Office of Mayor Miro Weinberger

MEMORANDUM

To: City Councilors
From: Mayor Miro Weinberger
Date: December 11, 2013
Re: Draft Process to Address Issues Raised at Pension Summit

Attached for your review and approval, please find a draft process for future discussions about the City of Burlington's retirement system, written in accordance with the City Council Resolution "Convening of a Summit to Discuss the Underfunding of the City's Pension Plan and to Explore Options to Address Unfunded Liability" adopted August 12, 2013. The goal of this process is to identify solutions to the issues raised at the Pension Summit on November 5, 2013, which are described in the attached communication. The Resolution also is attached.

Consistent with the Resolution, the draft proposal includes input my staff has requested and received from the four bargaining units representing City employees, the Board of the Burlington Employee Retirement System (BERS), two individuals owning commercial property in Burlington, and two non-union City employees, and the Board of Finance during its December 9, 2013 meeting. The Resolution requires City Council approval no more than two months following the November 5, 2013 Pension Summit, or by January 5, 2014. I respectfully request that the City Council reviews and approves the draft process during its December 16, 2013 meeting.

Thank you.

Office of Mayor Miro Weinberger

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To: City Councilors
From: Mayor Miro Weinberger
Date: December 11, 2013
Re: Addressing Burlington's Retirement System Challenges – Post-Summit Draft Process

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The Pension Summit identified a number of issues about Burlington's Employee Retirement System (BERS) that warrant further discussion, such as an unfunded liability that has grown despite dramatically-increased City contributions. In addition, at least two of the unions raised the point that the current system is making it more difficult to retain and recruit employees. My Administration remains open-minded about the path forward and, while it has not yet reached any conclusions about the best way to address this challenge, there is widespread agreement that the challenge should be approached collaboratively with the involvement of all the different stakeholders in a jointly-designed process. Vermont Treasurer Beth Pearce spoke eloquently to this being the best and most effective process during the Summit.

To design such a process and ensure the long-term viability of BERS consistent with the parameters established by the August 12, 2013 City Council Resolution "Convening of a Summit to Discuss the Underfunding of the City's Pension Plan and to Explore Options to Address Unfunded Liability," one approach is to establish a Committee with representatives from each stakeholder group in the BERS system to facilitate discussion about the challenges our community faces and ultimately consensus on the path forward. Such an approach would require consultation with the different groups identified in the Resolution prior to presenting this proposal for a draft process to the City Council.[1] This Committee and its discussions would not be intended to replace the current collective bargaining process or impose any Committee recommended modifications about the City's retirement fund, but rather to inform the Mayor, the City Council, retirement system stakeholders, and the public at large. The Resolution allows two months from the November 5, 2013 Summit to submit a draft process to the City Council (a January 5, 2014 deadline), and my Administration plans to present the draft process to the City Council on December 16, 2013.

The composition of such a Committee should be subject to discussion with different stakeholders; therefore, the proposed composition below is preliminary and meant as a starting point for input:

- Each of the four bargaining units should have a representative selected by the union (4)
- A non-union, non-management employee who expresses interest by email or other means of communication by January 1, 2014 would be selected by the City Council President by January 10, 2014 (1)

[1] The list of groups includes the four bargaining units representing City employees, the Board of the Burlington Employee Retirement System (BERS), two individuals owning commercial property in Burlington, two non-union City employees, and the Board of Finance.

- The City Council should have four representative selected by the Council President with input from the caucuses (4)
- The BERS Board should have two non-City employee representatives selected by BERS (2)
- The Administration should have non-voting representatives from the Human Resources Department, City Attorney's Office, Clerk/Treasurer's Office, and Mayor's Office (4)
- I should be on the Committee in a voting capacity (1)

This proposal would result in a 16-person Committee with 12 voting members. Decisions on Committee recommendations would try to be reached first through consensus among voting members. If total consensus cannot be reached, then majority/minority votes will be identified.

With buy-in from the different stakeholders, the purpose of this Committee would be to:

- Define the root cause challenge(s) facing our current pension system
- Define goals consistent with the identified challenges
  - These goals should be specific, measurable and achievable within a defined time frame
  - Suggestions from the City Council on potential goals would be welcome at the outset of the process
- Develop principles by which to guide goals
- Identify the value for all stakeholders impacted by the pension system of developing solution goals
- Select a Committee facilitator or chairperson (a member of the Committee or a credible outsider)
- Select an outside consultant to evaluate the City's situation and potential options
- Create a meeting schedule consistent with the timeframe
- Develop proposals with associated costs and implementation strategies

The Committee would hold public meetings independent of any ongoing bargaining process, and the recommendations the Committee reaches would serve to inform the Mayor, City Council, retirement system stakeholders, and the public generally. The Committee would begin meeting as soon after January 10, 2014 as possible, and would be required to provide bi-monthly updates to the City Council on its discussions. Additionally, the Committee would be required to complete its work by May 30, 2014 if possible and June 30, 2014 at the latest. The Committee would be required to establish a meeting schedule reflective of its goals and that timeline during its first meeting.