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## MEMORANDUM

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TO: Mayor Walker and Councilors  
FROM: M McPherson, City Administrator  
SUBJECT: **Approve Fire Relief Fund Benefit Level Increase Policy**  
DATE: November 22, 2021

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**Background:**

The City Council has received information regarding this topic at the September 9 and November 4 City Council meetings. From the November 4 meeting, staff has compiled benefit level information in writing (was presented verbally at that time):

Department	Number of Fire-fighters	PERA or Other Retirement Fund	Benefit Level	Funding Ratio
Princeton	38	PERA	\$4,100 per year of service	
Baldwin Township	34	PERA	\$3,500 per year of service	129%
Cambridge	29	PERA	\$5,200 per year of service	103%
Dalbo	20	PERA	\$1,500 per year of service	158%
Elk River	51	Other	\$9,200 per year of service	100%
Foley	22	Other	\$4,100 per year of service	120%
Isanti (JPA)		PERA	\$5,500 per year of service	143%
Milaca	21	PERA	\$3,700 per year of service	153%
Mora	27	Other	\$2,500 per year of service	
Ogilvie		PERA	\$1,250 per year of service	134%
St. Francis		PERA	\$2,900 per year of service	223%
Zimmerman	33	Other	\$4,100 per year of service	150%

Staff also presented the following policy language for the Council's consideration, previously the funding ratio was proposed at 115%:

*The City Council shall, annually, review the PERA Fire Relief Fund to determine if an increase in the benefit level may be made. The surplus will be divided, at a minimum, equally between the Fund and the benefit level increase except when the funding ratio drops below 113%. In those cases, the division of the surplus shall occur in a manner that the funding ratio is main-*

tained at 113%. The final determination of the benefit level shall be made by December 1 of each calendar year.

**Analysis:**

Staff contacted Sharyn North at PERA to inquire as to the funding ratio if the benefit level was set at \$5,000. At that level, the ratio is at 115%. From her previous analysis, increasing the benefit level to \$5,100 reduces the ratio to 112% as noted in the chart below:

A. Benefit Level (per year of service):	\$ 4,900	\$ 5,100	\$ 5,300	\$ 5,500
B. Projected Present Assets 12/31/2021 [Attached]	2,360,087	2,360,087	2,360,087	2,360,087
C. Accrued Liability 12/31/2021 [Attached]	2,019,698	2,097,982	2,176,397	2,254,933
D. Surplus/ (Deficit) [B-C]	340,390	262,105	183,691	105,155
E. Funding Ratio at 12/31/2021 [B/C]	117%	112%	108%	105%
F. Accrued Liability 12/31/2022[Attached]	2,197,683	2,283,093	2,368,657	2,454,353
G. Financial Requirement: Increase in Liability [F -C]	177,986	185,111	192,261	199,421
H. Financial Requirement: PERA Fees [\$30/member]	1,170	1,170	1,170	1,170
I. Financial Requirement: 1/10th of Deficit/(Surplus, if 3rd yr) [D/10]	(34,039)	(26,211)	(18,369)	(10,515)
J. Financial Requirement: Total [G+H+I]	145,117	160,070	175,062	190,075
K. Reductions to Financial Requirement:				
Projected Fire State Aid [2021 Amount @1.035]	80,802	80,802	80,802	80,802
Investment Earnings [6% on Projected Present Assets]	141,605	141,605	141,605	141,605
L. Estimated Required Contribution [J-K]	None	None	None	None

**Recommendation**

Staff recommends that the Council:

1. Adopt the above Fire Relief Fund benefit level increase policy, and
2. Approve Resolution 21-76 which sets the benefit level for 2022, payable January 2023 at \$5,000 per year of service.