

BOARD BILL NO. 270 INTRODUCED BY ALDERMAN CRAIG SCHMID

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 Senate
8 Bill 314, approved by the Missouri General Assembly.

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

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

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

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

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

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

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

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

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

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

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

19 **WHEREAS**, the City wishes to reform the current retirement plan for its firefighters, in order to
20 (i) assure that firefighters receive all benefits accrued and earned to date; (ii) make
21 modifications for future benefits in a manner that provides substantial retirement income benefits
22 at an early retirement age of fifty-five, typical for firefighters generally; (iii) maintain a pension
23 benefit that is competitive in the marketplace that will attract and retain qualified firefighters;

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1 (iv) preserve the long-term financial sustainability of the plan and the City; (v) and reduce the
2 financial burden on taxpayers who fund the system.

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

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

8 **SECTION ONE.** Ordinances 49623, 50707, 52141, 53604, 53605, 52218, 55177, 53997,
9 54779, 54780, 57603, 57962, 58242, 58179, 56444, 58651, 58652, 59018, 59578, 59822,
10 60025,61844, 61980, 62801, 62994, 63286, 63475, 63591, 63988, 64923, 65541, 65993 and
11 67259 are hereby repealed effective June 1, 2012. Chapter 4.18 of the Revised Code of the City
12 of St. Louis, 1994 (as supplemented and amended), is hereby repealed effective
13 June 1, 2012, as are all other ordinances and any parts of ordinances in conflict herewith, to the
14 extent of such conflict.

15 **SECTION TWO.** Pursuant to the power to amend or repeal the Firemen's Retirement System
16 of the City of St. Louis, under Section Fifty-five of Ordinance 49623, codified in Section
17 4.18.345 of the Revised Code, and notwithstanding any provision or ordinance to the contrary,
18 the benefits accrued under the Firemen's Retirement System of the City of St. Louis shall not
19 increase on account of compensation paid or service performed on or after June 1, 2012. For
20 purposes of this Ordinance, the benefit accrued under the Firemen's Retirement System, codified
21 as Chapter 4.18 of the Revised Code, includes the service retirement allowance, the disability
22 allowance, the death benefit, and any other benefit payable in accordance with Chapter 4.18 of
23 the Revised Code.

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- 1 **SECTION THREE.** This Ordinance shall not affect the benefit of a member whose pension,
- 2 disability or death benefit payments commenced before June 1, 2012.