



STAFF REPORT

DATE: October 17, 2023

CONSENT

TO: City Council

FROM: Dustin Kalis, Fire Chief

AGENDA ITEM: Approve the Lake Elmo Firefighters Relief Association Opting to Join the Statewide Volunteer Firefighter Plan and Approve an Increase to Pension Benefit.

REVIEWED BY: Kristina Handt, City Administrator

Mike Schwarz, President, Lake Elmo Firefighters Relief Association

BACKGROUND:

In January 2023, the Lake Elmo Firefighter Relief Association began reviewing the move to join the Statewide Volunteer Firefighter (SVF) Plan administered by the Public Employees Retirement Association (PERA). The Lake Elmo Firefighter Relief Association general membership unanimously voted to approve to join the SVF plan at their October 2, 2023 meeting.

ISSUE BEFORE COUNCIL:

Should the City Council adopt a resolution authorizing the Lake Elmo Firefighters Relief Association Opting to Join the Statewide Volunteer Firefighter Plan?

PROPOSAL DETAILS/ANALYSIS:

The proposed change will move the administration of the pension account to the SVF plan and would increase the retirement benefit from \$5,850 per year of service to \$7,000 per year of service. The vesting schedule will also be updated. Current relief association members become vested at 10 years (60%) and full vesting at 20 years (100%). The move to the SVF will adjust the vesting schedule to vesting at 5 years (40%) and full vesting at 20 years (100%).

This move will free up staff who must dedicate time to perform the necessary accounting, preparation and management of the Relief Association.

If approved, on January 1st, 2024 the Lake Elmo Firefighters Relief Association will transfer funds and operate under the direction of the Statewide Volunteer Firefighter Plan (SVF).

FISCAL IMPACT:

The switch to the SVF plan will save the Relief Association approximately \$12,000 a year. Those savings come from not having to pay for an annual audit and financial planning fees.

SVF PERA fees are \$30 per firefighter per year (includes active and deferred firefighters) and investment fees: \$0.06 per \$1,000 invested (6/10ths of 1%). These fees are calculated annually and are withdrawn from the department's pension assets. The relief association and the city would be able to view the withdrawals and other account activity, through an online account portal provided by the State Board of Investment.

The budget will no longer reflect the Minnesota Fire State Aid amount as this funding will go directly to the SVF plan from the State of Minnesota and not a pass through to the Relief Association for deposit.

OPTION:

- 1) Approve the resolution.
- 2) Amend and then approve the resolution
- 3) Do not take action on the resolution

RECOMMENDATION:

If removed from the consent agenda:

“Motion to approve Resolution No 2023-098, A Resolution Opting to Join the Statewide Volunteer Firefighter Plan.”

**CITY OF LAKE ELMO
WASHINGTON COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 2023-098

**RESOLUTION OPTING TO JOIN THE
STATEWIDE VOLUNTEER FIREFIGHTER PLAN**

WHEREAS, The City is authorized to join the Statewide Volunteer Firefighter Plan administered by the Public Employees Retirement Association (PERA); and

WHEREAS, The City and the City's Fire Department Relief Association (if one exists) have jointly consented to and obtained a cost analysis for joining the Statewide Volunteer Firefighter Plan from PERA not more than 120 days ago; and

WHEREAS, The City highly values the contributions of City Fire Department members to the safety and wellbeing of our community and wishes to safeguard their pension investments in a prudent manner; and

WHEREAS: The existing service pension level for the City Fire Department is currently at the \$5,850 pension level per year of service pursuant to current relief association bylaws.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Lake Elmo, Minnesota:

1) The City hereby approves coverage by and requests participation in the Statewide Volunteer Firefighter Plan administered by PERA under the terms provided in the PERA cost analysis at the \$7,000 pension level per year of service, effective January 1, 2024; and

2) The City hereby approves coverage by and requests participation in the Statewide Volunteer Firefighter Plan administered by PERA under the terms provided in the PERA cost analysis with the vesting schedule beginning at 40% after 5 years of service, increasing by 4% each year until 100% vesting is reached after 20 years of service; and

3) The City Clerk/Administrator and Mayor are hereby authorized to execute all documents necessary to effectuate the intent of this resolution.

APPROVED by the Lake Elmo City Council on this 17th day of October, 2023.

By: _____
Charles Cadenhead
Mayor

ATTEST:

Julie Johnson, City Clerk