THE CITY OF KEY WEST
Post Office Box 1409 Key West, FL 33041-1409 (305) 809-3700

MEMORANDUM

MEMORANDUM

TO: Patti McLauchlin, City Manager

FROM: Christina Bervaldi, Finance Director

DATE: November 1, 2022

SUBJECT: Changes to Police and Firefighter Retirement Plan

I have reviewed the Memorandum from the Board of Trustees for City of Key West Police Officers and Firefighters Retirement Plan and Actuarial Impact Statement from DuLaney and Company, Inc. Below is a summary of the financial impact to the City and my ordinance recommendation.

Financial Impact:

The actuarial impact projection is an additional $351,373 to the City's current annual obligation. This change would increase the City's current actuarial requirement an additional 2.3% of covered payroll and increase the total City of Key West's annual contribution percentage from 31% to 33.3%.

Since this is an unbudgeted item, the additional cost to the City would be the equivalent of 2 days of fund balance.

Recommendation:

Staff suggests to disapprove or postpone the ordinance authorizing the Police and Firefighter Retirement Plan changes until such time as the City Commission can be provided with an actuarial report which takes the most current financial position into account so that the City would be able to see what the true cost would be and determine how we may mitigate such cost.

The City of Key West has not budgeted this item and the additional cost is not being calculated on the FY2022 audited financial reports, therefore using outdated salary and portfolio performance figures. Based on the FY2022 and FY2023 raise in salary base and the overall performance of investments in FY2022, along with the approval of the addition of 13 additional pension eligible members in FY2023, the potential impact may increase from the original estimates.