



Agenda - Final

Finance, Governance and Public Safety Committee

Katheryn Shields, Chair
Heather Hall, Vice Chair
Ryana Parks-Shaw
Melissa Robinson
Lee Barnes
Kevin McManus

Wednesday, May 24, 2023

10:30 AM

26th Floor, Council Chamber

<https://us02web.zoom.us/j/84530222968>

PUBLIC OBSERVANCE OF MEETINGS

Members of the City Council may attend this meeting via video conference.

Any closed session may be held via teleconference.

The public can observe this meeting at the links provided below.

Applicants and citizens wishing to participate have the option of attending each meeting or they may do so through the video conference platform ZOOM, using this link:

<https://us02web.zoom.us/j/84530222968>

Director of the Law Department

[230423](#) Sponsor: Director of the Law Department

Approving and authorizing settlement of lawsuit entitled *Deletta Dean v. City of Kansas City, Missouri*, Case No. 23-00074-CV-W-HFS, in the amount of \$125,000.00.

Attachments: [docket memo-dean](#)

Director of the Law Department

[230437](#) Sponsor: Director of the Law Department

Approving and authorizing settlement of a claim for a Workers' Compensation benefit filed by Chase Knight for injuries resulting from an accident on December 17, 2020 while employed by the City.

Attachments: [docket memo-knight](#)

Director of Fire

[230424](#) Sponsor: Director of the Fire Department

Amending Chapter 26, Code of Ordinances, by repealing Section 26-907 of the Fire Code relating to Fire Alarms and Detection Systems and enacting in lieu thereof one new section of like number and subject matter to prohibit excessive false medical alarms from alarm signaling systems.

Attachments: [Ord--Proposed--Fire Code--Medical Alarms--Docket Memo--Apr2023-230424com](#)

Director of Human Resources

[230440](#) Sponsor: Director of the Human Resources Department

Amending Chapter 2 of the Code of Ordinances of Kansas City, Missouri, Employees' Retirement System, by repealing Sections 2-1174, 2-1176, 2-1184, 2-1185 and 2-1189 and enacting in lieu thereof sections of like numbers and subject matters to change the required distribution date set by federal law, change the time requirement to vest from ten to five years for employees in Tier 2 and change the composition of the Board of Trustees of the Employees' Retirement System Trust in accordance with the collective bargaining agreements between the City and its unions.

Attachments: [Ordinance](#)
[HR 5 year Vesting Ordinance](#)
[230440com](#)
[Ordinance No. 230440 - Pension Plan Update - May 24 2023](#)

Parks-Shaw and Robinson

[230444](#) Sponsor(s): Councilmembers Ryana Parks-Shaw and Melissa Robinson

Authorizing the City Manager to execute a grant agreement with the Ewing Marion Kauffman Foundation in the amount of no more than \$275,000.00 to subsidize the ProX high school internship program for students who are residents of Kansas City, Missouri.

Attachments: [Docket Memo 230444](#)
[230444 cs to org ord-com](#)

HELD IN COMMITTEE

ADDITIONAL BUSINESS

1. There may be a general discussion regarding current Finance, Governance, and Public Safety issues

2. Those who wish to comment on proposed ordinances can provide testimony to

public.testimony@kcmo.org.

Comments received will be distributed to the committee and added to the public record by the clerk. The city provides several ways for residents to watch City Council meetings:

Live Stream on the city's website at www.kcmo.gov

• Live Stream on the city's YouTube channel at:

<https://www.youtube.com/watch?v=3hOublg4fok>

• Watch Channel 2 on your cable system.

• The channel is available through Time WarnerCable (channel 2 or 98.2), A T & T U-verse (channel 99, then select Kansas City), and Google Fiber on Channel 142.

• To watch archived meetings, visit the City Clerks website and look in the Video on Demand section:

http://kansascity.granicus.com/NiewPublisher.php?view_id=2 Closed Session

• Pursuant to Section 610.021 subsection 1 of the Revised Statutes of Missouri to discuss legal matters, litigation, or privileged communications with attorneys;

• Pursuant to Section 610.021 subsection 2 of the Revised Statutes of Missouri to discuss real estate;

• Pursuant to Section 610.021 subsections 3 and 13 of the Revised Statutes of Missouri to discuss personnel matters;

• Pursuant to Section 610.021 subsection 9 of the Revised Statutes of Missouri to discuss employee labor negotiations;

• Pursuant to Section 610.021 subsection 11 of the Revised Statutes of Missouri to discuss specifications for competitive bidding;

• Pursuant to Section 610.021 subsection 12 of the Revised Statutes of Missouri to discuss sealed bids or proposals; or

• Pursuant to Section 610.021 subsection 17 of the Revised Statutes of Missouri to discuss confidential or privileged communications with the auditor

The City Clerk's Office now has equipment for the hearing impaired for every meeting. To

check out the equipment, please take a look at each committee's secretary . Be prepared to leave your Driver's License or State issued Identification Card with the secretary, and she /He will give you the equipment. The City Clerk's Office will return your license upon returning the

Adjournment



File #: 230423

ORDINANCE NO. 230423

Sponsor: Director of the Law Department

Approving and authorizing settlement of lawsuit entitled *Deletta Dean v. City of Kansas City, Missouri*, Case No. 23-00074-CV-W-HFS, in the amount of \$125,000.00.

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the payment of the sum of \$125,000.00 in settlement of the lawsuit styled *Deletta Dean v. City of Kansas City, Missouri*, Case No. 23-00074-CV-W-HFS, as recommended by the City Attorney and the Risk Management Committee, is hereby approved.

Section 2. That the City Attorney is hereby authorized to pay the sum of \$125,000.00 in settlement of said claims in this lawsuit from funds previously appropriated in Account No. 24-7010-131543-B, Public Official Liability Fund.

..end

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

Tammy Queen
Director of Finance

Approved as to form:

James A. Newell
Assistant City Attorney



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: Law

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

Approving a settlement of \$125,000.00 for Deletta Dean v. City of Kansas City, Missouri, Case No. 23-00074-CV-W-HFS

Discussion

Plaintiff brought a lawsuit claiming age discrimination, sex discrimination, race discrimination, and retaliation. The proposed settlement resolves all liability, damages, and attorney fees.

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No

2. What is the funding source?

24-7010-131543-B-618200

3. How does the legislation affect the current fiscal year?

Decreases available funds by \$125,000.00

4. Does the legislation have fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

No

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

No

Office of Management and Budget Review

(OMB Staff will complete this section.)

1. This legislation is supported by the general fund. Yes No



City of Kansas City, Missouri

Docket Memo

2. This fund has a structural imbalance.

Yes No

Additional Discussion (if needed)

Click or tap here to enter text.

Citywide Business Plan (CWBP) Impact

View the [FY23 Citywide Business Plan](#)

Which CWBP goal is most impacted by this legislation?

Finance and Governance (Press tab after selecting.)

Which objectives are impacted by this legislation (select all that apply):

- Reform the City's economic incentives to meet the policy objectives of the City Council
- Ensure the resiliency of City government
- Engage in workforce planning including employee recruitment, development, retention, and engagement
- Ensure a responsive, representative, engaged, and transparent City government
-
-

Prior Legislation

None

Service Level Impacts

None

Other Impacts

1. What will be the potential health impacts to any affected groups?

None

2. How have those groups been engaged and involved in the development of this ordinance?



City of Kansas City, Missouri

Docket Memo

Not applicable

3. How does this legislation contribute to a sustainable Kansas City?

Not applicable

4. Does the ordinance/resolution include Civil Rights antidiscrimination requirements in compliance with the Code of Ordinances (Chapter 38, titled "Civil Rights")?

No

5. Has the ordinance/resolution been submitted for review of economic equity & inclusion requirements in compliance with the Code of Ordinances (Chapter 3, titled "Contracts and Leases")?

Not applicable



File #: 230437

ORDINANCE NO. 230437

Sponsor: Director of the Law Department

Approving and authorizing settlement of a claim for a Workers' Compensation benefit filed by Chase Knight for injuries resulting from an accident on December 17, 2020 while employed by the City.

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That settlement of the claim of Chase Knight for Workers' Compensation benefits against the City of Kansas City, Missouri, for any and all injuries resulting from an accident while employed by the City, as more fully set forth and subject of a formal claim, Case No. 20-091235, presently pending before the Division of Workers' Compensation of the State of Missouri, by payment to Chase Knight of the sum of \$54,282.99, as recommended by the City Attorney and Risk Management Committee, is hereby approved.

Section 2. That the City Attorney is hereby authorized to pay the sum of \$54,282.99, in settlement of said claim from funds heretofore appropriated in Account No. 24-7020-071402-610400.

..end

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

Tammy L. Queen
Director of Finance

Approved as to form:

Alexandra Wilson

Assistant City Attorney



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: Law

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

Resolution of the claim for workers' compensation benefits for Chase Knight

Discussion

Chase Knight was an EMT/Paramedic for KCFD who injured his back while moving patients on cots into and out of an ambulance. He underwent surgical and conservative treatment for this injury. The City spent \$109,923.92 on medical care. This ordinance will pay a lump sum of \$54,282.99.

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No

2. What is the funding source?

24-7020-071402-610400

3. How does the legislation affect the current fiscal year?

The specified amount is allocated toward the settlement for the purposes described.

4. Does the legislation have fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

No.

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

No.

Budget Review

(Staff will complete this section.)



City of Kansas City, Missouri

Docket Memo

- 1. This legislation is supported by the general fund. Yes No
- 2. This fund has a structural imbalance. Yes No

Additional Discussion (if needed)

Click or tap here to enter text.

Citywide Business Plan Impact

N/A

Prior Legislation

N/A

Service Level Impacts

N/A

Other Impacts

- 1. What will be the potential health impacts to any affected groups?
None.
- 2. How have those groups been engaged and involved in the development of this ordinance?
N/A
- 3. Is this legislation good for the children?
N/A
- 4. How does this legislation contribute to a sustainable Kansas City?
N/A



File #: 230424

ORDINANCE NO. 230424

Sponsor: Director of the Fire Department

Amending Chapter 26, Code of Ordinances, by repealing Section 26-907 of the Fire Code relating to Fire Alarms and Detection Systems and enacting in lieu thereof one new section of like number and subject matter to prohibit excessive false medical alarms from alarm signaling systems.

WHEREAS, the Fire Code prohibits an excessive number of false fire alarms from alarm signaling systems but does not prohibit an excessive number of false medical alarms from such systems; and

WHEREAS, the Kansas City Fire Department has made responses to false medical alarms from alarm signaling systems that have produced an excessive number of such false alarms; and

WHEREAS, the City desires to prohibit excessive false medical alarms from alarm signaling systems in the same manner as excessive false fire alarms; and

WHEREAS, Section 101.2 of the International Fire Code, 2018 Edition, adopted by the City pursuant to Ordinance No. 190202 establishes that the scope of such Code shall be to regulate conditions hazardous to life in the occupancy of structures or premises, matters related to alarm systems and conditions affecting the safety of emergency responders during emergency operations; and

WHEREAS, Section 67.280, Revised Statutes of Missouri, requires that amendments to model codes to be adopted by a municipality be filed with the City Clerk for not less than 90 days before such amendment to the model code may be adopted; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That Chapter 26, Code of Ordinances of the City of Kansas City, Missouri, is hereby amended by repealing Section 26-907 relating to Fire Alarms and Detection Systems and enacting in lieu thereof one new section of like number and subject matter, to read as follows:

Sec. 26-907. Fire alarm and detection systems.

Sec. 26-907.6.5.3. Remote monitoring stations.

As of January 1, 2018, all supervisory station monitoring services shall be provided by a listed provider.

Sec. 26-907.9.1. Group R Occupancy requirements.

In addition to the requirements set forth in this code, operable smoke alarms shall be provided in all new and existing single-family dwellings, two-family dwellings, apartment houses, guest rooms used for sleeping purposes in lodging houses and hotels, in locations as follows:

- (1) In dwelling units, except efficiency dwelling units, an operable smoke alarm shall be mounted on ceilings or wall at a point centrally located in a corridor or another area giving access to rooms used for sleeping purposes unless the manufacturer's instructions provide otherwise, then in accordance with those instructions.
- (2) In efficiency dwelling units, lodging house sleeping rooms, hotel's sleeping rooms or suites, a working smoke alarm shall be centrally located on the ceiling of the main room or hotel sleeping room. Where sleeping rooms are on the upper level, an operable smoke alarm shall be placed near the center of the ceiling directly above the stairway serving such upper level unless the manufacturer's instructions provide otherwise, then in accordance with those instructions.
- (3) All working smoke alarms shall be listed and located in accordance with approved manufacturer's instructions. When actuated, the alarms shall provide an alarm in the dwelling or guest room.

Sec. 26-907.9.2. Duties.

- (a) It shall be the duty of the owner of every building regulated by this section to provide an approved operable fire warning system.
- (b) It shall be the duty of the owner of every lodging house, hotel and every vacant dwelling unit within every partially occupied dwelling and apartment house regulated by this section to maintain an operable fire warning system.
- (c) It shall be the duty of the occupant of every dwelling and apartment house regulated by this section to maintain an operable smoke alarm within their dwelling unit provided as part of the buildings fire warning system.

Sec. 26-907.10. Fire alarm reporting when premises are not monitored.

Whenever a fire alarm sounds in or upon a premise, which are not monitored by a central or remote station, or proprietary alarm signaling system, the owner or occupant shall without delay report such alarm to the fire department.

Sec 26-907.11. False alarm.

It shall be unlawful for any person to use a fire or medical alarm signaling system, which reports, or causes to report, five or more false alarms within any calendar year. For the purposes of this section, false alarm is defined as an alarm signal eliciting a response by the fire department when a situation requiring an immediate response does not in fact exist. An alarm shall not be considered a false alarm if it is determined that the alarm was caused by:

- (1) A natural or manmade catastrophe, or an act of God. Such events include tornadoes, floods, earthquakes, riots or other similarly violent conditions.
- (2) Vandalism causing physical damage to the premises.
- (3) Telephone outage.
- (4) Severe weather causing physical damage to the premises.
- (5) The test of the local alarm system by a licensed alarm business agent or employee who is present at the premises servicing, repairing or installing the alarm when such testing does not result in the alarm being activated for an uninterrupted period exceeding 60 seconds and when the fire department's communications center has been notified of the test.

