

BOARD BILL NO. 270 Committee Substitute INTRODUCED BY ALDERMAN Craig Schmid, Alderwoman Lyda Krewson, Alderman Kenneth Ortmann, Alderman Shane Cohn, Alderman Stephen Conway, Alderwoman Carol Howard, Alderwoman Jennifer Florida, and Alderwoman Donna Baringer

1 An Ordinance pertaining to The Firemen's Retirement System of St. Louis discontinuing
2 the accrual of benefits under the Firemen's Retirement System of St. Louis and repealing in its
3 entirety Chapter 4.18 of the Revised Code of the City of St. Louis, 1994 (as supplemented and
4 amended), all ordinances referenced therein, and other ordinance provisions related to The
5 Firemen's Retirement System of St. Louis.

6 **WHEREAS**, in 1959 the City adopted Ordinance 49623, establishing The Firemen's
7 Retirement System of St. Louis, effective January 1, 1960, under the general authority of
8 Senate Bill 314, approved by the Missouri General Assembly.

9 **WHEREAS**, pursuant to Section Fifty-five (55) of Ordinance 49623, the City
10 reserved the right to repeal Ordinance 49623 and the Firemen's Retirement System at any
11 time.

12 **WHEREAS**, as a result of a series of amendments ~~enacted by the state legislature,~~ and
13 actions by the trustees of The Firemen's Retirement System of St. Louis ("FRS"), the retirement
14 plan originally adopted by the City has been transformed into an unsustainable system with many
15 unaffordable secondary benefits, which must be funded by City taxpayers ~~but over which the~~
16 ~~City has no influence or control.~~

17 **WHEREAS**, the City is required to fund FRS to the extent investment returns and other
18 revenues are insufficient to fund benefit obligations.

19 **WHEREAS**, FRS incurred actuarial investment losses totaling more than \$229 million
20 during the ten-year period from 2001 through 2010.

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1 **WHEREAS**, during the same period of time, the City's required annual payment to FRS
2 increased by 586 percent, from \$3,365,007 to \$23,072,000 (not including service of debt
3 incurred to fund contributions).

4 **WHEREAS**, the cost of funding FRS currently totals more than 56 percent of the total
5 firefighter's payroll, compared to 10.3 percent in 2001 (not including service of debt incurred to
6 fund contributions), and approximately 12.7 percent of payroll to fund the pension plan for other
7 City employees.

8 **WHEREAS**, firefighter pension costs now consume nearly a third of the Fire
9 Department's budget;

10 **WHEREAS**, these dramatic increases in FRS costs have created a severe budgetary
11 hardship on the City, which lacks the financial resources to sustain this level of funding without
12 drastically reducing other essential services, including services related to fighting fires.

13 **WHEREAS**, service-related disability benefits under the FRS are more generous than
14 ordinary retirement benefits and have become a significant expense that is ultimately borne by
15 the City.

16 **WHEREAS**, the City is committed to funding the entire amount certified by the actuary
17 for the plan each year.

18 **WHEREAS**, given that there are hundreds of applicants for each opening for entry level
19 firefighter positions in the fire department, the City believes it can attract and retain qualified
20 firefighters, and maintain a pension plan that is very competitive in the marketplace, with a
21 reduced level of contributions for pensions.

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1 **WHEREAS**, the City wishes to reform the current retirement plan for its firefighters, in
2 order to (i) assure that firefighters receive all benefits accrued and earned to date; (ii) make
3 modifications for future benefits in a manner that provides substantial retirement income
4 benefits at an early retirement age of fifty-five, typical for firefighters generally; (iii) maintain a
5 pension benefit that is competitive in the marketplace that will attract and retain qualified
6 firefighters; (iv) preserve the long-term financial sustainability of the plan and the City; (v) and
7 reduce the financial burden on taxpayers who fund the system.

8 **WHEREAS**, for the aforementioned reasons, and others, the City has determined that it
9 would be in the best interest of the City to repeal the current Firemen's Retirement System as
10 referenced in the ordinances above and as codified in Chapter 4.18 of the City of St. Louis
11 Revised Code.

12 **BE IT ORDAINED BY THE CITY OF ST. LOUIS AS FOLLOWS:**

13 **SECTION ONE.** Ordinances 49623, 50707, 52141, 53604, 53605, 52218, 55177, 53997,
14 54779, 54780, 57603, 57962, 58242, 58179, 56444, 58651, 58652, 59018, 59578, 59822, 60025,
15 61844, 61980, 62801, 62994, 63286, 63475, 63591, 63988, 64923, 65541, 65993 and 67259 are
16 hereby repealed effective ~~June 1, 2012~~, upon the enactment of a Board Bill, which establishes
17 a successor plan. Chapter 4.18 of the Revised Code of the City of St. Louis, 1994 (as
18 supplemented and amended), is hereby repealed effective ~~June 1, 2012~~, upon the enactment of a
19 Board Bill, which establishes a successor plan, as are all other ordinances and any parts of
20 ordinances in conflict herewith, to the extent of such conflict.

21 **SECTION TWO.** Pursuant to the power to amend or repeal the Firemen's Retirement
22 System of the City of St. Louis, under Section Fifty-five of Ordinance 49623, codified in

1 Section 4.18.345 of the Revised Code, and notwithstanding any provision or ordinance to the
2 contrary, the benefits accrued under the Firemen's Retirement System of the City of St. Louis
3 shall not increase on account of compensation paid or service performed on or after ~~June 1,~~
4 ~~2012.~~ **the enactment of a Board Bill, which establishes a successor plan.** For purposes of this
5 Ordinance, the benefit accrued under the Firemen's Retirement System, codified as Chapter 4.18
6 of the Revised Code, includes the service retirement allowance, the disability allowance, the
7 death benefit, and any other benefit payable in accordance with Chapter 4.18 of the Revised
8 Code.

9 **SECTION THREE.** This Ordinance shall not affect the benefit of a member whose
10 pension, disability or death benefit payments commenced before ~~June 1, 2012.~~ **the effective**
11 **date of this Ordinance.**

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