

Alan Bullock

From: Jim Linn <jlinn@llw-law.com>
Sent: Friday, March 23, 2018 9:53 AM
To: Alan Bullock
Cc: Linda Senne; Tom Mattmuller
Subject: Re: City of Venice / Police pension / March 1,2018 letter from Christiansen & Dehner

Hi Alan and all - I have reviewed the proposed ordinance enclosed with Lee Dehner's 3/1/18 letter, as well as the 1/2/18 actuarial projection analysis prepared by police pension plan actuary Doug Lozen, the minutes of the 1/9/18 City Council meeting, and section 50-136 of the current police pension plan. My comments follow:

The ordinance appears to be intended to implement the City Council's direction at the January 9, 2018 Council meeting (see item 18-3041, page 8 of the meeting minutes). The minutes reflect that plan actuary Doug Lozen presented his analysis of several scenarios. Mr. Lozen's 1/2/18 analysis identifies a baseline and three scenarios involving a one-time "ad hoc" pension cost of living adjustment (COLA) to be paid to retired police officers and a one-time \$2 million increase in city pension contributions for the current (2018) fiscal year.

The minutes reflect that after some discussion the City Council voted to direct staff to "implement Scenario B to include addition of a one-time COLA increase in benefits equal to one percent for each full year of retirement as of 10/1/17, up to a ten percent maximum increase."

Scenario B in the 1/2/18 projection analysis is described in the analysis as a "one-time increase in benefits equal to one percent for each full year of retirement as of 10/1/17, up to a ten percent maximum increase . . . payable to all inactive participants in payment status . . ." Inactive participants usually include DROP participants, who are "retired" for purposes of the pension plan but still working for the city

The proposed ordinance enclosed with Mr. Dehner's 3/1/18 letter accurately reflects Scenario B of Mr. Lozen's 1/2/18 analysis. The ordinance adds a new subsection (h) to section 50-136 of the City Code. The new subsection provides a one-time cost of living adjustment to the monthly benefit received by "every retiree who has been receiving payments for at least one year as of 10/1/17, including service and disability retirees and DROP recipients, their joint pensioners or beneficiaries. . ."

The inclusion of DROP participants in the group to receive the COLA adjustment raises a couple of issues. Since "DROP participants" are not mentioned in Mr. Lozen's analysis or the minutes of the 1/9/18 City Council meeting, it is not clear whether the COLA was intended to apply to police officers in the DROP. It should be noted that on two previous occasions when an ad hoc COLA was granted to police retirees, DROP participants were expressly included in the 2006 COLA, but not in the 2001 COLA (see subsections (f) and (g) of section 50-136). If it was the Council's intent to include DROP participants in the 2017 COLA, and if any of the DROP participants are in the bargaining unit represented by the police union, then this benefit change would be subject to collective bargaining with the union. You may want to check with the city's labor counsel on this.

Please let me know if you have any questions or want to discuss.

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On Mar 21, 2018, at 12:03 PM, Alan Bullock <ABullock@Venicegov.com<mailto:ABullock@venicegov.com>> wrote:

Jim,

Please see attached for your review and comment.

Thanks,

Alan Bullock
Director of Human Resources
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