Sec. 26-907.11.1. Notification.

A person charged by the fire department for initiating a false alarm shall be notified in writing of each false alarm determination.

Sec. 26-907.11.2. Review of alarm determination.

The fire prevention division shall, when requested, review the determination that an alarm was false. Such review may be granted only if the person requests such a procedure within fifteen days of the notice of false alarm determination. A request for determination by the fire prevention division shall include at least the following:

- (1) The person's name;
- (2) The address at which the alarm is installed;
- (3) The date of the alarm signal being contested; and
- (4) The facts upon which the request for a determination is made.

Sec. 26-907.11.3. Certification and false alarm penalties.

- (1) Any person determined to be using a fire alarm signaling system, which reports or causes to be reported three or more false fire alarms within a calendar year shall be subject to the fine schedule below and shall have such system become a certificated fire alarm system by Underwriters Laboratories (UL).
- (2) Any person determined to be using either a fire or medical alarm signaling system which reports or causes to be reported more than three false alarms within a calendar year shall be fined in accordance with the following schedule:
 - a. First offense – Fourth false alarm\$25.00
 - b. Second offense – Fifth false alarm\$50.00
 - c. Third offense – Sixth false alarm\$75.00
 - d. Fourth offense – Seventh false alarm\$100.00
 - e. Fifth offense – Eighth false alarm\$125.00
 - f. Upon the sixth offense - Ninth false alarm and of any other subsequent offenses-for each subsequent false alarm\$250.00

Sec. 26-907.11.4. Separate offenses.

Each day, or any portion of a day, of violation of any provision of this chapter shall constitute a separate offense.

Sec. 26-907.11.5. Mail-in fine.

Persons who do not request a review of a false alarm determination may avoid a court appearance by mailing to the fire prevention division within ten days of receipt of the notice of the determination the proper amount of fine as set forth in the above penalty schedule.

..end

Approved as to form:

Alan L. Holtkamp
Senior Associate City Attorney



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: Fire

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

This Ordinance would amend the Fire Code to treat excessive false medical alarms in the same manner as excessive false fire alarms.

Discussion

Currently the Fire Code only regulates excessive false fire alarms. The Fire Department has made responses to false medical alarms from alarm signaling systems that have produced an excessive number of such false medical alarms. Therefore, this ordinance would regulate excessive false medical alarms in the same manner as excessive false fire alarms. The Fire Code is the appropriate place to regulate excessive false medical alarms in this manner because the Fire Code regulates conditions hazardous to life in the occupancy of structures or premises, matters related to alarm systems and conditions affecting the safety of emergency responders during emergency operations. State law, Section 67.280, RSMo, requires that amendments to model codes, such as the Fire Code, that are adopted by a municipality be filed with the City Clerk for not less than 90 days before such amendment to the model code may be adopted.

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No

2. What is the funding source?

N/A

3. How does the legislation affect the current fiscal year?

The legislation would produce revenue from fines if fines are imposed pursuant to the legislation. Such fines can range from \$25 for a first offense up to \$250 for a sixth offense. The total revenue to be collected for excessive medical false alarms is indeterminable at this time.

4. Does the legislation have fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

The legislation may have such an impact by generating revenue from fines.



City of Kansas City, Missouri

Docket Memo

- 5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

The legislation could generate revenue.

Budget Review

(Staff will complete this section.)

- 1. This legislation is supported by the general fund. Yes No
- 2. This fund has a structural imbalance. Yes No

Additional Discussion (if needed)

Fine revenue collected for excessive medical false alarms would be deposited into the General Fund.

Citywide Business Plan Impact

List which goals and objectives in the Citywide Business Plan are impacted.

Prior Legislation

There is no known prior legislation regulating false medical alarms in this manner.

Service Level Impacts

This legislation will not effect Fire Department service levels.

Other Impacts

- 1. What will be the potential health impacts to any affected groups?

There is no known health impact.

- 2. How have those groups been engaged and involved in the development of this ordinance?

Click or tap here to enter text.

- 3. Is this legislation good for the children?



City of Kansas City, Missouri

Docket Memo

Yes.

4. How does this legislation contribute to a sustainable Kansas City?

This legislation will hopefully reduce the number of vehicle responses to excessive false medical alarms.

COMPARED VERSION
NEW ORDINANCE TO CODE BOOKS

ORDINANCE NO. 230424

Amending Chapter 26, Code of Ordinances, by repealing Section 26-907 of the Fire Code relating to Fire Alarms and Detection Systems and enacting in lieu thereof one new section of like number and subject matter to prohibit excessive false medical alarms from alarm signaling systems.

WHEREAS, the Fire Code prohibits an excessive number of false fire alarms from alarm signaling systems but does not prohibit an excessive number of false medical alarms from such systems; and

WHEREAS, the Kansas City Fire Department has made responses to false medical alarms from alarm signaling systems that have produced an excessive number of such false alarms; and

WHEREAS, the City desires to prohibit excessive false medical alarms from alarm signaling systems in the same manner as excessive false fire alarms; and

WHEREAS, Section 101.2 of the International Fire Code, 2018 Edition, adopted by the City pursuant to Ordinance No. 190202 establishes that the scope of such Code shall be to regulate conditions hazardous to life in the occupancy of structures or premises, matters related to alarm systems and conditions affecting the safety of emergency responders during emergency operations; and

WHEREAS, Section 67.280, Revised Statutes of Missouri, requires that amendments to model codes to be adopted by a municipality be filed with the City Clerk for not less than 90 days before such amendment to the model code may be adopted; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That Chapter 26, Code of Ordinances of the City of Kansas City, Missouri, is hereby amended by repealing Section 26-907 relating to Fire Alarms and Detection Systems and enacting in lieu thereof one new section of like number and subject matter, to read as follows:

Sec. 26-907. Fire alarm and detection systems.

Sec. 26-907.6.5.3. Remote monitoring stations.

As of January 1, 2018, all supervisory station monitoring services shall be provided by a listed provider.

Sec. 26-907.9.1. Group R Occupancy requirements.

In addition to the requirements set forth in this code, operable smoke alarms shall be provided in all new and existing single-family dwellings, two-family dwellings, apartment houses, guest rooms used for sleeping purposes in lodging houses and hotels, in locations as follows:

- (1) In dwelling units, except efficiency dwelling units, an operable smoke alarm shall be mounted on ceilings or wall at a point centrally located in a corridor or another area giving access to rooms used for sleeping purposes unless the manufacturer's instructions provide otherwise, then in accordance with those instructions.
- (2) In efficiency dwelling units, lodging house sleeping rooms, hotel's sleeping rooms or suites, a working smoke alarm shall be centrally located on the ceiling of the main room or hotel sleeping room. Where sleeping rooms are on the upper level, an operable smoke alarm shall be placed near the center of the ceiling directly above the stairway serving such upper level unless the manufacturer's instructions provide otherwise, then in accordance with those instructions.
- (3) All working smoke alarms shall be listed and located in accordance with approved manufacturer's instructions. When actuated, the alarms shall provide an alarm in the dwelling or guest room.

Sec. 26-907.9.2. Duties.

- (a) It shall be the duty of the owner of every building regulated by this section to provide an approved operable fire warning system.
- (b) It shall be the duty of the owner of every lodging house, hotel and every vacant dwelling unit within every partially occupied dwelling and apartment house regulated by this section to maintain an operable fire warning system.
- (c) It shall be the duty of the occupant of every dwelling and apartment house regulated by this section to maintain an operable smoke alarm within their dwelling unit provided as part of the buildings fire warning system.

Sec. 26-907.10. Fire alarm reporting when premises are not monitored.

Whenever a fire alarm sounds in or upon a premise, which are not monitored by a central or remote station, or proprietary alarm signaling system, the owner or occupant shall without delay report such alarm to the fire department.

Sec 26-907.11. False alarm.

It shall be unlawful for any person to use a fire or medical alarm signaling system, which reports, or causes to report, five or more false alarms within any calendar year. For the purposes

of this section, false alarm is defined as an alarm signal eliciting a response by the fire department when a situation requiring an immediate response does not in fact exist. An alarm shall not be considered a false alarm if it is determined that the alarm was caused by:

- (1) A natural or manmade catastrophe, or an act of God. Such events include tornadoes, floods, earthquakes, riots or other similarly violent conditions.
- (2) Vandalism causing physical damage to the premises.
- (3) Telephone outage.
- (4) Severe weather causing physical damage to the premises.
- (5) The test of the local alarm system by a licensed alarm business agent or employee who is present at the premises servicing, repairing or installing the alarm when such testing does not result in the alarm being activated for an uninterrupted period exceeding 60 seconds and when the fire department's communications center has been notified of the test.

Sec. 26-907.11.1. Notification.

A person charged by the fire department for initiating a false alarm shall be notified in writing of each false alarm determination.

Sec. 26-907.11.2. Review of alarm determination.

The fire prevention division shall, when requested, review the determination that an alarm was false. Such review may be granted only if the person requests such a procedure within fifteen days of the notice of false alarm determination. A request for determination by the fire prevention division shall include at least the following:

- (1) The person's name;
- (2) The address at which the alarm is installed;
- (3) The date of the alarm signal being contested; and
- (4) The facts upon which the request for a determination is made.

Sec. 26-907.11.3. Certification and false alarm penalties.

- (1) Any person determined to be using a fire alarm signaling system, which reports or causes to be reported three or more false fire alarms within a calendar year shall be subject to the fine schedule below and shall have such system become a certificated fire alarm system by Underwriters Laboratories (UL).

- (2) Any person determined to be using either a fire or medical alarm signaling system which reports or causes to be reported more than three false alarms within a calendar year shall be fined in accordance with the following schedule:
- a. First offense – Fourth false alarm\$25.00
 - b. Second offense – Fifth false alarm\$50.00
 - c. Third offense – Sixth false alarm\$75.00
 - d. Fourth offense – Seventh false alarm\$100.00
 - e. Fifth offense – Eighth false alarm\$125.00
 - f. Upon the sixth offense - Ninth false alarm and of any other subsequent offenses-for each subsequent false alarm\$250.00

Sec. 26-907.11.4. Separate offenses.

Each day, or any portion of a day, of violation of any provision of this chapter shall constitute a separate offense.

Sec. 26-907.11.5. Mail-in fine.

Persons who do not request a review of a false alarm determination may avoid a court appearance by mailing to the fire prevention division within ten days of receipt of the notice of the determination the proper amount of fine as set forth in the above penalty schedule.

Approved as to form:

Alan L. Holtkamp
Senior Associate City Attorney



File #: 230440

ORDINANCE NO. 230440

Sponsor: Director of the Human Resources Department

Amending Chapter 2 of the Code of Ordinances of Kansas City, Missouri, Employees' Retirement System, by repealing Sections 2-1174, 2-1176, 2-1184, 2-1185 and 2-1189 and enacting in lieu thereof sections of like numbers and subject matters to change the required distribution date set by federal law, change the time requirement to vest from ten to five years for employees in Tier 2 and change the composition of the Board of Trustees of the Employees' Retirement System Trust in accordance with the collective bargaining agreements between the City and its unions.

WHEREAS, the City entered into collective bargaining agreements with International Association of Firefighters Locals 42 and 3808 providing them membership in the Board of Trustees of the Employees' Retirement System; and

WHEREAS, the City entered into a collective bargaining agreement with American Federation of State, County and Municipal Employees Local 500 providing them an additional member in the Board of Trustees of the Employees' Retirement System; and

WHEREAS, in 2022 the US Congress passed SECURE 2.0 Act of 2022 that changed the ages for required distributions of the City's pensions;

WHEREAS, on January 31, 2023, the Board of Trustees of the Employees' Retirement System Trust approved changing the vesting requirements for employees in Tier 2; NOW THEREFORE

BE IT ORDAINED BY THE CITY COUNCIL OF KANSAS CITY:

Section 1. That Chapter 2 of the Code of Ordinances of Kansas City, Missouri, Employees' Retirement System be amended by repealing Sections 2-1174, 2-1176, 2-1184, 2-1185 and 2-1189 and enacting in lieu thereof sections of like numbers and subject matters to read as follows.

Sec. 2-1174. Conditions for retirement.

(a) *Application for retirement.* Any member of the retirement system may retire as provided in this division, terminating employment upon written application to the board of trustees, who shall establish the member's retirement date as of the first day of the month.

(b) *Normal retirement.*

- (1) *Tier 1.* A member may elect normal retirement on or after attaining age 65 and five years of creditable service without reduction of benefit as calculated in section 2-1176.
- (2) *Tier 2.* A member may elect normal retirement on or after attaining age 67 and ten years of creditable service without reduction of benefit as calculated in section 2-1176. Effective with retirements dated August 1, 2023, or after, a member may elect normal retirement on or after attaining age 67 and five years of creditable service without reduction of benefit as calculated in section 2-1176.

(c) *Optional retirement.*

- (1) *Tier 1 – age 60 or age plus service equals or exceeds 80.* A member may elect to retire when the total of age and years of creditable service equal or exceed 80 or the later of age 60 and ten years' creditable service, without reductions of benefit as calculated in section 2-1176.
- (2) *Tier 2 – age 62 or age plus service equals or exceeds 85.* A member may elect to retire when the total of age and years of creditable service equal or exceed 85 or the later of age 62 and ten years' creditable service, without reductions of benefit as calculated in section 2-1176.

(d) *Early retirement.* Members may elect early retirement:

- (1) *Tier 1- age 55.* Beginning at the later of age 55 or completion of ten years' creditable service. The benefit as computed in section 2-1176(a) shall be reduced by 0.5 percent for each month the effective date is prior to the first day of the month following attainment of age 60.
- (2) *Tier 1 – age 60.* Beginning at age 60, if the member has more than five but less than ten years of creditable service. The benefit as computed in section 2-1176(a) shall be reduced by 0.5 percent for each month the effective date is prior to the first day of the month following attainment of age 65.
- (3) *Tier 2 – age 57.* Beginning at the later of age 57 or completion of ten years' creditable service. The benefit as computed in section 2-1176(a) shall be reduced by 0.5 percent for each month the effective date is prior to the first day of the month following attainment of age 62.
- (4) *Tier 2 – age 62.* For retirements dated August 1, 2023, or after, beginning at age 62, if the member has more than five but less than ten years of creditable service. The benefit as computed in section 2-1176(a) shall be reduced by 0.5 percent for

each month the effective date is prior to the first of the month following the attainment of age 67.

