by 2025

1. Discussion Topics

- a. Fire and Police Pension Association of Colorado (FPPA) Presentation on Defined Benefit Pension Plan for Sworn Fire and Police Employees

2. Next Workshop Topics - February 5, 2018

- a. Jarvis Property Update
- b. Connect Initiative

3. Other Business



Grand Junction City Council

Workshop Session

Item #1.a.

Meeting Date: December 18, 2017

Presented By: Ken Watkins, Fire Chief

Department: Fire

Submitted By: Ken Watkins

Information

SUBJECT:

Fire and Police Pension Association of Colorado (FPPA) Presentation on Defined Benefit Pension Plan for Sworn Fire and Police Employees

EXECUTIVE SUMMARY:

Fire and Police employees are currently in the City's money purchase retirement plan administered through the International City Manager's Association Retirement Corporation (ICMA-RC). Fire and Police Department employees have expressed an interest in evaluating retirement options provided by FPPA. The Fire and Police Pension Association of Colorado will provide a presentation on FPPA retirement plans and the process for affiliation.

BACKGROUND OR DETAILED INFORMATION:

The Fire and Police Pension Association (FPPA) was established January 1, 1980, and administers a statewide multiple employer public employee retirement system, providing defined benefit plan coverage for firefighters and police officers throughout the State of Colorado. At this time, FPPA is permitting employers to partially affiliate where existing firefighters and police officers individually choose to either: remain covered by their local employer's money purchase pension plan or join the FPPA system. Three alternative plans are available upon affiliation for current employees (sworn personnel only): 1) Statewide Defined Benefit Plan; 2) Statewide Hybrid Plan consisting of both a defined benefit and defined contribution component; and 3) Statewide Hybrid Plan with only a defined contribution plan component. The selection of one of these plans is irrevocable once an election is made.

The City previously evaluated FPPA as a retirement option for sworn public safety

employees in 2006 and 2012. In 2006, City Council elected not to move forward with FPPA and in 2012, FPPA had passed a moratorium on new enrollments pending a membership vote. In both times, FPPA required "full-entry" of all sworn employees.

On October 27, 2016, FPPA lifted the entry moratorium and began allowing "partial entry" beginning December 1, 2016. Partial entry allows existing firefighters and police officers to individually choose to either: remain covered by their local employer's money purchase pension plan or join the FPPA system. Partial entry only applies to existing employees. If the City affiliates with FPPA all new employees would have FPPA retirement coverage upon hiring.

With this change, representatives of the City's Fire Retirement Board expressed an interest in evaluating the partial entry option for sworn fire employees. On September 12, 2017, FPPA representatives presented information at the City's Joint Retirement Board meeting consisting of representatives from fire, police and general employees. At the following meeting on October 5, 2017, the Fire Retirement Board requested through affirmative vote, to continue the process of evaluating FPPA retirement options for sworn Fire Department employees. Police representatives have requested more information for their employees before moving forward with a similar vote. This presentation to City Council is the next step in moving forward with the evaluation process.

In order to affiliate with FPPA, the following steps must be completed:

- Submittal of a non-binding resolution approved by City Council as pension plan provider requesting coverage under FPPA. This step actually begins the conversion planning process where education and individual sessions are provided by FPPA.
- General education sessions are provided by FPPA to eligible employees.
- Completion of individual pension comparisons by FPPA for each employee.
- Final approval by City Council to affiliate and file certification of compliance. Once the certification of compliance is approved by the City, the remaining necessary steps must be completed to affiliate with FPPA.

The primary motives to evaluate the FPPA Partial Entry plan are: 1) Existing employees can have a choice between one of three FPPA plans or elect to stay in the current ICMA-RC plan; 2) a number of employees believe that the FPPA plan better represents the interest of public safety employees over the City's retirement plan; and 3) a defined benefit plan may help in recruiting and retention of public safety employees.

FISCAL IMPACT:

None for the workshop presentation.

SUGGESTED ACTION:

Staff is requesting direction from City Council to prepare a non-binding resolution requesting coverage under the FPPA Defined Benefit System administered by the Fire and Police Pension Association of Colorado.

Attachments

1. FPPA Presentation
2. Guest Presentation Form

FIRE & POLICE PENSION ASSOCIATION of COLORADO



Grand Junction City Council Informational Presentation

Presented

December 18, 2017

FPPA

Presentation Overview

- Who is FPPA?
- Why consider joining the FPPA Defined Benefit System?
- What is partial entry and what is the partial entry process?
- Why is joining beneficial?
- Q & A

Who is FPPA?

- Public Pension Plan

- Established by Colorado state legislature in 1980
 - To address pension crisis that was happening in CO police and fire plans at the time
- Charged with offering
 - Statewide Defined Benefit Plan
 - Statewide Death & Disability Plan
 - Administrative services to locally administered pension plans (“old hire” plans)
- Additional offerings have been added over the years
 - 457, SWH, SWMP, etc.

Governance

- Governed by a nine member board of directors
 - Appointed by Governor, confirmed by Senate
 - 3 member representatives
 - 1 active police officer
 - 1 active firefighter
 - 1 retiree, (alternates between police and fire every 6 years)
 - 3 employer representatives
 - 3 representatives from the community
- Balance of power on the board leads to sound decision making

What are some of the differences between FPPA and PERA

- Funding status
- Contribution rates
- Actuarial cost charged to purchase service credit
 - No “fire sales”
- Benefit Adjustments (a/k/a COLAs) are ad hoc- not fixed or guaranteed
- Statewide Defined Benefit Plan safeguards
- FPPA highly regarded by Pension Reform Commission



Why consider joining the FPPA Defined Benefit System?

