

Staff Report
Ordinance O-18-15
Police and Fire Retirement Plan Cost of Living Adjustments

The proposed ordinance would provide that effective July 1, 2013, and each July 1st thereafter, each Retired Member or survivor of any such Retired Member in the New or New Revised Police Fire Retirement Plan, entitled to receive a retirement benefit as of June 30th of any year, shall receive a fixed annual two-percent (2%) increase above the amount the Retired Member or survivor had received on June 30th of the same year.

In 2012, the City of Annapolis entered into negotiations with the United Food and Commercial Workers (UFCW) Local 400 and the International Association of Fire Fighters (IAFF) Local 1926 regarding, among other matters, cost of living adjustments (COLAs) associated with pension plans. As a result of the negotiations, the City of Annapolis and UFCW Local 400 and IAFF Local 1926 reached an agreement that effective July 1, 2013, and each July 1st thereafter, each Retired Member or survivor of any such Retired Member, entitled to receive a retirement benefit as of June 30th of any year, shall receive a fixed annual two-percent (2%) increase above the amount the Retired Member or survivor had received on June 30th of the same year.

On October 28, 2013 the City Council ratified separate Memoranda of Understanding (MOU) between UFCW Local 400 and IAFF Local 1926 on October 28, 2013. Pursuant to the ratified MOUs, COLAs were effective on July 1, 2013. Since the COLAs had an effective date before the City Council ratified the MOUs, the City paid a 2% COLA on June 2, 2014 to Old Plan and Old Plan Revised Retired Members and survivors of any such Retired Members for the period of July 1, 2013 through June 30, 2014, plus an additional 5% interest in recognition of the COLA effective date of July 1, 2013. On June 2, 2014, the City paid to New Plan and New Plan Revised Retired Members and survivors a COLA of 2%, inclusive of an October 1, 2013 adjustment of 1.79% based on the Consumer Price Index (CPI) in recognition of the July 1, 2013 effective date. Retired Members received a 2% COLA with their July 1, 2014 payment.

Subsequently a group of members of the Old and Old Plan Revised filed suit in Circuit Court seeking to reverse the change. This legislation accomplishes that by reversing the COLA change for members of the Old and Old Plan Revised in O-24-14 and restoring the prior language relative to COLAs. These changes were discussed and agreed to with the participants in the Interest Based Bargaining process.

Prepared by Paul Rensted, Director of the Department of Human Resources of the City of Annapolis.