(e) *Required distributions.* Distribution of a member's interest in the retirement system shall commence not later than April 1 of the calendar year following the later of the calendar year in which the member attains the applicable age, as defined in this section, or the calendar year in which the member retires under the plan.

- (1) If a death benefit is being paid to a designated beneficiary other than the member's spouse, payments shall either:
 - a. Be completed by December 31 of the fifth calendar year following the year of the member's death; or
 - b. If there is no designated beneficiary, payment of a death benefit shall commence no later than December 31 of the fifth calendar year following the year of the member's death.
- (2) If the designated beneficiary is the member's spouse, death benefit payments shall commence no later than December 31 of the year the member would have attained age 72, 73 or 75 as applicable, paid over the life or life expectancy of the spouse, as determined under Table V of Treasury Regulations 1.72-9 as of the date the payments commence, and benefits shall be actuarially increased for the delay.
- (3) For the purposes of this section, applicable age shall mean:
 - a. In the case of an individual who attains age 72 after December 31, 2022, and age 73 before January 1, 2030, the applicable age is 73.
 - b. In the case of an individual who attains age 73 after December 31, 2029, and age 74 before January 1, 2033, the applicable age is 74.
 - c. In the case of an individual who attains age 74 after December 31, 2032, the applicable age is 75.

Sec. 2-1176. Retirement benefits.

(a) *Annuity.* Upon retirement on or after November 1, 2000, as provided in section 2-1174, an annuity calculated as follows shall be payable:

- (1) If married in any jurisdiction at date of retirement, the annuity shall be two percent of the Tier 1 member's final average compensation and for a Tier 2 member shall be 1.75 percent of the member's final average compensation multiplied by years and full months of creditable service not to exceed 70 percent, except as set forth in section 2-1196, Code of Ordinances.

- (2) At date of retirement, a member may elect to receive an actuarial equivalent annuity providing that, upon death following retirement, the same actuarial equivalent annuity shall be payable to the surviving spouse provided the marriage occurred on or before the date of retirement. This election shall not be effective if the member dies within 30 days after filing application for retirement or before the date of the first payment of the retirement annuity.
- (3) If unmarried at date of retirement, the annuity shall be 2.22 percent of the Tier 1 member's final average compensation and for a Tier 2 member shall be 1.75 percent of the member's final average compensation multiplied by years and full months of creditable service not to exceed 70 percent, except as set forth in section 2-1196, Code of Ordinances.
- (4) With signed consent by the spouse, a Tier 1 married member may elect calculation as if unmarried, forfeiting a surviving spouse's annuity as provided in section 2-1185.

(b) *Withdrawal of contributions.* A member retiring under provisions of section 2-1174, except disability retirements, may elect, with signed consent of spouse, to withdraw all or a portion of the member's accumulated contributions and interest, and receive a reduced annuity. The annuity calculated in subsection (a) of this section shall be reduced an actuarially equal amount by applying factors adopted by the board of trustees upon recommendation of the retirement system's consulting actuary.

(c) *Cost-of-living adjustment – Tier 1.* An annual cost-of-living adjustment in retirement, disability and death benefits shall be paid under these conditions:

- (1) *Effective date of adjustment and applicability.* An annual cost-of-living adjustment shall be payable on pension checks to be dated May 1 of the current year and shall remain unchanged until the next effective date of adjustment. For retirements occurring on or after January 1, 2021, the adjustment shall apply to all beneficiaries receiving benefits, except no pension of any member or beneficiary retiring after February 1 of any year shall be adjusted until May 1 of the succeeding year.
- (2) *Amount of adjustment.* The adjustment shall be three percent, each year, noncompounded.

(d) *Cost-of-living adjustment – Tier 2.* A cost-of-living adjustment is authorized under these conditions:

- (1) *Effective date of adjustment and applicability.* An annual cost-of-living adjustment shall be payable on pension checks to be dated May 1 of the current year and shall remain unchanged until the next effective date of adjustment. For retirements occurring on or after January 1, 2021, the adjustment shall apply to all

beneficiaries receiving benefits, but no sooner than the May 1 following the Tier 2 member's 62nd birthday, except no pension of any member or beneficiary retiring after February 1 of any year shall be adjusted until May 1 of the succeeding year.

- (2) *Amount of adjustment.* The adjustment for a Tier 2 member shall be paid if the funding ratio of the pension fund, as shown by the system's most recent actuarial report, is equal to or greater than 80%, and will be equal to the percentage increase in the prior 12 months of the final national consumer price index for all urban consumers published prior to December 31 in advance of the next year's adjustment, but shall not exceed 2.5% and shall be noncompounded.

(e) *Health insurance subsidy.* A \$200.00 monthly retiree health insurance subsidy shall be payable to all retired members effective November 1, 2000. If a member dies before retirement as the direct and proximate result of an accident sustained in the performance of assigned duties, the member's surviving spouse shall become eligible for the health insurance subsidy described in this subsection as long as the spouse receives an annuity. No other survivors will be eligible for this health insurance subsidy following the line-of-duty death of a qualifying member.

(f) *Minimum benefit.* A minimum benefit of \$400.00 per month is established for retirees with ten or more years of creditable service. Such minimum shall apply to current as well as future retirees, effective with pension checks dated July 1, 1999, calculated prior to any reductions applied due to sections 2-1176(a)(2) and 2-1176(b). Any annual cost-of-living adjustment shall be based on the original amount without reference to this minimum.

(g) *Limitations.* Benefits with respect to a member may not exceed the maximum benefits specified under section 415 of the Federal Internal Revenue Code for governmental plans.

Sec. 2-1184. Termination benefits.

(a) *Generally.* Upon termination of employment, a member of the retirement system shall be paid all the member's accumulated contributions and interest. The member shall thereby forfeit for the member and for any possible beneficiaries all rights to any and all benefits under this retirement system.

(b) *Deferred annuity – Tier 1.* A terminated Tier 1 member with at least five years or more of creditable service who does not withdraw employee contributions may elect to receive a deferred annuity computed as provided in section 2-1176. Should the member later choose to withdraw the member's contributions and interest before annuity payments begin, the member shall forfeit all right to any and all benefits under this retirement system. The member may elect to withdraw employee contributions within the thirty-day period prior to the deferred annuity effective date, as outlined in section 2-1176(a)(4), (b).

(c) *Deferred annuity – Tier 2.* Prior to July 31, 2023, a Tier 2 member with at least ten years or more of creditable service who does not withdraw employee contributions may elect to receive a deferred annuity computed as provided in section 2-1176. Beginning July 31, 2023, a

Tier 2 member with at least five years or more of creditable service who does not withdraw employee contributions may elect to receive a deferred annuity computed as provided in section 2-1176. Should the member later choose to withdraw the member's contributions and interest before annuity payments begin, the member shall forfeit all right to any and all benefits under this retirement system. The member may elect to withdraw employee contributions within the thirty-day period prior to the deferred annuity effective date, as outlined in section 2-1176(a)(4), (b).

Sec. 2-1185. Death benefits.

(a) *Death before retirement.* Upon death of a member of the retirement system for any cause prior to retirement, these amounts shall be payable as full and final settlement of any and all claims for benefits under this retirement system:

- (1) If the Tier 1 member had less than five years of creditable service or a Tier 2 member had less than ten years of creditable service or, effective July 31, 2023, a Tier 2 member had less than five years of creditable service, the member's surviving spouse shall be paid in a lump sum the amount of accumulated contributions and interest. If there be no surviving spouse, payment shall be made to the member's designated beneficiary, or, if none, to the executor or administrator of the member's estate.
- (2) If the Tier 1 member had five but less than 20 years of creditable service or a Tier 2 member had 10 but less than 20 years of creditable service or, effective July 31, 2023, a Tier 2 member had five but less than 20 years of creditable service, the member's surviving spouse may elect, in lieu of the lump sum settlement provided for in subsection (a)(1) of this section, an annuity. Such annuity shall be one-half of the member's accrued annuity at date of death as computed in sections 2-1174 and 2-1176. The effective date shall be the latter of the first day of the month after the member's death or attainment of what would have been the member's early retirement date as provided in section 2-1174.
- (3) If the member had 20 or more years of creditable service, the member's surviving spouse may elect, in lieu of the lump sum settlement provided for in subsection (a)(1) of this section, the larger of the annuity as computed in subsection (a)(2) of this section or an annuity determined on a joint and survivor's basis from the actuarial value of the member's accrued annuity at date of death.
- (4) Any death of a retired member occurring before the date of first payment of the retirement annuity shall be deemed to be a death before retirement.

(b) *Death after retirement.* Upon death of a member for any cause after retirement, these amounts shall be payable:

- (1) The member's surviving spouse, providing the marriage occurred on or before date of retirement, shall receive an annuity equal to one-half the member's

accrued annuity as computed under section 2-1174 or section 2-1176 as of the member's actual retirement date.

- (2) If the member elected the actuarial equivalent annuity provided in section 2-1176(b), the same annuity shall be continued to the surviving spouse, provided the marriage occurred on or before date of retirement.
- (3) The current life insurance carrier for the city has established a single premium group term life program based upon the premium stabilization reserve at May 1, 1993. During the program's existence only, the carrier will issue paid term insurance to members who retire on or after May 1, 1993. Upon verification of death, the carrier will issue a \$2,000.00 benefit to the member's designated beneficiary or estate.

(c) *Recovery of member contributions.*

- (1) Should the total amount paid to a member and surviving spouse be less than the member's accumulated contributions and interest, the remaining balance shall be paid to the member's beneficiary, constituting full and final settlement of any and all claims for benefits under this retirement system.
- (2) If no beneficiary is designated or survives, payment shall be made to the executor or administrator of the member's estate; provided, however, if any benefit is payable to the estate of a member, or to a person who is not competent to give a valid release, the board of trustees is authorized to pay such benefit, not exceeding \$2,000.00, to any relative by blood or affinity of the member, or a person managing the member's affairs, who is deemed by the board to be equitably entitled thereto.

(d) *Minimum surviving spouse pension.* A minimum benefit of \$200.00 per month is established for surviving spouses of members with ten or more years of creditable service. Such minimum shall apply to current as well as future surviving spouses, effective with pension checks dated July 1, 1999. Any annual cost-of-living adjustment shall be based on the original amount without reference to this minimum.

Sec. 2-1189. Board of Trustees.

(a) *Function.* The board of trustees shall manage and direct the affairs of this division. It shall have the exclusive right to interpret this division and its provisions including but not limited to any benefit or claim for benefit hereunder, determination of creditable service, final average compensation, eligibility and termination of membership.

(b) *Investments.*

- (1) The board of trustees shall be trustee of all funds created by this division and shall have full power to invest and reinvest them. Investments may include, but are not

limited to, bonds of the United States government, State of Missouri, municipal corporations including school districts, corporate bonds, real estate mortgages, common and preferred stocks.

- (2) No trustee nor any member of the system shall have any direct interest in the gains or profits of any investment made by the board of trustees.

(c) *Membership.* The board of trustees shall consist of thirteen members, including the director of human resources and director of finance. Eleven shall be appointed by the mayor as follows:

- (1) One shall be a retired member of the system.
- (2) Four, other than the foregoing, shall be recognized business and/or civic leaders with financial backgrounds, such as investments, management of employees benefit plans, who are not employees of the city. At the mayor's option, one of this group may be a city council person with a financial background who shall serve as an ex-officio member of the board with a right to vote.
- (3) Two shall be active employees and members of the retirement system and one shall be a retired member as recommended by Local 500 of the American Federation of State, County and Municipal Employees union. The retired member shall have the rights and responsibilities of the trustees on the board, but non-voting, and therefore shall not be counted toward a quorum.
- (4) One shall be an active employee and member of the retirement system from IAFF Local 42 bargaining unit, as recommended by that union.
- (5) One shall be a non-voting member from the IAFF Local 3808 bargaining unit, as selected by that union. Additionally, IAFF Local 3808 shall have the right to name one alternate member to act in place of its non-voting member when the non-voting member is not present. The non-voting and alternate members shall have the rights and responsibilities of the trustees of the board, but non-voting, and therefore shall not be counted towards a quorum.

The appointed members shall serve for a term of one to five years each for each initial appointment, at the expiration of which their appointed successors shall each serve a term of four years.

(d) *Compensation.* The trustees shall be reimbursed by the retirement system for all necessary expenses incurred for service on the board.

(e) *Organization.* The board of trustees shall adopt rules and regulations for administration. Each member shall be entitled to one vote. A majority of six trustees shall constitute a quorum and a majority of the quorum shall be required for any decision. The board

of trustees shall elect a chairman and such other officers as it deems necessary from its membership by majority vote.

(f) *Professional services.*

- (1) The board may engage in investment, safekeeping and other services as deemed necessary. The city attorney of Kansas City, or the city attorney's designated assistant, may be the legal advisor.
- (2) At least every five years an actuarial investigation of the system shall be conducted. Results shall be reported to the city council, together with recommendations to maintain the system on a sound actuarial basis.

(g) *Records and reports.* The retirement systems administrator shall maintain records of all proceedings open to public inspection. They shall annually publish a report approved by the board showing the financial transactions for the preceding year, and the financial condition of the system.

(h) *Regulations.* The board of trustees shall prescribe such rules, regulations, forms and procedures as are necessary to administer the system.

(i) *Portability agreements.* The board of trustees may enter into cooperative agreements as set forth in RSMo 105.985, providing for the transfer of funds to other public entity retirement plans and to receive transfer of funds into this plan.

(j) *Administration.* The retirement systems administrator shall be appointed by the director of human resources. The administrator shall attend all meetings of the board of trustees, but shall not have a vote. The administrator shall conduct the operations of the system in accordance with this division and the rules and regulations, directives and resolutions of the board of trustees.

..end

Approved as to form:

Katherine Chandler
Senior Associate City Attorney

ORDINANCE NO. 230440

Amending Chapter 2 of the Code of Ordinances of Kansas City, Missouri, Employees' Retirement System, by repealing Sections 2-1174, 2-1176, 2-1184, 2-1185 and 2-1189 and enacting in lieu thereof sections of like number and subject matter to change the required distribution date set by federal law, change the time requirement to vest from ten to five years for employees in Tier 2 and change the composition of the Board of Trustees of the Employees' Retirement System Trust in accordance with the collective bargaining agreements between the City and its unions.

