

Staff Report

Ordinance 24-14

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, 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.

Prepared by Jessica Cowles, Legislative and Policy Analyst, in the Office of Law; JCCowles@annapolis.gov and 410-263-1184.