



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 6, 2019

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Consideration of a Resolution to Opt into VRS Enhanced Hazardous Duty - No Supplement for Deputy Sheriffs. [ROLL-CALL VOTE]

ISSUE: Consideration of a resolution to opt into VRS Enhanced Hazardous Duty - No Supplement for Deputy Sheriffs.

RECOMMENDATION: That City Council adopt the proposed resolution (Attachment 1) which opts into VRS Enhanced Hazardous Duty Plan with No Supplement for the deputy sheriffs.

BACKGROUND: There are currently three plans in the Virginia Retirement System that City of Alexandria participates in, depending on when an employee established membership and when and if the employee has reached 60 months of creditable service. Plan 1 employees became members prior to July 1, 2010 and accrued 60 months of services before January 1, 2013. Plan 2 employees become members between July 1, 2010, and December 31, 2013. The Hybrid Plan is a combined plan with both defined benefit and defined contribution elements for employees hired after January 1, 2014.

In 2014 City Council approved a resolution which dictated that all deputy sheriffs, medics and fire marshals would be exempt from the hybrid plan. The resolution also provided deputy sheriffs, medics and fire marshals with the same eligibility as Plan 1 employees, regardless of their hire date (between July 1, 2010 and December 31, 2013). Future employees of these departments in these positions will be considered Plan 2 employees with Plan 1 eligibility.

VRS also offers Enhanced Hazardous Duty Plan (EHD) for uniformed employees. This plan allows for earlier retirement and a supplement to be paid to its participants. Beginning in 2008 all public safety officers in VRS were required to participate in the EHD plan unless the jurisdiction could prove that they offered a benefit was of greater or equal value to the benefits under EHD. At the time the City of Alexandria was able to prove that its Supplemental Retirement Plan benefits were of a greater value than the supplement provided under the EHD

plan and thus the City elected to no have its deputy sheriffs, medics and fire marshals participate in EHD. All employees who participate in VRS are making a 5 percent employee contribution. The Commonwealth of Virginia dictates the employee contribution rate so there is no way to require employees to make additional contributions to VRS.

DISCUSSION: City Council approval of the attached resolution will provide all members of the Virginia Retirement System, currently employed by the City of Alexandria as a deputy sheriff with the enhanced hazardous duty plan benefits without the supplement effective January 1, 2020.

One of the most important elements of this proposal is recognizing the physical demands of the work performed by the Deputy Sheriffs. The most significant difference between the general VRS plans and the VRS plan with enhanced hazardous duty benefits is the ability of the Deputy Sheriffs to receive a full, unreduced retirement benefit at age 50 with at least 25 years of service or at age 60 with at least 5 years of service. For the average Deputy Sheriff, this equates to a 25-year career instead of a 30-year career. Not only does this eligibility adjustment recognize the physical demands of the job, but it should reduce the incidence of work-related injuries and disability.

The chart below shows the difference between the current general VRS plan and the EHD plan.

	Current VRS Benefit	Enhanced Hazardous Duty
Retirement Eligibility		
Normal Retirement	age 65 & 5 years	age 60 & 5 years
Unreduced Retirement	age 50 & 30 years	age 50 & 25 years
Early (reduced) Retirement	age 55 & 5 years; age 50 & 10 years	age 50 & 5 years
VRS Hazardous Duty Supplement	No	No
Benefit Multiplier	1.70% or 1.65%	1.70%

At the City Council meeting on September 10, 2019 we presented the initial framework for a proposal to improve retirement benefit eligibility for deputy sheriffs in the VRS beginning January 1, 2020. The \$1,316,000 annual additional cost of the VRS Hazardous Duty Plan's benefits which equates to about 10 percent increase in Sheriff's Deputy payroll costs (from 23.24 percent to 33.35 percent of payroll). It is proposed that the deputy sheriff increase the share of what they pay for total City retirement costs by 1.5 percent from 5 percent to 6.5 percent. This 1.5 percent employee share increase would be implemented through the City's Supplemental Retirement Plan which deputy sheriffs would remain as members. The changes to the Supplemental Retirement Plan are being presented in a separate docket memo.

FISCAL IMPACT: The impact of providing the deputy sheriffs with enhanced hazardous duty plan coverage without the supplement is approximately \$1.3 million for a full year and \$0.65 million for the remainder of FY 2020. The FY 2020 funds have been budgeted in part from City funds and in part from increased federal detention center per diem rates. Attachment 2 is a letter from VRS calculating the impact.

ATTACHMENTS:

1. Resolution
2. December 27, 2018 letter from Larry Langer, ASA of Cavanaugh Macdonald Consulting, LLC

STAFF:

Laura Triggs, Deputy City Manager

Kendel Taylor, Director of Finance

Kadira Coley, Retirement Administrator