WHEREAS, the City entered into collective bargaining agreements with International Association of Firefighters Locals 42 and 3808 providing them membership in the Board of Trustees of the Employees' Retirement System; and

WHEREAS, the City entered into a collective bargaining agreement with American Federation of State, County and Municipal Employees Local 500 providing them an additional member in the Board of Trustees of the Employees' Retirement System; and

WHEREAS, in 2022 the US Congress passed SECURE 2.0 Act of 2022 that changed the ages for required distributions of the City's pensions;

WHEREAS, on January 31, 2023, the Board of Trustees of the Employees' Retirement System Trust approved changing the vesting requirements for employees in Tier 2; NOW THEREFORE

BE IT ORDAINED BY THE CITY COUNCIL OF KANSAS CITY:

Section 1. That Chapter 2 of the Code of Ordinances of Kansas City, Missouri, Employees' Retirement System be amended by repealing Sections 2-1174, 2-1176, 2-1184, 2-1185 and 2-1189 and enacting in lieu thereof sections of like number and subject matter to read as follows.

Sec. 2-1174. Conditions for retirement.

(a) *Application for retirement.* Any member of the retirement system may retire as provided in this division, terminating employment upon written application to the board of trustees, who shall establish the member's retirement date as of the first day of the month.

(b) *Normal retirement.*

- (1) *Tier 1.* A member may elect normal retirement on or after attaining age 65 and five years of creditable service without reduction of benefit as calculated in section 2-1176.

- (2) *Tier 2.* A member may elect normal retirement on or after attaining age 67 and ten years of creditable service without reduction of benefit as calculated in section 2-1176. Effective with retirements dated August 1, 2023, or after, a member may elect normal retirement on or after attaining age 67 and five years of creditable service without reduction of benefit as calculated in section 2-1176.

(c) *Optional retirement.*

- (1) *Tier 1 – age 60 or age plus service equals or exceeds 80.* A member may elect to retire when the total of age and years of creditable service equal or exceed 80 or the later of age 60 and ten years' creditable service, without reductions of benefit as calculated in section 2-1176.
- (2) *Tier 2 – age 62 or age plus service equals or exceeds 85.* A member may elect to retire when the total of age and years of creditable service equal or exceed 85 or the later of age 62 and ten years' creditable service, without reductions of benefit as calculated in section 2-1176.

(d) *Early retirement.* Members may elect early retirement:

- (1) *Tier 1- age 55.* Beginning at the later of age 55 or completion of ten years' creditable service. The benefit as computed in section 2-1176(a) shall be reduced by 0.5 percent for each month the effective date is prior to the first day of the month following attainment of age 60.
- (2) *Tier 1 – age 60.* Beginning at age 60, if the member has more than five but less than ten years of creditable service. The benefit as computed in section 2-1176(a) shall be reduced by 0.5 percent for each month the effective date is prior to the first day of the month following attainment of age 65.
- (3) *Tier 2 – age 57.* Beginning at the later of age 57 or completion of ten years' creditable service. The benefit as computed in section 2-1176(a) shall be reduced by 0.5 percent for each month the effective date is prior to the first day of the month following attainment of age 62.
- (4) *Tier 2 – age 62.* For retirements dated August 1, 2023, or after, beginning at age 62, if the member has more than five but less than ten years of creditable service. The benefit as computed in section 2-1176(a) shall be reduced by 0.5 percent for each month the effective date is prior to the first of the month following the attainment of age 67.

(e) *Required distributions.* Distribution of a member's interest in the retirement system shall commence not later than April 1 of the calendar year following the later of

the calendar year in which the member attains the applicable age, as defined in this section, or the calendar year in which the member retires under the plan.

- (1) If a death benefit is being paid to a designated beneficiary other than the member's spouse, payments shall either:
 - a. Be completed by December 31 of the fifth calendar year following the year of the member's death; or
 - b. If there is no designated beneficiary, payment of a death benefit shall commence no later than December 31 of the fifth calendar year following the year of the member's death.
- (2) If the designated beneficiary is the member's spouse, death benefit payments shall commence no later than December 31 of the year the member would have attained age 72, 73 or 75 as applicable, paid over the life or life expectancy of the spouse, as determined under Table V of Treasury Regulations 1.72-9 as of the date the payments commence, and benefits shall be actuarially increased for the delay.
- (3) For the purposes of this section, applicable age shall mean:
 - a. In the case of an individual who attains age 72 after December 31, 2022, and age 73 before January 1, 2030, the applicable age is 73.
 - b. In the case of an individual who attains age 73 after December 31, 2029, and age 74 before January 1, 2033, the applicable age is 74.
 - c. In the case of an individual who attains age 74 after December 31, 2032, the applicable age is 75.

Sec. 2-1176. Retirement benefits.

(a) *Annuity.* Upon retirement on or after November 1, 2000, as provided in section 2-1174, an annuity calculated as follows shall be payable:

- (1) If married in any jurisdiction at date of retirement, the annuity shall be two percent of the Tier 1 member's final average compensation and for a Tier 2 member shall be 1.75 percent of the member's final average compensation multiplied by years and full months of creditable service not to exceed 70 percent, except as set forth in section 2-1196, Code of Ordinances.
- (2) At date of retirement, a member may elect to receive an actuarial equivalent annuity providing that, upon death following retirement, the same actuarial equivalent annuity shall be payable to the surviving spouse provided the marriage occurred on or before the date of retirement. This

election shall not be effective if the member dies within 30 days after filing application for retirement or before the date of the first payment of the retirement annuity.

- (3) If unmarried at date of retirement, the annuity shall be 2.22 percent of the Tier 1 member's final average compensation and for a Tier 2 member shall be 1.75 percent of the member's final average compensation multiplied by years and full months of creditable service not to exceed 70 percent, except as set forth in section 2-1196, Code of Ordinances.
- (4) With signed consent by the spouse, a Tier 1 married member may elect calculation as if unmarried, forfeiting a surviving spouse's annuity as provided in section 2-1185.

(b) *Withdrawal of contributions.* A member retiring under provisions of section 2-1174, except disability retirements, may elect, with signed consent of spouse, to withdraw all or a portion of the member's accumulated contributions and interest, and receive a reduced annuity. The annuity calculated in subsection (a) of this section shall be reduced an actuarially equal amount by applying factors adopted by the board of trustees upon recommendation of the retirement system's consulting actuary.

(c) *Cost-of-living adjustment – Tier 1.* An annual cost-of-living adjustment in retirement, disability and death benefits shall be paid under these conditions:

- (1) *Effective date of adjustment and applicability.* An annual cost-of-living adjustment shall be payable on pension checks to be dated May 1 of the current year and shall remain unchanged until the next effective date of adjustment. For retirements occurring on or after January 1, 2021, the adjustment shall apply to all beneficiaries receiving benefits, except no pension of any member or beneficiary retiring after February 1 of any year shall be adjusted until May 1 of the succeeding year.
- (2) *Amount of adjustment.* The adjustment shall be three percent, each year, noncompounded.

(d) *Cost-of-living adjustment – Tier 2.* A cost-of-living adjustment is authorized under these conditions:

- (1) *Effective date of adjustment and applicability.* An annual cost-of-living adjustment shall be payable on pension checks to be dated May 1 of the current year and shall remain unchanged until the next effective date of adjustment. For retirements occurring on or after January 1, 2021, the adjustment shall apply to all beneficiaries receiving benefits, but no sooner than the May 1 following the Tier 2 member's 62nd birthday, except no pension of any member or beneficiary retiring after February 1 of any year shall be adjusted until May 1 of the succeeding year.

- (2) *Amount of adjustment.* The adjustment for a Tier 2 member shall be paid if the funding ratio of the pension fund, as shown by the system's most recent actuarial report, is equal to or greater than 80%, and will be equal to the percentage increase in the prior 12 months of the final national consumer price index for all urban consumers published prior to December 31 in advance of the next year's adjustment, but shall not exceed 2.5% and shall be noncompounded.

(e) *Health insurance subsidy.* A \$200.00 monthly retiree health insurance subsidy shall be payable to all retired members effective November 1, 2000. If a member dies before retirement as the direct and proximate result of an accident sustained in the performance of assigned duties, the member's surviving spouse shall become eligible for the health insurance subsidy described in this subsection as long as the spouse receives an annuity. No other survivors will be eligible for this health insurance subsidy following the line-of-duty death of a qualifying member.

(f) *Minimum benefit.* A minimum benefit of \$400.00 per month is established for retirees with ten or more years of creditable service. Such minimum shall apply to current as well as future retirees, effective with pension checks dated July 1, 1999, calculated prior to any reductions applied due to sections 2-1176(a)(2) and 2-1176(b). Any annual cost-of-living adjustment shall be based on the original amount without reference to this minimum.

(g) *Limitations.* Benefits with respect to a member may not exceed the maximum benefits specified under section 415 of the Federal Internal Revenue Code for governmental plans.

Sec. 2-1184. Termination benefits.

(a) *Generally.* Upon termination of employment, a member of the retirement system shall be paid all the member's accumulated contributions and interest. The member shall thereby forfeit for the member and for any possible beneficiaries all rights to any and all benefits under this retirement system.

(b) *Deferred annuity.* A terminated Tier 1 member with at least five years or more of creditable service and a Tier 2 member with at least ten years or more of creditable service, and beginning July 31, 2023, a Tier 2 member with at least five years or more of creditable service who does not withdraw employee contributions may elect to receive a deferred annuity computed as provided in section 2-1176. Should the member later choose to withdraw the member's contributions and interest before annuity payments begin, the member shall forfeit all right to any and all benefits under this retirement system. The member may elect to withdraw employee contributions within the thirty-day period prior to the deferred annuity effective date, as outlined in section 2-1176(a)(4), (b).

Sec. 2-1185. Death benefits.

(a) *Death before retirement.* Upon death of a member of the retirement system for any cause prior to retirement, these amounts shall be payable as full and final settlement of any and all claims for benefits under this retirement system:

- (1) If the Tier 1 member had less than five years of creditable service or a Tier 2 member had less than ten years of creditable service or, effective July 31, 2023, a Tier 2 member had less than five years of creditable service, the member's surviving spouse shall be paid in a lump sum the amount of accumulated contributions and interest. If there be no surviving spouse, payment shall be made to the member's designated beneficiary, or, if none, to the executor or administrator of the member's estate.
- (2) If the Tier 1 member had five but less than 20 years of creditable service or a Tier 2 member had 10 but less than 20 years of creditable service or, effective July 31, 2023, a Tier 2 member had five but less than 20 years of creditable service, the member's surviving spouse may elect, in lieu of the lump sum settlement provided for in subsection (a)(1) of this section, an annuity. Such annuity shall be one-half of the member's accrued annuity at date of death as computed in sections 2-1174 and 2-1176. The effective date shall be the latter of the first day of the month after the member's death or attainment of what would have been the member's early retirement date as provided in section 2-1174.
- (3) If the member had 20 or more years of creditable service, the member's surviving spouse may elect, in lieu of the lump sum settlement provided for in subsection (a)(1) of this section, the larger of the annuity as computed in subsection (a)(2) of this section or an annuity determined on a joint and survivor's basis from the actuarial value of the member's accrued annuity at date of death.
- (4) Any death of a retired member occurring before the date of first payment of the retirement annuity shall be deemed to be a death before retirement.

(b) *Death after retirement.* Upon death of a member for any cause after retirement, these amounts shall be payable:

- (1) The member's surviving spouse, providing the marriage occurred on or before date of retirement, shall receive an annuity equal to one-half the member's accrued annuity as computed under section 2-1174 or section 2-1176 as of the member's actual retirement date.
- (2) If the member elected the actuarial equivalent annuity provided in section 2-1176(b), the same annuity shall be continued to the surviving spouse, provided the marriage occurred on or before date of retirement.

- (3) The current life insurance carrier for the city has established a single premium group term life program based upon the premium stabilization reserve at May 1, 1993. During the program's existence only, the carrier will issue paid term insurance to members who retire on or after May 1, 1993. Upon verification of death, the carrier will issue a \$2,000.00 benefit to the member's designated beneficiary or estate.

(c) *Recovery of member contributions.*

- (1) Should the total amount paid to a member and surviving spouse be less than the member's accumulated contributions and interest, the remaining balance shall be paid to the member's beneficiary, constituting full and final settlement of any and all claims for benefits under this retirement system.
- (2) If no beneficiary is designated or survives, payment shall be made to the executor or administrator of the member's estate; provided, however, if any benefit is payable to the estate of a member, or to a person who is not competent to give a valid release, the board of trustees is authorized to pay such benefit, not exceeding \$2,000.00, to any relative by blood or affinity of the member, or a person managing the member's affairs, who is deemed by the board to be equitably entitled thereto.

(d) *Minimum surviving spouse pension.* A minimum benefit of \$200.00 per month is established for surviving spouses of members with ten or more years of creditable service. Such minimum shall apply to current as well as future surviving spouses, effective with pension checks dated July 1, 1999. Any annual cost-of-living adjustment shall be based on the original amount without reference to this minimum.

Sec. 2-1189. Board of Trustees.

(a) *Function.* The board of trustees shall manage and direct the affairs of this division. It shall have the exclusive right to interpret this division and its provisions including but not limited to any benefit or claim for benefit hereunder, determination of creditable service, final average compensation, eligibility and termination of membership.

(b) *Investments.*

- (1) The board of trustees shall be trustee of all funds created by this division and shall have full power to invest and reinvest them. Investments may include, but are not limited to, bonds of the United States government, State of Missouri, municipal corporations including school districts, corporate bonds, real estate mortgages, common and preferred stocks.
- (2) No trustee nor any member of the system shall have any direct interest in the gains or profits of any investment made by the board of trustees.

