
NORTH OGDEN CITY
MEMORANDUM

TO: MAYOR AND CITY COUNCIL
FROM: RON CHANDLER, CITY MANAGER
SUBJECT: RESOLUTION FOR COLA ENHANCEMENT IN URS FOR
PUBLIC SAFETY EMPLOYEES (POLICE OFFICERS)
DATE: 11/21/2012

The State Legislature adopted a local option, cost of living adjustment (COLA)/enhancement for retired and future retired police officers in 2008 and 2009. Cities were given until December 1, 2012 to either implement or reject the enhancement. If a city fails to act by this date, the Utah Retirement System (URS) will implement the enhancement. I was informed several weeks ago that North Ogden had not yet acted on this and I chose to wait bringing it before you in hopes that we could combine this discussion with the employee compensation committee's findings. Unfortunately, the committee is not quite ready and we have run out of time and must act.

Under the URS defined benefit retirement plan, COLAs for retired employees are tied to the consumer price index (CPI). Retired public employees (non-public safety employees) and firefighters are eligible for an annual COLA equal to the CPI - up to 4% of their annual retirement benefit. Retired police officers are eligible for an annual COLA equal to the CPI - up to 2.5% of their annual retirement benefit. The local option enhancement will raise the COLA for police officers to 4%.

The funding for the COLA is built into the formula the URS uses to determine the annual contribution cities make to the retirement system.

Police officers are eligible to retire and begin receiving retirement benefits after 20 or 25 years of service depending on their hire date. North Ogden's contribution rate for all of our current police officers is 30.45% of their annual salaries. If you implement this COLA enhancement, North Ogden's contribution rate for our police officers will increase to 33.65% beginning January 1, 2013. This equals approximately \$17,600.00 per year.

With or without the enhancement, the URS is expecting to increase the City's contribution rate for police officers 2.75% on July 1, 2013.

Nonpublic safety employees are eligible to retire and begin receiving retirement benefits after 30 or 35 years of service depending on their hire dates. The City's current contribution rate for employees that can retire after 30 years of service is 18.03% of their annual salaries. The contribution rate for employees that can retire after 35 years of service is 16.10%. URS expects to increase the rates on July 1, 2013 to 19.28% and 17.34% respectively.

This Resolution before you either leaves the police officer COLA at 2.5% or increases it to 4%.