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City of Pittsburgh

Legislation Details (With Text)

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Title:	Resolution authorizing the Mayor, on behalf of the City of Pittsburgh, to join the Pennsylvania Municipal Retirement System, pursuant to Act 15 of 1974		
Sponsors:	Reverend Ricky V. Burgess		
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Date	Ver.	Action By	Action	Result
10/20/2010	1	Standing Committee	Withdrawn	Pass
10/12/2010	1	City Council	Read and referred	

Resolution authorizing the Mayor, on behalf of the City of Pittsburgh, to join the Pennsylvania Municipal Retirement System, pursuant to Act 15 of 1974

Whereas, the current estimated total liability of the Combined Municipal Pension Trust Fund is almost $1 billion dollars; and,

Whereas, the Fund's current assets total approximately 27% of the total liability;

Whereas, the Pennsylvania General Assembly enacted pension reforms in 2009 to remediate distressed municipal pensions by requiring Funds with fewer than 50% of the assets required to pay out anticipated liabilities be taken over by the Pennsylvania Municipal Retirement System; and,

Whereas, pursuant to Act 44 of 2009, the City of Pittsburgh was granted a 14-month timeframe to bring the value of the Fund's assets to an amount exceeding 50% to avoid mandatory takeover by the Pennsylvania Municipal Retirement System; and,

Whereas, Act 15 of 1974, which created the Pennsylvania Municipal Retirement System has allowed municipalities to enroll voluntarily since its' inception; and,

Whereas, PMRS has 900 current member municipalities, only 34 of which were forced into the system by Act 44 of 2009; and,

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Whereas, the City has a moral and legal responsibility to its' 8,000 employees and pensioners to secure the future of its Pension Funds and to provide for the health, safety and welfare of all of its' 330,000 residents; and,

Whereas, a Level III distress determination due to failure to raise the assets in the Fund to 50% by December 31, 2010, could have a disastrous impact on the City's ability to provide basic services to its' residents without property tax hikes, service cuts or both; and,

Whereas, investment analysts, financial advisors, actuaries and even the PMRS would advise the City that the best course of action, regardless of any other action taken is to put as much money in its' Fund, as possible, right now; and,

Whereas, PMRS has advised that the best option for the City is to make a major cash deposit into its' Fund and then voluntarily enroll in PMRS; and,

Whereas, a Level III takeover, with no cash infusion, could burden the City with an annual Minimum Municipal Obligation reaching or exceeding $100 million dollars.

The Council of the City of Pittsburgh does hereby enact as follows:

Section 1. The Mayor, Finance Director and Solicitor are hereby authorized to take such steps as necessary to enroll the City's Combined Municipal Pension Trust Fund into the Pennsylvania Municipal Retirement System, pursuant to Act 15 of 1974, provided that the City is able to first make the requisite deposit in the Fund to bring its' value above 50%.

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