(c) *Membership.* The board of trustees shall consist of thirteen members, including the director of human resources and director of finance. Eleven shall be appointed by the mayor as follows:

- (1) One shall be a retired member of the system.
- (2) Four, other than the foregoing, shall be recognized business and/or civic leaders with financial backgrounds, such as investments, management of employees benefit plans, who are not employees of the city. At the mayor's option, one of this group may be a city council person with a financial background who shall serve as an ex-officio member of the board with a right to vote.
- (3) Two shall be active employees and members of the retirement system and one shall be a retired member as recommended by Local 500 of the American Federation of State, County and Municipal Employees union. The retired member shall have the rights and responsibilities of the trustees on the board, but non-voting, and therefore shall not be counted toward a quorum.
- (4) One shall be an active employee and member of the retirement system from IAFF Local 42 bargaining unit, as recommended by that union.
- (5) One shall be a non-voting member from the IAFF Local 3808 bargaining unit, as selected by that union. Additionally, IAFF Local 3808 shall have the right to name one alternate member to act in place of its non-voting member when the non-voting member is not present. The non-voting and alternate members shall have the rights and responsibilities of the trustees of the board, but non-voting, and therefore shall not be counted towards a quorum.

The appointed members shall serve for a term of one to five years each for each initial appointment, at the expiration of which their appointed successors shall each serve a term of four years.

(d) *Compensation.* The trustees shall be reimbursed by the retirement system for all necessary expenses incurred for service on the board.

(e) *Organization.* The board of trustees shall adopt rules and regulations for administration. Each member shall be entitled to one vote. A majority of six five trustees shall constitute a quorum and a majority of the quorum shall be required for any decision. The board of trustees shall elect a chairman and such other officers as it deems necessary from its membership by majority vote.

(f) *Professional services.*

- (1) The board may engage in investment, safekeeping and other services as deemed necessary. The city attorney of Kansas City, or the city attorney's designated assistant, may be the legal advisor.
- (2) At least every five years an actuarial investigation of the system shall be conducted. Results shall be reported to the city council, together with recommendations to maintain the system on a sound actuarial basis.

(g) *Records and reports.* The retirement systems administrator shall maintain records of all proceedings open to public inspection. They shall annually publish a report approved by the board showing the financial transactions for the preceding year, and the financial condition of the system.

(h) *Regulations.* The board of trustees shall prescribe such rules, regulations, forms and procedures as are necessary to administer the system.

(i) *Portability agreements.* The board of trustees may enter into cooperative agreements as set forth in RSMo 105.985, providing for the transfer of funds to other public entity retirement plans and to receive transfer of funds into this plan.

(j) *Administration.* The retirement systems administrator shall be appointed by the director of human resources. The administrator shall attend all meetings of the board of trustees, but shall not have a vote. The administrator shall conduct the operations of the system in accordance with this division and the rules and regulations, directives and resolutions of the board of trustees.

Approved as to form and legality:

Senior Associate City Attorney



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: Please Select

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

Amending Chapter 2 of the Code of Ordinances of Kansas City, Missouri, Employees’ Retirement System, by repealing Sections 2-1174, 2-1176, 2-1184, 2-1185 and 2-1189 and enacting in lieu thereof sections of like number and subject matter to change the required distribution date set by federal law, change the time requirement to vest from ten to five years for employees in Tier 2 and change the composition of the Board of Trustees of the Employees’ Retirement System Trust in accordance with the collective bargaining agreements between the City and its unions.

Discussion

Please see the Ordinance for more details.

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No

2. What is the funding source?

This legislation would be a future budget allocation – FY 25.

3. How does the legislation affect the current fiscal year?

No fiscal impact for this fiscal year.

4. Does the legislation have fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

Per an actuarial study that was conducted for the City, the actuarially determined contribution is estimated to be increased by \$292,365 when decreasing vesting eligibility from 10 years to 5 years for Tier 2 members. This change does not dramatically change the funded ratio of the plan. The fiscal impact will increase over time as the Tier 2 members become a larger part of payroll. As of May 1, 2022, Tier 2 was 41% of total payroll. It is projected to be 97% of total payroll within 20 years.



City of Kansas City, Missouri

Docket Memo

- 5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

There is no generated revenue for this ordinance.

Office of Management and Budget Review

(OMB Staff will complete this section.)

- 1. This legislation is supported by the general fund. Yes No
- 2. This fund has a structural imbalance. Yes No

Additional Discussion (if needed)

All funds that have personnel budgeted would be impacted by this legislation.

Citywide Business Plan (CWBP) Impact

View the [FY23 Citywide Business Plan](#)

Which CWBP goal is most impacted by this legislation?

Finance and Governance (Press tab after selecting.)

Which objectives are impacted by this legislation (select all that apply):

- Reform the City's economic incentives to meet the policy objectives of the City Council
- Ensure the resiliency of City government
- Engage in workforce planning including employee recruitment, development, retention, and engagement
- Ensure a responsive, representative, engaged, and transparent City government
-
-

Prior Legislation

N/A

Service Level Impacts



City of Kansas City, Missouri

Docket Memo

N/A

Other Impacts

1. What will be the potential health impacts to any affected groups?

N/A

2. How have those groups been engaged and involved in the development of this ordinance?

N/A

3. How does this legislation contribute to a sustainable Kansas City?

N/A

4. Does the ordinance/resolution include Civil Rights antidiscrimination requirements in compliance with the Code of Ordinances (Chapter 38, titled "Civil Rights")?

N/A

5. Has the ordinance/resolution been submitted for review of economic equity & inclusion requirements in compliance with the Code of Ordinances (Chapter 3, titled "Contracts and Leases")?

N/A

COMPARED VERSION
NEW ORDINANCE TO CODE BOOKS

ORDINANCE NO. 230440

Amending Chapter 2 of the Code of Ordinances of Kansas City, Missouri, Employees' Retirement System, by repealing Sections 2-1174, 2-1176, 2-1184, 2-1185 and 2-1189 and enacting in lieu thereof sections of like numbers and subject matters to change the required distribution date set by federal law, change the time requirement to vest from ten to five years for employees in Tier 2 and change the composition of the Board of Trustees of the Employees' Retirement System Trust in accordance with the collective bargaining agreements between the City and its unions.

WHEREAS, the City entered into collective bargaining agreements with International Association of Firefighters Locals 42 and 3808 providing them membership in the Board of Trustees of the Employees' Retirement System; and

WHEREAS, the City entered into a collective bargaining agreement with American Federation of State, County and Municipal Employees Local 500 providing them an additional member in the Board of Trustees of the Employees' Retirement System; and

WHEREAS, in 2022 the US Congress passed SECURE 2.0 Act of 2022 that changed the ages for required distributions of the City's pensions;

WHEREAS, on January 31, 2023, the Board of Trustees of the Employees' Retirement System Trust approved changing the vesting requirements for employees in Tier 2; NOW THEREFORE

BE IT ORDAINED BY THE CITY COUNCIL OF KANSAS CITY:

Section 1. That Chapter 2 of the Code of Ordinances of Kansas City, Missouri, Employees' Retirement System be amended by repealing Sections 2-1174, 2-1176, 2-1184, 2-1185 and 2-1189 and enacting in lieu thereof sections of like numbers and subject matters to read as follows.

Sec. 2-1174. Conditions for retirement.

(a) *Application for retirement.* Any member of the retirement system may retire as provided in this division, terminating employment upon written application to the board of trustees, who shall establish the member's retirement date as of the first day of the month.

(b) *Normal retirement.*

- (1) *Tier 1.* A member may elect normal retirement on or after attaining age 65 and five years of creditable service without reduction of benefit as calculated in section 2-1176.
 - (2) *Tier 2.* A member may elect normal retirement on or after attaining age 67 and ten years of creditable service without reduction of benefit as calculated in section 2-1176. Effective with retirements dated August 1, 2023, or after, a member may elect normal retirement on or after attaining age 67 and five years of creditable service without reduction of benefit as calculated in section 2-1176.
- (c) *Optional retirement.*
- (1) *Tier 1 – age 60 or age plus service equals or exceeds 80.* A member may elect to retire when the total of age and years of creditable service equal or exceed 80 or the later of age 60 and ten years' creditable service, without reductions of benefit as calculated in section 2-1176.
 - (2) *Tier 2 – age 62 or age plus service equals or exceeds 85.* A member may elect to retire when the total of age and years of creditable service equal or exceed 85 or the later of age 62 and ten years' creditable service, without reductions of benefit as calculated in section 2-1176.
- (d) *Early retirement.* Members may elect early retirement:
- (1) *Tier 1- age 55.* Beginning at the later of age 55 or completion of ten years' creditable service. The benefit as computed in section 2-1176(a) shall be reduced by 0.5 percent for each month the effective date is prior to the first day of the month following attainment of age 60.
 - (2) *Tier 1 – age 60.* Beginning at age 60, if the member has more than five but less than ten years of creditable service. The benefit as computed in section 2-1176(a) shall be reduced by 0.5 percent for each month the effective date is prior to the first day of the month following attainment of age 65.
 - (3) *Tier 2 – age 57.* Beginning at the later of age 57 or completion of ten years' creditable service. The benefit as computed in section 2-1176(a) shall be reduced by 0.5 percent for each month the effective date is prior to the first day of the month following attainment of age 62.
 - (4) *Tier 2 – age 62.* For retirements dated August 1, 2023, or after, beginning at age 62, if the member has more than five but less than ten years of creditable service. The benefit as computed in section 2-1176(a) shall be reduced by 0.5 percent for each month the effective date is prior to the first of the month following the attainment of age 67.

(e) *Required distributions.* Distribution of a member's interest in the retirement system shall commence not later than April 1 of the calendar year following the later of the calendar year in which the member attains the applicable age, as defined in this section, or the calendar year in which the member retires under the plan.

- (1) If a death benefit is being paid to a designated beneficiary other than the member's spouse, payments shall either:
 - a. Be completed by December 31 of the fifth calendar year following the year of the member's death; or
 - b. If there is no designated beneficiary, payment of a death benefit shall commence no later than December 31 of the fifth calendar year following the year of the member's death.
- (2) If the designated beneficiary is the member's spouse, death benefit payments shall commence no later than December 31 of the year the member would have attained age 72, 73 or 75 as applicable, paid over the life or life expectancy of the spouse, as determined under Table V of Treasury Regulations 1.72-9 as of the date the payments commence, and benefits shall be actuarially increased for the delay.
- (3) For the purposes of this section, applicable age shall mean:
 - a. In the case of an individual who attains age 72 after December 31, 2022, and age 73 before January 1, 2030, the applicable age is 73.
 - b. In the case of an individual who attains age 73 after December 31, 2029, and age 74 before January 1, 2033, the applicable age is 74.
 - c. In the case of an individual who attains age 74 after December 31, 2032, the applicable age is 75.

Sec. 2-1176. Retirement benefits.

(a) *Annuity.* Upon retirement on or after November 1, 2000, as provided in section 2-1174, an annuity calculated as follows shall be payable:

- (1) If married in any jurisdiction at date of retirement, the annuity shall be two percent of the Tier 1 member's final average compensation and for a Tier 2 member shall be 1.75 percent of the member's final average compensation multiplied by years and full months of creditable service not to exceed 70 percent, except as set forth in section 2-1196, Code of Ordinances.
- (2) At date of retirement, a member may elect to receive an actuarial equivalent annuity providing that, upon death following retirement, the same actuarial

equivalent annuity shall be payable to the surviving spouse provided the marriage occurred on or before the date of retirement. This election shall not be effective if the member dies within 30 days after filing application for retirement or before the date of the first payment of the retirement annuity.

- (3) If unmarried at date of retirement, the annuity shall be 2.22 percent of the Tier 1 member's final average compensation and for a Tier 2 member shall be 1.75 percent of the member's final average compensation multiplied by years and full months of creditable service not to exceed 70 percent, except as set forth in section 2-1196, Code of Ordinances.
- (4) With signed consent by the spouse, a Tier 1 married member may elect calculation as if unmarried, forfeiting a surviving spouse's annuity as provided in section 2-1185.

(b) *Withdrawal of contributions.* A member retiring under provisions of section 2-1174, except disability retirements, may elect, with signed consent of spouse, to withdraw all or a portion of the member's accumulated contributions and interest, and receive a reduced annuity. The annuity calculated in subsection (a) of this section shall be reduced an actuarially equal amount by applying factors adopted by the board of trustees upon recommendation of the retirement system's consulting actuary.

(c) *Cost-of-living adjustment – Tier 1.* An annual cost-of-living adjustment in retirement, disability and death benefits shall be paid under these conditions:

- (1) *Effective date of adjustment and applicability.* An annual cost-of-living adjustment shall be payable on pension checks to be dated May 1 of the current year and shall remain unchanged until the next effective date of adjustment. For retirements occurring on or after January 1, 2021, the adjustment shall apply to all beneficiaries receiving benefits, except no pension of any member or beneficiary retiring after February 1 of any year shall be adjusted until May 1 of the succeeding year.
- (2) *Amount of adjustment.* The adjustment shall be three percent, each year, noncompounded.

(d) *Cost-of-living adjustment – Tier 2.* A cost-of-living adjustment is authorized under these conditions:

- (1) *Effective date of adjustment and applicability.* An annual cost-of-living adjustment shall be payable on pension checks to be dated May 1 of the current year and shall remain unchanged until the next effective date of adjustment. For retirements occurring on or after January 1, 2021, the adjustment shall apply to all beneficiaries receiving benefits, but no sooner than the May 1 following the Tier 2 member's 62nd birthday, except no pension of any member or beneficiary retiring after February 1 of any year shall be adjusted until May 1 of the succeeding year.

- (2) *Amount of adjustment.* The adjustment for a Tier 2 member shall be paid if the funding ratio of the pension fund, as shown by the system's most recent actuarial report, is equal to or greater than 80%, and will be equal to the percentage increase in the prior 12 months of the final national consumer price index for all urban consumers published prior to December 31 in advance of the next year's adjustment, but shall not exceed 2.5% and shall be noncompounded.

(e) *Health insurance subsidy.* A \$200.00 monthly retiree health insurance subsidy shall be payable to all retired members effective November 1, 2000. If a member dies before retirement as the direct and proximate result of an accident sustained in the performance of assigned duties, the member's surviving spouse shall become eligible for the health insurance subsidy described in this subsection as long as the spouse receives an annuity. No other survivors will be eligible for this health insurance subsidy following the line-of-duty death of a qualifying member.

(f) *Minimum benefit.* A minimum benefit of \$400.00 per month is established for retirees with ten or more years of creditable service. Such minimum shall apply to current as well as future retirees, effective with pension checks dated July 1, 1999, calculated prior to any reductions applied due to sections 2-1176(a)(2) and 2-1176(b). Any annual cost-of-living adjustment shall be based on the original amount without reference to this minimum.