FPPA

Why consider joining the FPPA Defined Benefit System?

- FPPA offers a stable, well-designed and affordable retirement system, designed for police officers and firefighters.
- Having a secure and sound pension system is good for the employer, members and the community.



Why consider joining?

- **Stability**

- SWDB and SWH Plans have been funded on an actuarially sound basis since inception
 - No state funding

- **Well Designed Plans**

- Plan design promotes continued stability,
 - (statutory safeguards, definition of base salary, pricing of service credit, etc.)

- **Member satisfaction and Member focus**

- Members report high satisfaction
- No commissions / incentive pay for FPPA staff
 - not about “making a sale”

Funded Status

SWDB

- Funded Status as of January 1, 2017

101.4%

SWH- DB Component

- Funded Status as of January 1, 2017

129.6%

Why consider joining?

Member Perspective

- **Plan features allow members to build a secure retirement with less worry**
 - Don't have to worry about outliving their pension
 - Don't have to invest their DB assets
 - Can use plan features that support their goals
 - Provides a “safety net” currently lacking
 - most Colorado police officers and firefighters do not participate in Social Security
- **Affordable and valuable plan options**

Why consider joining?

Employer Perspective

- **Well-funded defined benefit plans**
- **Statutory safeguards reduce the likelihood of employer rate increases**
- **DROP helps with retention of experienced police officers and firefighters, as well as succession planning**
- **Defined benefit income supports local economies**
 - 87% of Statewide Defined Benefit Plan retirees reside in CO*
 - 82% of Statewide Hybrid Plan retirees reside in CO*

*As of December 2016

What is Partial Entry?

- Opportunity to join FPPA
 - Members moving to FPPA have plan choice
 - Opportunity to get a defined benefit plan
 - Local plan remains open for those wanting to stay
 - Members hired after effective date will go into either the Statewide Defined Benefit Plan or the Statewide Hybrid Plan with Defined Benefit and Money Purchase Components (employer decides which plan)

Departments that have reentered

Full Department (since 2004)		Partial Department Entry (Since 2006)
1. Trinidad Fire - 2004	11. Carbondale & Rural FPD - 2006	1. West Metro FPD – 2007
2. Westminster Fire -2004	12. Milliken Police - 2007	2. Fountain Fire - 2011
3. Brighton Police - 2005	13. Canon City Police- 2007	3. Aurora Fire - 2011
4. Federal Heights Police & Fire - 2005	14. Dacono Police - 2008	4. Englewood Police – 2013
5. Evans Police - 2005	15. Snowmass Wildcat FPD - 2008	5. Thornton Police & Fire- 2017
6. Lafayette Police - 2005	16. Littleton Fire - 2009	6. Westminster Police- 2017
7. Snake River FPD - 2005	17. West Metro FPD - 2010	7. Edgewater Police- 2017
8. Lake Dillon FPD - 2005	18. Security FPD - 2010	8. Dillon PD- 2017
9. North Metro Fire Rescue - 2005	19. Buena Vista Police - 2011	9. Montrose PD- 2018
10. Florence Police – 2006	20. Sheridan Police - 2012	

Partial Entry Process

- Informational meetings
- Employer files non-binding resolution
- Disclosure meetings
 - Disclosure Statement, individual projections and meetings
 - Members choose pension system (local plan or FPPA)
- Certification of Compliance filed- becomes irrevocable
- Enrollment meetings for those moving to FPPA
 - Members choose FPPA plan they want
- Purchase of service credit meetings for those interested in purchasing upon reentry (can be separate meetings or include with Enrollment meetings)

FPPA Resources

- Find more information on the dedicated website - JoinFPPA.org
 - Information on FPPA, plans, partial reentry
 - Q & A to answer your questions
 - Hear what our Members have to say
 - Additional features being added so keep checking back

Mission Statement & Vision

- *The Fire & Police Pension Association of Colorado is committed to our members. We will prudently invest their retirement funds, administer benefits impartially, and efficiently provide high quality service.*
 - *Being a trusted provider of financial security for Colorado police officers and firefighters*

This plain language document is intended for informational purposes only. Official interpretations or determinations are based upon the statutes, and rules and regulations that govern this plan.

Thank you for your time!



Questions and Answers

GUEST PRESENTATION FOR CITY COUNCIL MEETING/WORKSHOP

Name of Organization:	Fire & Police Pension Association of Colorado
Full Name and Title of Presenter:	Beth Hemenway - Field Education and Outreach Manager, Phil Borgman - Field Education and Outreach Representative
Meeting Date:	December 18, 2017
Topic/Executive Summary:	Fire and Police employees are currently in the City's money purchase retirement plan administered through the International City Manager's Association Retirement Corporation (ICMA-RC). Fire and Police Department employees have expressed an interest in evaluating retirement options provided by FPPA. The Fire and Police Pension Association of Colorado will provide a presentation on FPPA retirement plans and the process for affiliation.
Narrative (please include background information):	See associated City Council Staff Report
Alignment with the City's Strategic Plan Directives:	Public Safety
Additional Information (for example, funding considerations, fiscal impacts, etc.):	No fiscal impact with educational presentation.
Please attach PowerPoint Presentation or supplemental materials here:	https://seam.ly/Eooq30eg