



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members
From: Keith Brady, Municipal Administrator
Date: May 24, 2019
Subject: Resolutions 2019 -14 and 2019 -15

Summary

The State of Alaska Division of Retirement and Benefits (Division) has a participation agreement with the cities and boroughs that participate in PERS and SBS. A requirement of the participation agreement to terminating positions is to request it through a resolution. Both resolutions deal with the termination of positions, one resolution is for PERS and the other for SBS. A PERS termination study was completed in 2017 and 2019, the amount to terminate the positions and fulfill CBS's obligation to pay is \$813,166.

Before the start of each fiscal year the Division will provide CBS, the ongoing past service cost payment due each pay period.

Fiscal Note

\$813,166

Details

Below is the process for CBS to pay termination and post-closing costs for PERS.

1. A termination study is requested by the employer through the actuary.
2. Once the termination study is completed, the Division of Retirement and Benefits (Division) Counselor will work with SCH/CBS to amend the participation agreement to terminate.
3. After the amendment to terminate participation is received and signed by the PERS administrator, the affected defined benefit employees would be contacted and notified in writing of their rights and provided 60 days to decide whether to refund their contributions or accept the vested benefit. Termination costs for employees who elect a refund are voided.
4. The Division Counselor will notify and provide to the Division Active Payroll Unit and Accounting Section of the completed amendments to the participation agreement.
5. The Division Active Payroll Unit will send SCH/CBS a terminating liability letter to clarify the costs associated with the termination of participation.
6. The Division's Active Payroll Unit will work with SCH/CBS to collect necessary

salary information of each employee to calculate the past service cost based on the current past service cost rate.

7. SCH/CBS will need to pay any one-time termination liability associated with the termination study in a lump sum or set up a mutually agreed upon payment plan with the Division.
8. CBS will need to set up payroll reporting to pay ongoing past service cost for all positions terminated from the plan until the plan no longer has an unfunded liability.
9. Before the start of the fiscal year the Division will provide CBS, the past service cost rates used to calculate the ongoing past service cost payment due each pay period.

Recommendation

Approve Resolutions 2019 -14 and 2019 -15.