(g) *Limitations.* Benefits with respect to a member may not exceed the maximum benefits specified under section 415 of the Federal Internal Revenue Code for governmental plans.

Sec. 2-1184. Termination benefits.

(a) *Generally.* Upon termination of employment, a member of the retirement system shall be paid all the member's accumulated contributions and interest. The member shall thereby forfeit for the member and for any possible beneficiaries all rights to any and all benefits under this retirement system.

(b) *Deferred annuity – Tier 1.* A terminated Tier 1 member with at least five years or more of creditable service who does not withdraw employee contributions may elect to receive a deferred annuity computed as provided in section 2-1176. Should the member later choose to withdraw the member's contributions and interest before annuity payments begin, the member shall forfeit all right to any and all benefits under this retirement system. The member may elect to withdraw employee contributions within the thirty-day period prior to the deferred annuity effective date, as outlined in section 2-1176(a)(4), (b).

(c) *Deferred annuity – Tier 2.* Prior to July 31, 2023, a Tier 2 member with at least ten years or more of creditable service who does not withdraw employee contributions may elect to receive a deferred annuity computed as provided in section 2-1176. Beginning July 31, 2023, a Tier 2 member with at least five years or more of creditable service who does not withdraw employee contributions may elect to receive a deferred annuity computed as provided in section 2-1176. Should the member later choose to withdraw the member's contributions and interest

before annuity payments begin, the member shall forfeit all right to any and all benefits under this retirement system. The member may elect to withdraw employee contributions within the thirty-day period prior to the deferred annuity effective date, as outlined in section 2-1176(a)(4), (b).

Sec. 2-1185. Death benefits.

(a) *Death before retirement.* Upon death of a member of the retirement system for any cause prior to retirement, these amounts shall be payable as full and final settlement of any and all claims for benefits under this retirement system:

- (1) If the Tier 1 member had less than five years of creditable service or a Tier 2 member had less than ten years of creditable service or, effective July 31, 2023, a Tier 2 member had less than five years of creditable service, the member's surviving spouse shall be paid in a lump sum the amount of accumulated contributions and interest. If there be no surviving spouse, payment shall be made to the member's designated beneficiary, or, if none, to the executor or administrator of the member's estate.
- (2) If the Tier 1 member had five but less than 20 years of creditable service or a Tier 2 member had 10 but less than 20 years of creditable service or, effective July 31, 2023, a Tier 2 member had five but less than 20 years of creditable service, the member's surviving spouse may elect, in lieu of the lump sum settlement provided for in subsection (a)(1) of this section, an annuity. Such annuity shall be one-half of the member's accrued annuity at date of death as computed in sections 2-1174 and 2-1176. The effective date shall be the latter of the first day of the month after the member's death or attainment of what would have been the member's early retirement date as provided in section 2-1174.
- (3) If the member had 20 or more years of creditable service, the member's surviving spouse may elect, in lieu of the lump sum settlement provided for in subsection (a)(1) of this section, the larger of the annuity as computed in subsection (a)(2) of this section or an annuity determined on a joint and survivor's basis from the actuarial value of the member's accrued annuity at date of death.
- (4) Any death of a retired member occurring before the date of first payment of the retirement annuity shall be deemed to be a death before retirement.

(b) *Death after retirement.* Upon death of a member for any cause after retirement, these amounts shall be payable:

- (1) The member's surviving spouse, providing the marriage occurred on or before date of retirement, shall receive an annuity equal to one-half the member's accrued annuity as computed under section 2-1174 or section 2-1176 as of the member's actual retirement date.
- (2) If the member elected the actuarial equivalent annuity provided in section 2-1176(b), the same annuity shall be continued to the surviving spouse, provided the marriage occurred on or before date of retirement.

- (3) The current life insurance carrier for the city has established a single premium group term life program based upon the premium stabilization reserve at May 1, 1993. During the program's existence only, the carrier will issue paid term insurance to members who retire on or after May 1, 1993. Upon verification of death, the carrier will issue a \$2,000.00 benefit to the member's designated beneficiary or estate.

(c) *Recovery of member contributions.*

- (1) Should the total amount paid to a member and surviving spouse be less than the member's accumulated contributions and interest, the remaining balance shall be paid to the member's beneficiary, constituting full and final settlement of any and all claims for benefits under this retirement system.
- (2) If no beneficiary is designated or survives, payment shall be made to the executor or administrator of the member's estate; provided, however, if any benefit is payable to the estate of a member, or to a person who is not competent to give a valid release, the board of trustees is authorized to pay such benefit, not exceeding \$2,000.00, to any relative by blood or affinity of the member, or a person managing the member's affairs, who is deemed by the board to be equitably entitled thereto.

(d) *Minimum surviving spouse pension.* A minimum benefit of \$200.00 per month is established for surviving spouses of members with ten or more years of creditable service. Such minimum shall apply to current as well as future surviving spouses, effective with pension checks dated July 1, 1999. Any annual cost-of-living adjustment shall be based on the original amount without reference to this minimum.

Sec. 2-1189. Board of Trustees.

(a) *Function.* The board of trustees shall manage and direct the affairs of this division. It shall have the exclusive right to interpret this division and its provisions including but not limited to any benefit or claim for benefit hereunder, determination of creditable service, final average compensation, eligibility and termination of membership.

(b) *Investments.*

- (1) The board of trustees shall be trustee of all funds created by this division and shall have full power to invest and reinvest them. Investments may include, but are not limited to, bonds of the United States government, State of Missouri, municipal corporations including school districts, corporate bonds, real estate mortgages, common and preferred stocks.
- (2) No trustee nor any member of the system shall have any direct interest in the gains or profits of any investment made by the board of trustees.

(c) *Membership.* The board of trustees shall consist of thirteen members, including the director of human resources and director of finance. Eleven shall be appointed by the mayor as follows:

- (1) One shall be a retired member of the system.
- (2) Four, other than the foregoing, shall be recognized business and/or civic leaders with financial backgrounds, such as investments, management of employees benefit plans, who are not employees of the city. At the mayor's option, one of this group may be a city council person with a financial background who shall serve as an ex-officio member of the board with a right to vote.
- (3) Two shall be active employees and members of the retirement system and one shall be a retired member as recommended by Local 500 of the American Federation of State, County and Municipal Employees union. The retired member shall have the rights and responsibilities of the trustees on the board, but non-voting, and therefore shall not be counted toward a quorum.
- (4) One shall be an active employee and member of the retirement system from IAFF Local 42 bargaining unit, as recommended by that union.
- (5) One shall be a non-voting member from the IAFF Local 3808 bargaining unit, as selected by that union. Additionally, IAFF Local 3808 shall have the right to name one alternate member to act in place of its non-voting member when the non-voting member is not present. The non-voting and alternate members shall have the rights and responsibilities of the trustees of the board, but non-voting, and therefore shall not be counted towards a quorum.

The appointed members shall serve for a term of one to five years each for each initial appointment, at the expiration of which their appointed successors shall each serve a term of four years.

(d) *Compensation.* The trustees shall be reimbursed by the retirement system for all necessary expenses incurred for service on the board.

(e) *Organization.* The board of trustees shall adopt rules and regulations for administration. Each member shall be entitled to one vote. A majority of six trustees shall constitute a quorum and a majority of the quorum shall be required for any decision. The board of trustees shall elect a chairman and such other officers as it deems necessary from its membership by majority vote.

(f) *Professional services.*

- (1) The board may engage in investment, safekeeping and other services as deemed necessary. The city attorney of Kansas City, or the city attorney's designated assistant, may be the legal advisor.

- (2) At least every five years an actuarial investigation of the system shall be conducted. Results shall be reported to the city council, together with recommendations to maintain the system on a sound actuarial basis.

(g) *Records and reports.* The retirement systems administrator shall maintain records of all proceedings open to public inspection. They shall annually publish a report approved by the board showing the financial transactions for the preceding year, and the financial condition of the system.

(h) *Regulations.* The board of trustees shall prescribe such rules, regulations, forms and procedures as are necessary to administer the system.

(i) *Portability agreements.* The board of trustees may enter into cooperative agreements as set forth in RSMo 105.985, providing for the transfer of funds to other public entity retirement plans and to receive transfer of funds into this plan.

(j) *Administration.* The retirement systems administrator shall be appointed by the director of human resources. The administrator shall attend all meetings of the board of trustees, but shall not have a vote. The administrator shall conduct the operations of the system in accordance with this division and the rules and regulations, directives and resolutions of the board of trustees.

Approved as to form:

Katherine Chandler
Senior Associate City Attorney

Ordinance No. 230440 and Defined Benefit Pension Plan Update as of May 1, 2022

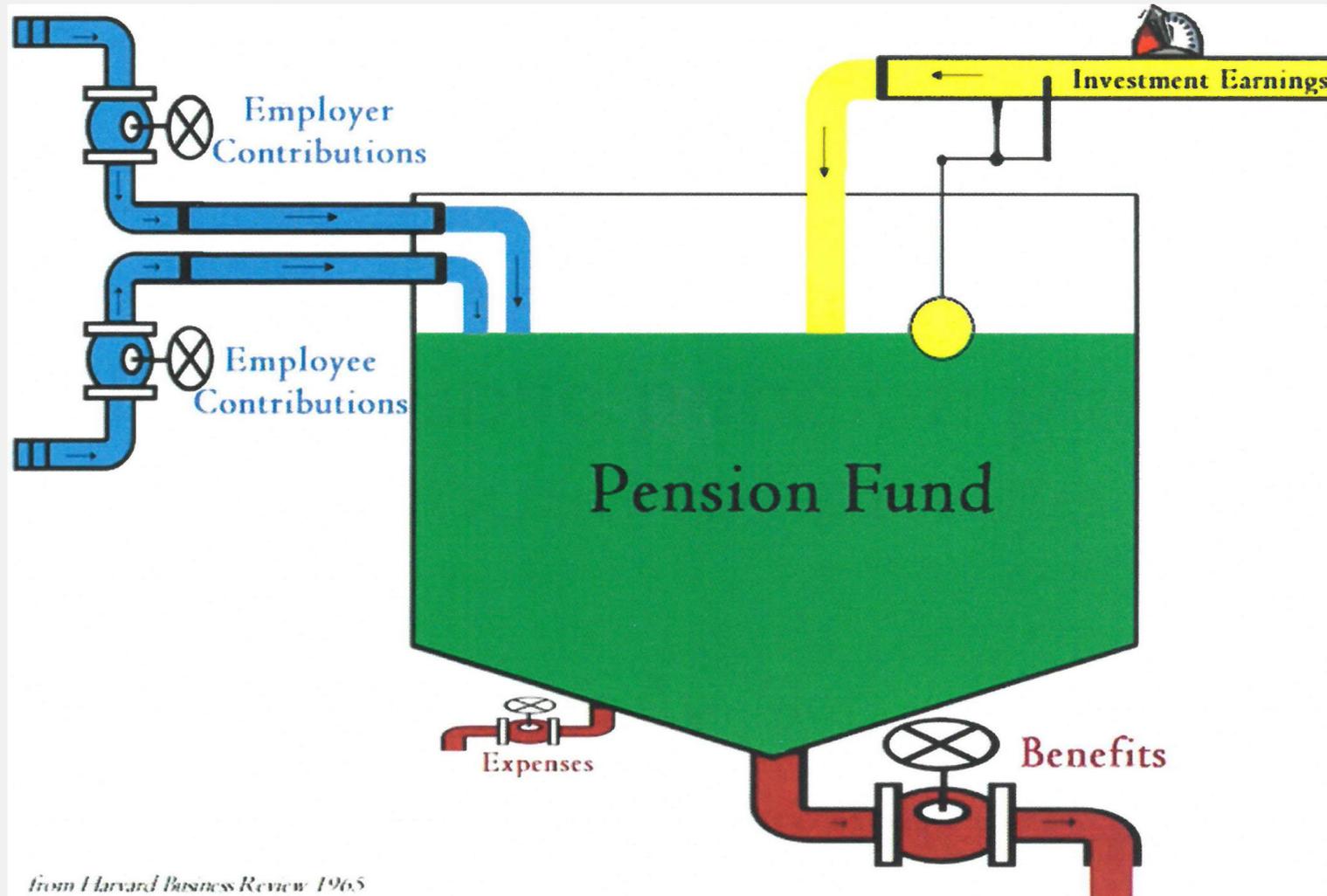
Finance, Governance, and Public Safety Committee

May 24, 2023

Sources: Cheiron - Actuarial Valuation as of May 1, 2022 - Employees' Retirement System
Cheiron - Actuarial Valuation as of May 1, 2022 - Firefighters Retirement System
Cavanaugh McDonald - Actuarial Valuation as of April 30, 2022 - Civilian Employees' Retirement System
Cavanaugh McDonald - Actuarial Valuation as of April 30, 2022 - Police Retirement System



