



THE CITY OF JACKSONVILLE

**JACKSONVILLE CITY COUNCIL MEETING
JACKSONVILLE CITY HALL EXECUTIVE CONFERENCE ROOM
315 S. RAGSDALE
TUESDAY, AUGUST 20, 2024
5:15 PM**

Randy Gorham, Mayor
Tim McRae, Mayor Pro-tem - District 3
Letitia Horace - District 1
Mindy Gellock - District 2
Rob Gowin - District 4

- 1. CALL TO ORDER**
- 2. PRESENTATION AND DISCUSSION REGARDING TMRS BENEFITS**
- 3. ADJOURN**

Posted this the 16th day of August 2024. 5:00 PM

CERTIFICATION

I certify that this notice was posted at City Hall for public viewing on the date and time designated above.

Greg Lowe, City Clerk

All items on the agenda are for possible discussion and action. The Jacksonville City Council or this board reserves the right to adjourn into executive session at any time during this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071(Consultation with Attorneys); 551.072 (Deliberations about Real Property); 551.073 (Deliberations about gifts and donations); 551.074 (Personnel Matters); 551.076(Deliberations about security devices); and 551.087(Deliberations regarding economic development negotiations).The City of Jacksonville is committed to compliance with the American with Disabilities Act (ADA). Reasonable accommodation and equal access to communications will be provided for those who provide notice to the City Clerk at (903)339-3306 at least 48 hours in advance.



Jacksonville City Council

AGENDA ITEM REPORT

AGENDA DATE:	8/20/2024	ITEM NUMBER:	2.
DEPARTMENT:	Administration	PREPARED BY:	ReNissa Wade, Assistant City Manager
INITIATED BY:	ReNissa Wade, Assistant City Manager	EXHIBITS:	New Cola Summary 5-27-2023

EXECUTIVE SUMMARY:

A representative from the Texas Municipal Retirement System (TMRS) will be present to provide detailed information about the newly available repeating cost-of-living adjustment (COLA) provision. This new provision, became available on May 27, 2023, offers a more cost-effective option for cities wishing to provide retirees with COLA benefits.

Summary of the New Repeating COLA Provision:

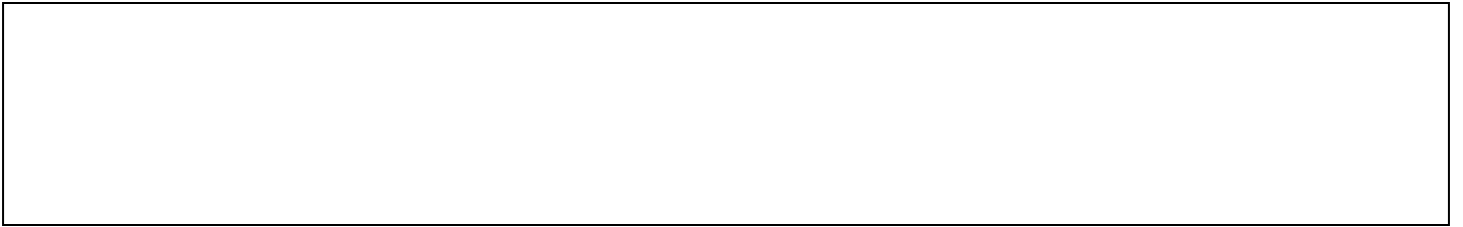
- The new non-retroactive repeating COLA option eliminates the retroactive calculation, which has traditionally made COLA more expensive for cities. Instead, it bases adjustments on the change in the Consumer Price Index (CPI) for the year ending 12 months before the COLA's effective date.
- This new option is generally less expensive for cities than the previous retroactive calculation method.
- Current monthly benefits for retirees will not be reduced, although the cost of adopting any repeating COLA remains high, as cities must fund these adjustments for both current and future retirees.
- Cities must adopt the new COLA option through an ordinance, with the effective date being January 1, 2024, 2025, or 2026. The ordinance must be provided to TMRS by December 31 preceding the effective date.

