



JACKSONVILLE CITY COUNCIL

**TRUE COMMISSION
PERFORMANCE COMMITTEE MEETING MINUTES**

July 14, 2011

1:00 p.m.

**City Council Conference Room B
Suite 425, City Hall
117 W. Duval Street**

Attendance: Committee Members Ted Wendler (Chair), Diane Brown, Marcella Lowe, Joe Andrews and Wes Benwick

The meeting was called to order at 3:04 p.m. by Chairman Wendler.

Commissioner Benwick stated that he had had a conversation with new City Council Member Robin Lumb who indicated that he is interested in meeting with Commissioner Wendler to discuss pension issues. Mr. Wendler stated that he has reviewed an analysis by Council Auditor Kirk Sherman of the potential cost savings that could be expected from the passage of ordinances 2011-399 and -400 and the analysis shows that the savings will be approximately \$790 million for the Police and Fire Pension Fund, \$185 million for the City employees in the General Employees Pension Plan and \$75 million for the JEA employees in the GEPP. Since the savings derive only from new employees, they will not be realized for many years, and discounting the future savings back to current dollars via a net present value calculation results in only \$150 million in savings in 2011 dollars, not the \$1 billion or more trumpeted by Mayor Peyton in his announcement of the proposals.

Commissioner Benwick stated that solving the City's pension crisis will require: 1) City Council's attention, 2) media attention and 3) the general public's attention. The TRUE Commission needs to emphasize that current City employees and retirees are at risk because the existing pension system is unsustainable. If the money runs out, what will happen to their financial futures? Commissioner Wendler likened the current defined benefit plans to a "pyramid scheme" where the oldest members are paid their benefits from the contributions of the newer members. If there aren't enough new contributions going into the system, the pyramid can collapse. He stated that there is currently a lawsuit being heard in South Florida regarding the ability of a government to change pension benefits for current active employees and that the outcome is being anxiously awaited as the ruling may go a long way toward telling governments how they can or cannot change their pension plans. Mr. Wendler speculated that if the City's required pension contribution keeps growing at the current unsustainable rate, in 20 or 30 years the City could be facing a situation where pension contributions consume most, if not all, of the City's revenues.

Commissioner Andrews wondered why the City doesn't seem to be putting any emphasis on shifting to a defined contribution rather than a defined benefit plan. Pending ordinances 2011-399 and -400 just create new defined benefit plans with slightly more restrictive benefits, but will lead to the same problems years down the line as the current plans now face. Mr. Wendler stated that he had incorporated all of Mr. Andrews' previous comments on the first draft of his resolution into the new version dated June 24, 2011 which he will propose to the TRUE Commission at the 4:00 meeting today.

Commissioner Brown suggested that after the commission passes the resolution (assuming it does later in the afternoon) the group should meet with the Finance Committee, the Mayor's Office, the Police and Fire Pension Fund board and possibly others to publicize the critical importance of the pension reform issue and to discuss the commission's findings and recommendations. Commissioner Wendler noted that he has raised the issue and distributed packets of information at several previous meetings with City Council members but no council member has yet commented on any of the points he's raised, possibly on instructions of the Office of General Counsel.

There being no further business, the meeting was adjourned at 3:55 p.m.

Jeff Clements, Chief
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630-1405

Posted 7.20.11
5:00 p.m.