

Honorable Members
Finance & Personnel Committee
City Hall

October 8, 2018

Re: 2019 Proposed Executive Budget for Retirement Provisions

Dear Chairwoman Coggs & Committee Members:

I am writing in support of the 2019 Proposed Executive Budget for Retirement Provisions. Specifically, I respectfully request your favorable consideration for the proposed \$13.4 million deposit of tax levy funds into the employer reserve for pensions. This proposed action is a prudent and responsible way to preserve future Budget sustainability, given the probability of future increases to employer pension contributions.

It's important to note that this action is consistent with collaboration between the Mayor and Common Council in previous years. This collaboration has preserved sound pension fund condition while managing the impact on City services.

For example, in the 2011 and 2012 City Budgets the Mayor proposed, and the Common Council unanimously approved, a total of \$44.3 million of voluntary contributions to the employer reserve. These actions paved the way for a successful transition to higher employer contributions in the 2013-2017 City Budgets. During this time, funding for programs such as the Strong Neighborhoods Plan, Library Public Service hours, trauma response, violence prevention, and core infrastructure were initiated or increased.

The City has demonstrated that responsible pension funding serves as the foundation for fiscal sustainability. Strengthening the employer reserve, continuing the prepayment strategy for employer contributions, and adhering to the stable contribution policy will improve future Budget prospects. In addition, these actions will enhance the security of the City's promised benefits to its retired employees.

In closing, thank you for your commitment to the City and its people, business firms, and neighborhoods. Your consistent fiscal discipline in the face of persistent financial challenges has been admirable. Best wishes to all of you as you work on the 2019 City Budget.

Sincerely,

Mark Nicolini

C: Tom Barrett, Mayor
Ald. Ashanti Hamilton, Common Council President
Dennis Yaccarino, Budget & Management Director
Jim Owczarski, City Clerk
Paul Vornholt, Mayor's Chief of Staff
Jerry Allen, CMERS Executive Director