RECOMMENDED ACTION:

BID AND AWARD:

BUDGET DATA:

BUDGET JUSTIFICATION:



STRATEGY MAP

Citizens First	Strengthen Neighborhoods	Manage the "Business"	Focus on Infrastructure	Planning and Preparedness
1.1 Customer-centric service and processes <input type="checkbox"/>	2.1 Code compliance and updates <input type="checkbox"/>	3.1 Maintain a well-trained professional workforce <input type="checkbox"/>	4.1 Assess the condition of infrastructure <input type="checkbox"/>	5.1 Diversify the tax base <input type="checkbox"/>
1.2 Leverage the talent and input of citizens <input type="checkbox"/>	2.2 Parks, recreation, and community building <input type="checkbox"/>	3.2 Proactively seek process improvements <input type="checkbox"/>	4.2 Strengthen routine maintenance programs <input type="checkbox"/>	5.2 Leverage and maximize City facilities <input type="checkbox"/>
1.3 Transparent and engaging communication <input type="checkbox"/>	2.3 Community policing and crime prevention <input type="checkbox"/>	3.3 Ensure financial stability and stewardship <input type="checkbox"/>	4.3 Adopt a capital improvement program <input type="checkbox"/>	5.3 Disasters and emergencies <input type="checkbox"/>
1.4 Ensure value of services <input type="checkbox"/>	2.4 Preserve and revitalize existing neighborhoods <input type="checkbox"/>	3.4 Pursue partnerships and grants <input type="checkbox"/>	4.4 Protect natural resources <input type="checkbox"/>	5.4 Comprehensive community planning <input type="checkbox"/>

POLICY/GOAL CONSIDERATION:

LEGAL:



New Repeating COLA Option is Available for Cities

Effective May 27, 2023, the Texas Legislature amended the TMRS Act to provide participating cities with a new repeating COLA option.

Currently, a COLA must be calculated retroactively by looking back to the cumulative change in the Consumer Price Index (CPI) since each retiree's retirement date, commonly called the "catch-up." The retroactive calculation makes granting a COLA more expensive for cities that have never provided a COLA and for most cities that currently provide a COLA and are already "caught up."

The new non-retroactive repeating COLA option eliminates the retroactive calculation by only looking back to the change in the CPI for the one-year period that ends 12 months before the COLA's effective date (the "New COLA Option").

In almost every case, the New COLA Option will be slightly less expensive for a city than a repeating COLA calculated retroactively. While the impact of the New COLA Option on each retiree depends on many factors, no retiree's current monthly benefit will be reduced.

However, adopting any repeating COLA, with or without the retroactive calculation, is still expensive. Even without the retroactive expense, the city still must advance fund all COLAs for both current and future retirees.

A city does not have to adopt the New COLA Option. All current repeating or ad hoc COLA options with the retroactive calculation are still in place. Details about current COLA options can be found [here](#).

Following are key provisions and examples of the New COLA Option.

Key Provisions

- All repeating COLAs adopted using the non-retroactive option must be effective on January 1, 2024, 2025, or 2026. To adopt the New COLA Option, a city must pass an ordinance and provide it to TMRS by the December 31 preceding the January 1 effective date.
- Adopting the New COLA Option replaces any previous COLA and remains in effect until the city adopts any ordinance impacting COLAs.
- Because the New COLA Option is calculated based on the CPI during the year that ends 12 months before the COLA's effective date, each retiree will receive the same percentage increase to their monthly benefit. For example, if a city adopts a non-retroactive 50% repeating COLA effective January 1, 2024, each eligible retiree's benefit increase will be 3.23% (50% of 6.45% inflation during 2022).



- Cities can only use the New COLA Option to maintain or increase their COLA CPI percentage; they cannot decrease it.

If a city does not provide a repeating COLA

Cities that do not provide a repeating COLA as of January 1, 2023, can pass an ordinance to adopt a non-retroactive repeating COLA of 30%, 50%, or 70% of CPI.

The cost impact for cities that have never adopted a COLA will be modestly less under the New COLA Option as compared to the cost of the retroactive repeating COLA options of the same CPI percentage. The cost impact for cities that have previously adopted any COLA, will vary depending upon the city's COLA history.

If a city provides a repeating COLA

Cities that have a 30% or 50% retroactive repeating COLA as of January 1, 2023, can pass a new ordinance to maintain or increase the COLA percentage with the non-retroactive calculation. Whether the COLA cost for a city would decrease or increase depends on the city's COLA history.

Cities that have a 70% retroactive repeating COLA as of January 1, 2023, can pass a new ordinance to maintain the 70% COLA with the non-retroactive calculation. The non-retroactive repeating 70% COLA will be slightly less expensive than the retroactive repeating 70% COLA.

Request a COLA cost analysis from TMRS

To request a COLA cost analysis, email cityservices@tmrs.com. TMRS' plan change tool that calculates the cost of COLAs will be available in July.

Rev. 6/2/2023