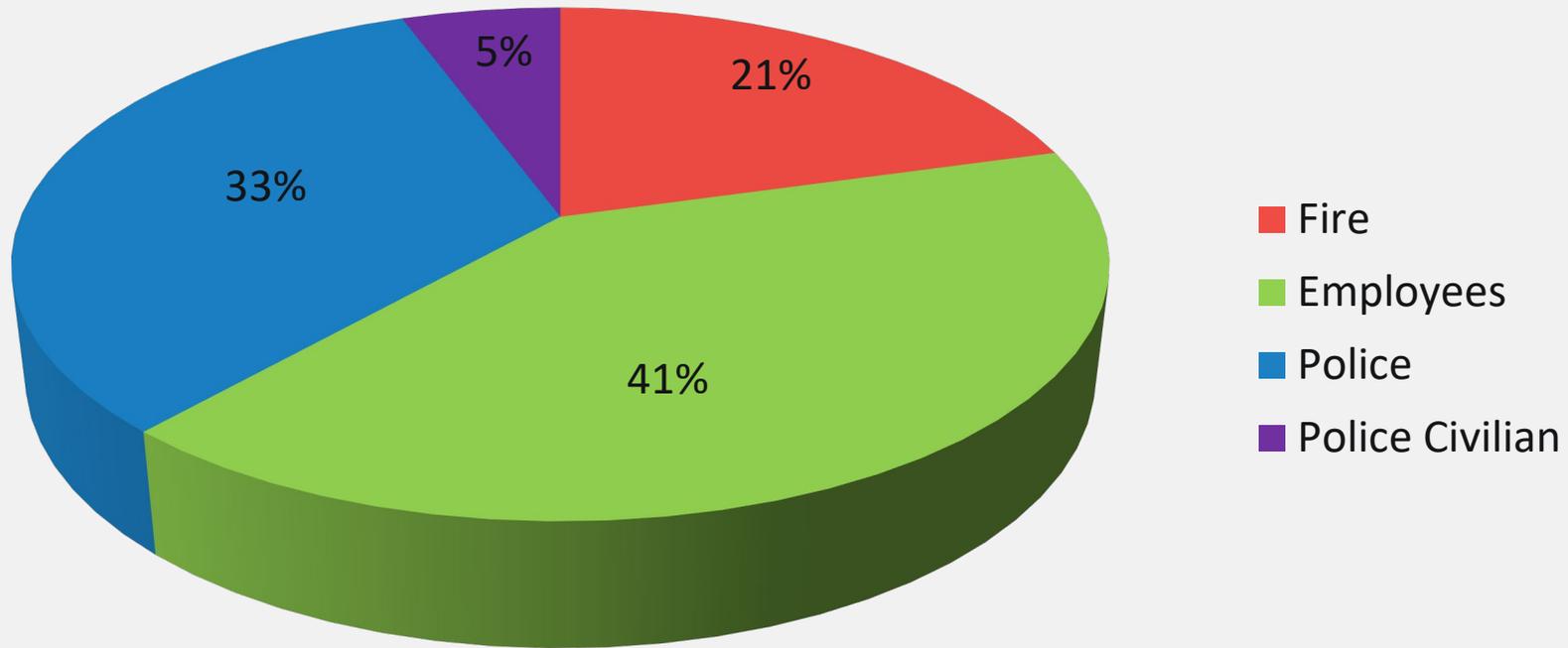
Defined Benefit Funding Process



from Harvard Business Review 1965

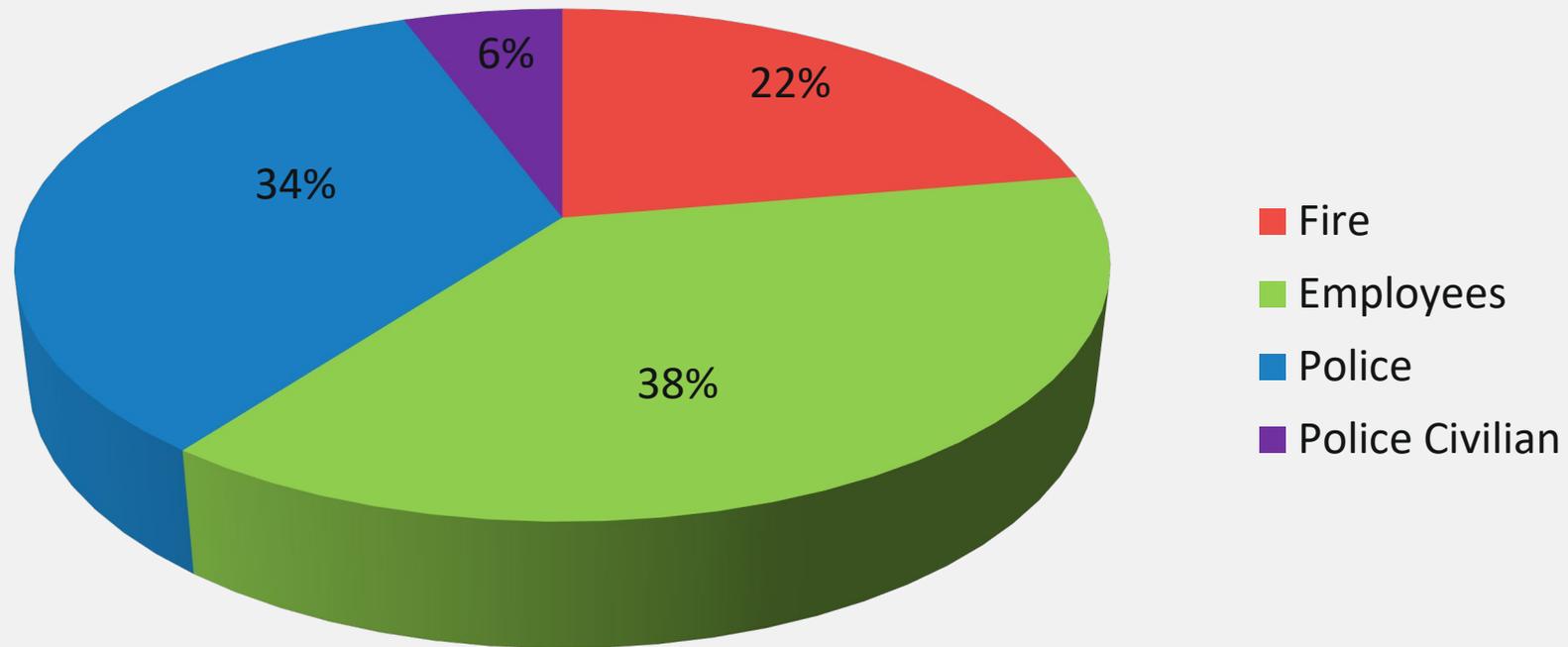
Actuarial Value of Assets

Total = \$3.087 billion
(As of May 1, 2022)

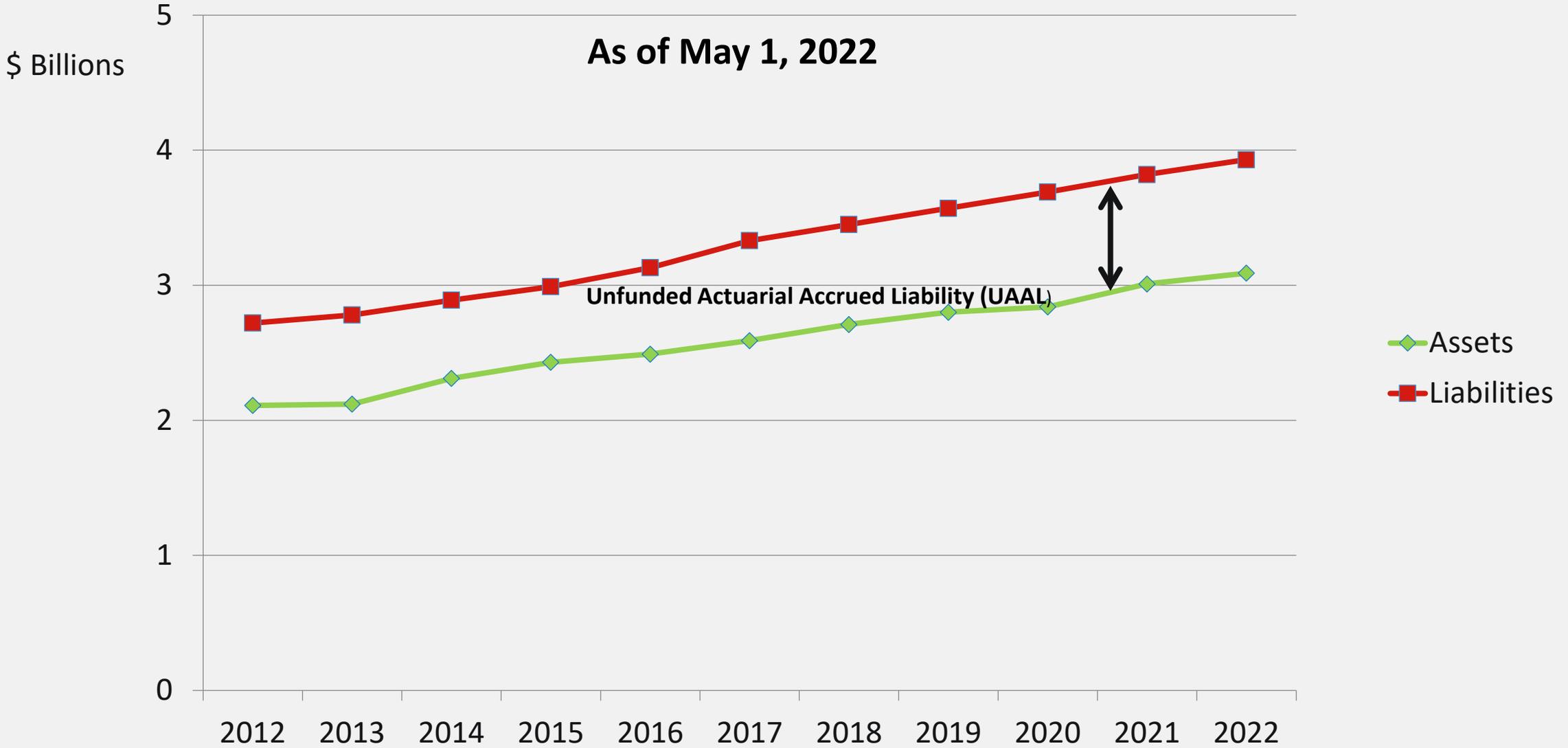


Actuarial Value of Liabilities

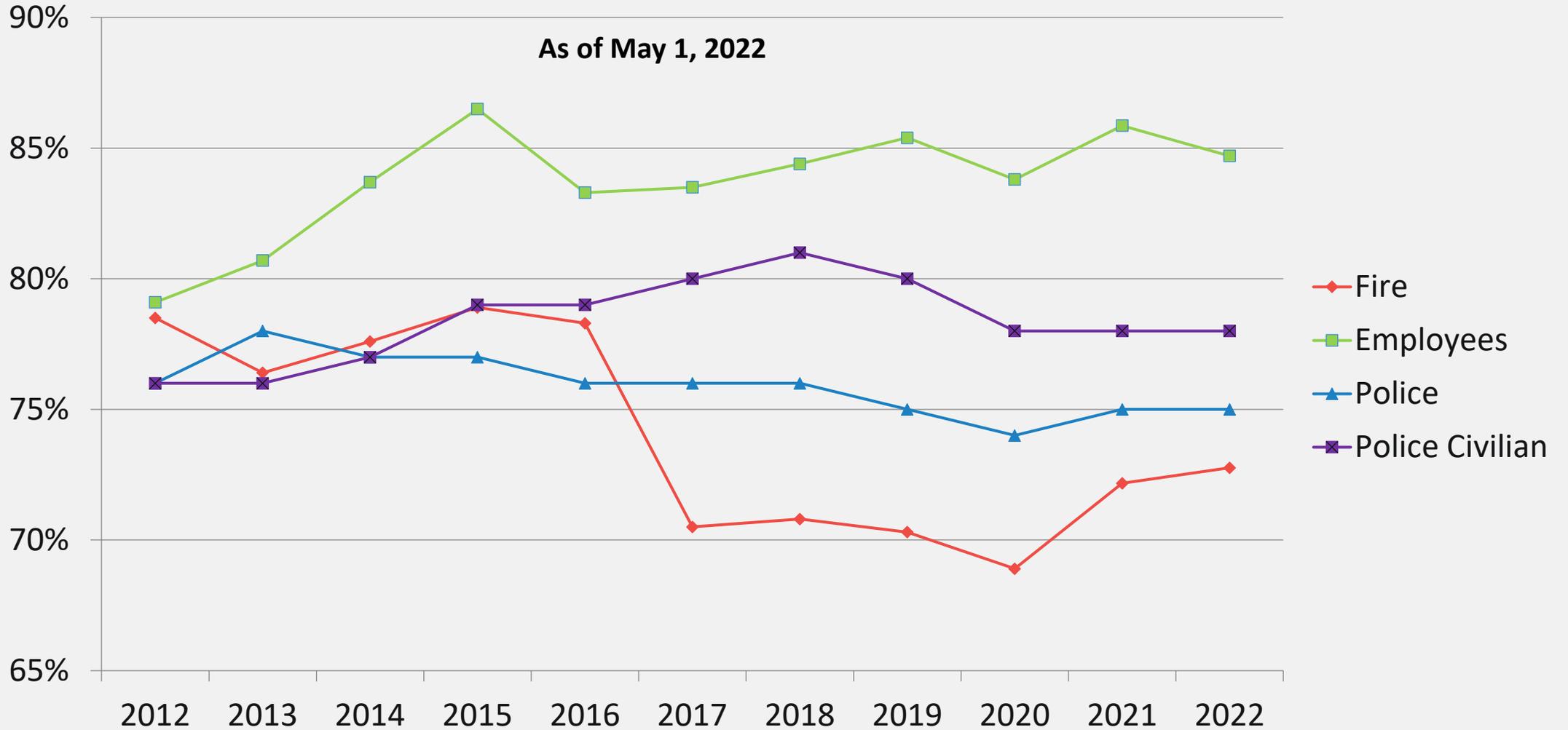
Total = \$3.931 billion
(As of May 1, 2022)



