

AGENDA
COMMON COUNCIL REGULAR SESSION
7:30 PM, WEDNESDAY, AUGUST 16, 1989
COUNCIL CHAMBERS

I. ROLL CALL

II. AGENDA SUMMATION

III. APPROVAL OF MINUTES FOR JULY 26, and AUGUST 2, 1989

VI. REPORTS FROM:

1. Councilmembers
2. The Mayor and City Offices
3. Council Committees

V. APPOINTMENTS TO BOARDS AND COMMISSIONS

VI. LEGISLATION FOR SECOND READING AND RESOLUTIONS

1. Ordinance 89-32 To Authorize the Creation of a Police and Fire Pension Supplemental Trust Fund.

VII. LEGISLATION FOR FIRST READING

1. Ordinance 89-34 To Amend the Bloomington Zoning Maps, Dated June 7, 1978 (Historic Designation and Variance from Parking for Tri Delta Chapter House).

VIII. PRIVILEGE OF THE FLOOR (This section of the Agenda will be limited to 45 minutes maximum, with each speaker limited to five (5) minutes.

IX. ADJOURNMENT

In the Council Chambers of the Municipal Building held on Wednesday, August 16, 1989, at 7:30 P.M. with Council President Regester presiding over a Regular Session of the Common Council.

COMMON COUNCIL
AUGUST 16, 1989
REGULAR SESSION

Roll Call: Kiesling, Gardner, Olcott, Regester, Young, White, Fernandez. Absent: Hogan, Service

ROLL CALL

The minutes of July 26, 1989 and August 2, 1989 were approved by a voice vote.

APPROVAL OF
MINUTES

Regester gave the agenda summation.

AGENDA SUMMATION

Gardner applauded Mace's T-Mart for removing their incinerator and replacing it with a trash compactor. She also commended them for recycling their cardboard.

MESSAGES FROM
COUNCILMEMBERS

White announced that the Governor's office would make an official announcement the next morning that a grant, the application for which the Council had recently discussed and approved, would be awarded. He said it was fantastic that Bloomington would be able to build on its vast experience with drug and alcohol abuse and that it will now be able to further extend its services.

It was moved and seconded that Ordinance 89-32 be introduced and read by the Clerk by title only. Motion carried by voice vote. The Deputy Clerk read the ordinance. It was moved and seconded that Ordinance 89-32 be adopted. Regester read the synopsis.

LEGISLATION FOR
SECOND READING &
VOTE
ORDINANCE 89-32

City Controller Charles Ruckman addressed the Council. Ordinance 89-32 authorizes the creation of a trust fund for the police and fire pensions. The actuarial consultants had presented the results of their study and their recommendations at the last meeting. Basically the problem is that the costs of our old pension system combined with the costs of the contributions to the new pension system are escalating at a rate far greater than our normal projected increase in revenues. In order to smooth off this increase, the consultants have recommended that we establish a trust fund, contribute monies to this trust fund that will in turn accrue interest through the years, and then draw upon this trust fund in later years when the costs have reached a higher level than they are currently. By doing this we can smooth out the costs, not totally solve the problem, but at least smooth the problem out through about the end of the century, depending on how much we are able to contribute to the trust. Again, depending on our level of contribution, this will enable us to save anywhere from \$200,000-\$300,000 to better than \$1,000,000 in reducing the costs of the pension burden. The plan as the consultants have presented it, as well as Ordinance 89-32, the makeup of the pension trust committee, has been reviewed by the City administration, Corporation Counsel, as well as the Police Chief, Fire Chief, and representatives of the police and fire pension boards, Board of Public Safety...so far everyone is in agreement that this is a good program, a program that would help the City down the road, if we can get it established now.

Regester asked whether at this point the consultants' recommendations included the period over which contributions would be made and the size of those contributions or whether these determinations would be made by the trust committee.

Ruckman said that the way Ordinance 89-32 is structured, the trust committee would annually recommend to the Council a level of funding. The amount of money that could be set aside would determine how long we could take care of the problem. In reviewing and discussing the Ordinance with the

Council Attorney and Corporation Counsel, it was felt that it was preferable to leave that question open and approach it annually as with any other budget appropriation. As the consultants presented last week, the more you can set aside, the longer you can extend the trust and solve the problem. From our standpoint, if we could solve the problem through the year 2000 to 2004, that would be a good target date, because our best thinking at this time is that the State of Indiana, in that period, during the next ten years, will increase the amount of state distributions to solve this problem. From a strategic standpoint that makes sense. To try and solve the problem permanently from this point would require simply too much money.

Regeister asked if this would then be incorporated into the regular budget process. Ruckman said it would be.

Olcott noted that many cities were worse off than Bloomington in their ability to deal with the pension problem and asked whether there was pressure on the State to come forward and help cities the size of Bloomington and smaller deal with this problem.

Ruckman said that this was probably true and in terms of long-range solutions it was probably a safe assumption that the State would increase its distributions for that reason - that this problem is going to hit other cities even more severely than it will Bloomington, especially if we take these actions now, in which case we should be in relatively good shape.

Kiesling asked that Ruckman state who was on the trust committee as it reads in Ordinance 89-32.

Ruckman said that as proposed the pension trust committee would consist of the Mayor, a member of the Common Council, the City Controller, Corporation Counsel, the Secretary of the Police Pension Board, the Secretary of the Firefighters' Pension Board, the Fire Chief, and the Police Chief.

Fernandez asked that Ruckman elaborate on Section V of Ordinance 89-32 regarding when monies would be drawn from the trust fund.

Ruckman said that the initial recommendation would come from the Controller and that the language is somewhat subjective. It could be interpreted as when there is not enough revenue relative to other budgetary increases or when there is not enough revenue after any other expense. The language itself was taken in part from the City of Indianapolis ordinance and they don't know what it means yet because they haven't gotten to the point where they've started to take money back out of the trust. The goal that we are shooting for is to smooth the costs and get to the point where the annual increase in pension costs would equal the normal increase in salaries, the normal increase in the budget. So if we were looking at pension costs to be a stable percentage of other expenses, then you would interpret Section V to mean that when you got to that point where it was not possible to make that percentage, without drawing money out of the trust fund, then at that time the Controller would recommend and the pension trust committee would recommend that money be removed from the trust fund.

Bill Parker, Secretary of the Police Pension Fund, addressed the Council. He noted that, in reference to trying to equalize pension increases with increases in the rest of the budget, for 1990 overall budget increases were about 5% but for the police pension budget it was about 20%, and that's about what it increases every year. Part of that increase is the legal requirement that he budget for all people that could retire so that the money is available if they do

retire. Right now, as of 1990, there are about 13 people that could retire, that are at this point working and many of them may not. To some extent that would make it a little bit less painful to pass this Ordinance and have the money to put in there since we're budgeting for 1990 \$130,000 just for that, to cover people that could retire. We don't always have people retire, we don't ever have everybody retire that could, so that money is budgeted already instead of just having to completely take it from just out of the blue and add it to the budget where it's not already now. Parker said he supposed it could be said he had an interest in his own pension, making sure it's going to be there in the future. As it's been said, the State is probably going to come through and one thing they did do is implement a new plan that is in a lot better shape than the old plan and actually he is a member of that new plan, he started in 1977. The mechanism is in place to get things in order, but it's down the line, 2012-2025, when things are finally in the black because there will be very few people still in the old plan. But for now, we'd just like to see the ability given to us to take some measures to make it a little bit less painful for the City for the next so many years until we can reach that point.

Dean Williams, Secretary of the Fire Pension Fund, addressed the Council and expressed support for the Ordinance.

The ordinance received a roll call vote of Ayes:7, Nays:0.

It was moved and seconded that Ordinance 89-34 be introduced and read by the Clerk by title only. Motion carried by voice vote. The Deputy Clerk read the Ordinance.

LEGISLATION FOR
FIRST READING

There were no petitions or communications from the public.

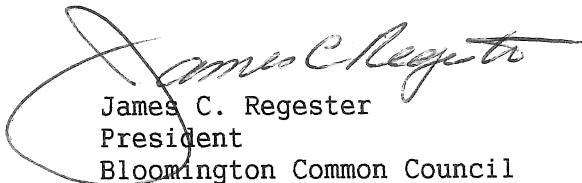
PETITIONS

It was moved and seconded that the Committee of the Whole meeting scheduled for August 23rd, 1989 be cancelled. Motion carried by voice vote.

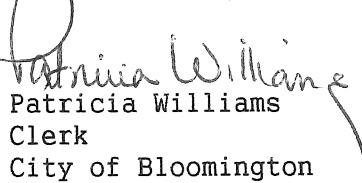
ADJOURNMENT

The meeting adjourned at 7:50 P.M.

APPROVE:


James C. Regester
President
Bloomington Common Council

ATTEST:


Patricia Williams
Clerk
City of Bloomington