Actuarial Assets & Liabilities



Funded Ratios



Current Plan Assumptions

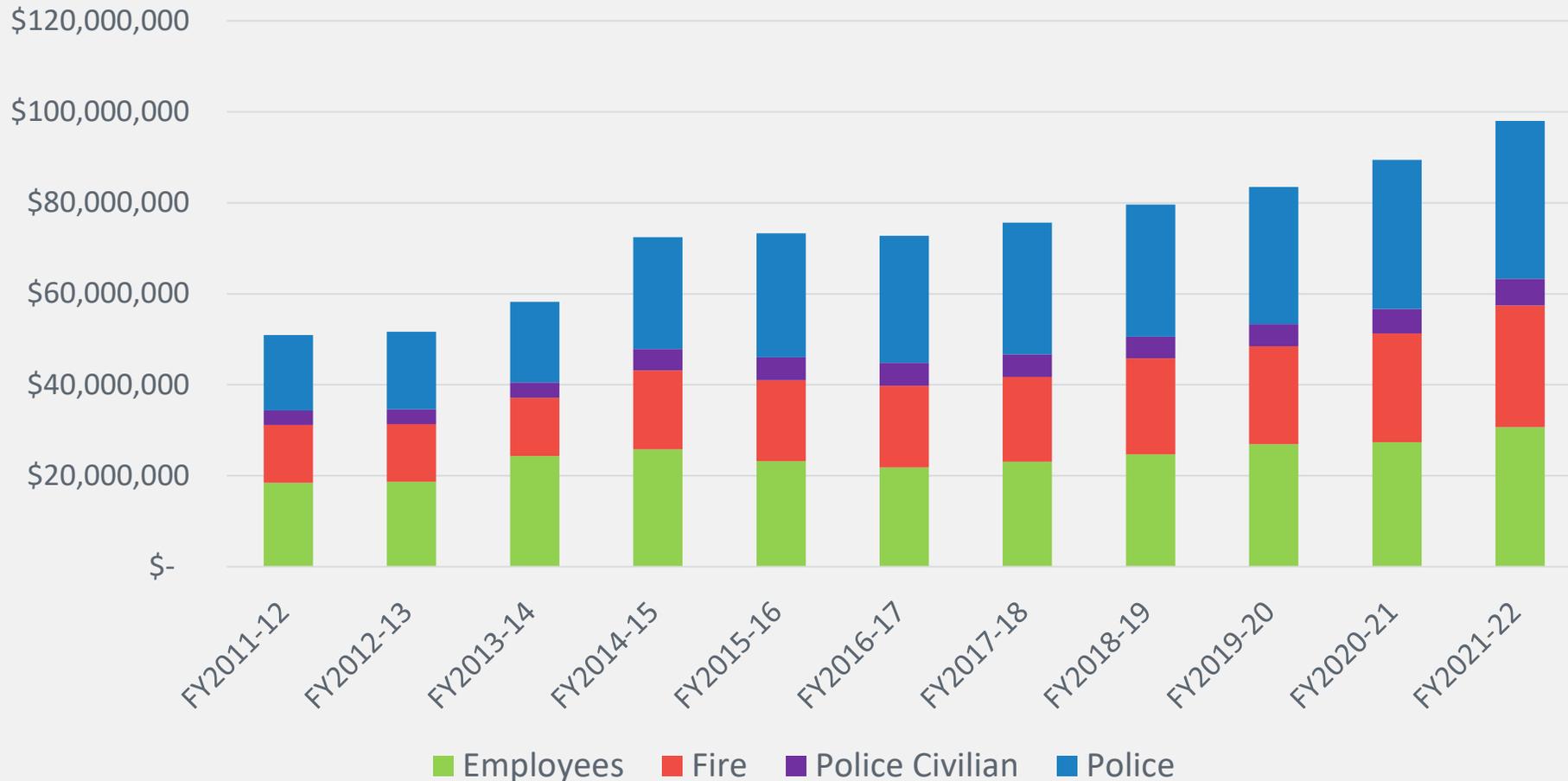
- **Fire**
 - Budgeted employer contribution rate – 42.62%*
 - Employee contribution rate – 11.55%**
 - Baseline return assumption – 7.00%
- **Police**
 - Budgeted employer contribution rate – 38.81%
 - Employee contribution rate – 11.55%
 - Baseline return assumption – 7.20%
- **Employees**
 - Budgeted employer contribution rate – 19.73%
 - Employee contribution rate – 5.00%
 - Baseline return assumption – 7.00%
- **Police Civilian**
 - Budgeted employer contribution rate – 21.78%
 - Employee contribution rate – 5.0%
 - Baseline return assumption – 7.05%

* Included in total is a City contribution of an additional 2% of pay toward supplemental health benefit.

**Included in total is an employee contribution of an additional 1% of pay toward supplemental health benefit.

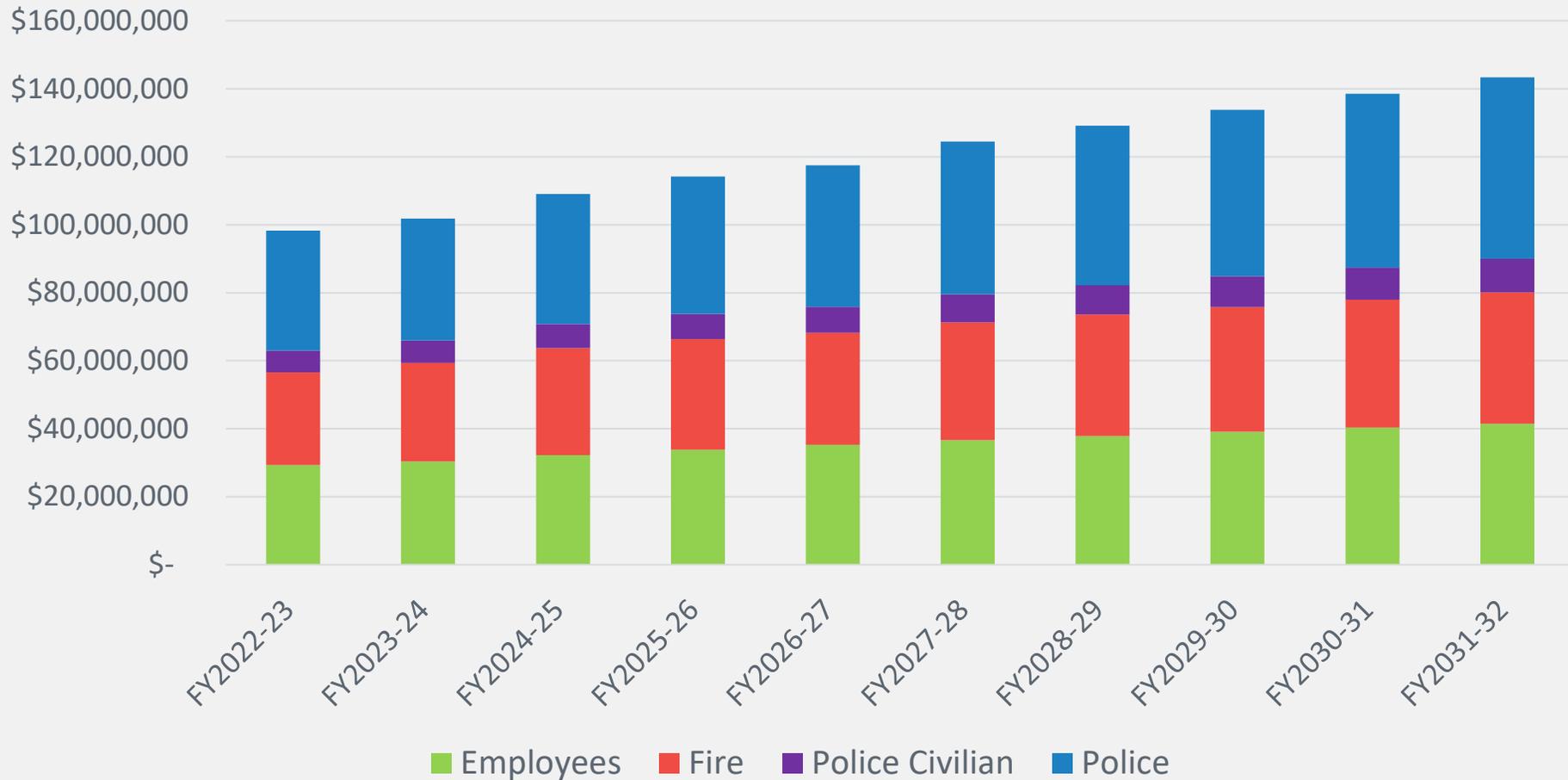
Employer Contribution by Plan

Pension Expense by Plan - All Funds



Future Employer Contribution by Plan

Estimated - All Funds



Mayor's Pension Task Force - 2018

- Convened in August 2018
- Approved recommendations
 - Reduce discount rate assumption to 6.50%
 - Adopt Pension Funding Policy
 - Change Tier 2 vesting (subject of Ordinance 230440)
 - Final average pay based on years of service
 - COLA – from simple to compounded and based on CPI
 - Combined DC/DB plan for certain employees
 - Review all recommendations every five years

Ordinance No. 230440

- Effective August 1, 2023
- Employees Retirement System (ERS)
 - Tier 2 employees vest in 5 years
 - Additional annual cost beginning FY2024-25 - \$292,365
 - Cost will increase over time as Tier 2 employees increase
 - Change in funded ratio – from 84.7% to 84.6%
 - Change composition of ERS Board to reflect collective bargaining agreements
 - Increase the required minimum distribution age to reflect Secure Act 2.0 requirements

Questions?



File #: 230444

[COMMITTEE SUBSTITUTE FOR] ORDINANCE NO. 230444

Sponsor(s): Councilmembers Ryana Parks-Shaw and Melissa Robinson

Authorizing the City Manager to execute a grant agreement with Kauffman Scholars, Inc. in the amount of \$500,000.00 to subsidize the ProX high school internship program for students who are residents of Kansas City, Missouri.

WHEREAS, the Kauffman Scholar’s, Inc. ProX Program provides paid youth employment programming and employment support for student who are residents of Kansas City, Missouri; and

WHEREAS, the Kauffman Scholar’s, Inc. ProX Program recruits interns, places interns in area businesses and supports interns through professional development and training; and

WHEREAS, the ProX Program provides positive professional experiences for Kansas City high school students; and

WHEREAS, pursuant to Resolution No. 220976, the City Manager was directed to budget in FY23-24 an appropriation of \$500,000.00 to support youth employment programming; and

WHEREAS, the City Manager agreed to provide the Kauffman Scholar’s, Inc ProX Program a grant in the total amount of \$500,000.00, subject to appropriation; and

WHEREAS, the City and the ProX Program believe it to be in the best interests of all parties to formalize the commitment via a grant agreement; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Manager is authorized to execute a grant agreement with Kauffman Scholar’s, Inc. and their ProX Program in the total amount of \$500,000.00 for the purpose of subsidizing high school internship programing for students who reside in Kansas City, Missouri, using funds previously appropriated to Account No. 24-1000-012571-619080. The contract, approved in substantial form, is on file with the office of the Director of the Finance Department.

..end

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

Tammy L. Queen
Director of Finance

Approved as to form:

Joseph A. Guarino
Senior Associate City Attorney



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: Mayor/Council's Office

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

Authorizing the City Manager to execute a grant agreement with the Ewing Marion Kauffman Foundation in the amount of no more than \$275,000.00 to subsidize the ProX high school internship program for students who are residents of Kansas City, Missouri.

Discussion

The City has agreed to subsidize the ProX Program for youth employment programming.

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No

2. What is the funding source?

The General Fund, Youth Employment.

3. How does the legislation affect the current fiscal year?

The current fiscal year will experience a reduction in the appropriated funds for the amount described above.

4. Does the legislation have fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

This legislation represents a one time cost. Future costs for this program will be outline in future legislation.

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

No.



City of Kansas City, Missouri

Docket Memo

Office of Management and Budget Review

(OMB Staff will complete this section.)

- 1. This legislation is supported by the general fund. Yes No
- 2. This fund has a structural imbalance. Yes No

Additional Discussion (if needed)

Click or tap here to enter text. The ending General Fund balance for FY 2023-24 is estimated to be \$209.5 million and the fund balance target of two months of operating expenditures pursuant to Section 2-1954 of the Code of Ordinances is estimated at \$103.2 million.

Citywide Business Plan (CWBP) Impact

View the [FY23 Citywide Business Plan](#)

Which CWBP goal is most impacted by this legislation?

Finance and Governance (Press tab after selecting.)

Which objectives are impacted by this legislation (select all that apply):

- Reform the City's economic incentives to meet the policy objectives of the City Council
- Ensure the resiliency of City government
- Engage in workforce planning including employee recruitment, development, retention, and engagement
- Ensure a responsive, representative, engaged, and transparent City government
-
-

Prior Legislation

Resolution No. 220976

Service Level Impacts

None.



City of Kansas City, Missouri

Docket Memo

Other Impacts

1. What will be the potential health impacts to any affected groups?
N/A
2. How have those groups been engaged and involved in the development of this ordinance?
N/A
3. How does this legislation contribute to a sustainable Kansas City?
N/A
4. Does the ordinance/resolution include Civil Rights antidiscrimination requirements in compliance with the Code of Ordinances (Chapter 38, titled "Civil Rights")?
N/A
5. Has the ordinance/resolution been submitted for review of economic equity & inclusion requirements in compliance with the Code of Ordinances (Chapter 3, titled "Contracts and Leases")?
N/A

COMPARED VERSION
COMMITTEE SUBSTITUTE TO ORIGINAL ORDINANCE

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 230444

Authorizing the City Manager to execute a grant agreement with ~~the Ewing Marion Kauffman Foundation~~ Scholar's, Inc. in the amount of ~~no more than \$275~~ \$500,000.00 to subsidize the ProX high school internship program for students who are residents of Kansas City, Missouri.

WHEREAS, the ~~Ewing Marion Kauffman Foundation's~~ Scholar's, Inc. ProX Program provides paid youth employment programming and employment support for student who are residents of Kansas City, Missouri; and

WHEREAS, the ~~Ewing Marion Kauffman Foundation's~~ Scholar's, Inc. ProX Program recruits interns, places interns in area businesses and supports interns through professional development and training; and

WHEREAS, the ~~Ewing Marion Kauffman Foundation's~~ ProX Program provides positive professional experiences for Kansas City high school students; and

WHEREAS, pursuant to Resolution No. 220976, the City Manager was directed to budget in FY23-24 an appropriation of \$500,000.00 to support youth employment programming; and

WHEREAS, the City Manager agreed to provide the ~~Ewing Marion Kauffman Foundation's~~ Scholar's, Inc. ProX Program a grant in the total amount of ~~not more than \$275~~ \$500,000.00, subject to appropriation; and

WHEREAS, the City and the ~~Ewing Marion Kauffman Foundation's~~ ProX Program believe it to be in the best interests of all parties to formalize the commitment via a grant agreement; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Manager is authorized to execute a grant agreement with ~~the Ewing Marion Kauffman Foundation~~ Scholar's, Inc. and their ProX Program in the total amount of ~~no more than \$275~~ \$500,000.00 for the purpose of subsidizing high school internship programing for students who reside in Kansas City, Missouri, using funds previously appropriated to Account No. 24-1000-012571-619080. The contract, approved in substantial form, is on file with the office of the Director of the Finance Department.

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

Tammy L. Queen
Director of Finance

Approved as to form:

Joseph A. Guarino
Senior Associate City Attorney