CITY OF BUCKEYE
Regular Council Meeting
COUNCIL ACTION REPORT

MEETING DATE: 06/17/25	**AGENDA ITEM:** 4.P. FIN - Resolution No. 29-25 Public Safety Personnel Retirement System Pension Funding Policy
DATE PREPARED: 06/16/25	**DISTRICT NO.:** All
STAFF LIAISON: William Kauppi, Chief Financial Officer, wkauppi@buckeyeaz.gov, (623) 349-6161	
DEPARTMENT: Financial Services	**AGENDA ITEM TYPE:** Consent Agenda Items / New Business

ACTION/MOTION: (This language identifies the formal motion to be made by the Council)
Council to take action on Resolution No. 29-25 adopting a Public Safety Personnel Retirement System (PSPRS) Pension Funding Policy and accepting the City's share of the assets and liabilities under the system based on the system's actuarial valuation report; and providing for repeal of conflicting resolutions.

SUMMARY

PROJECT DESCRIPTION:
The State of Arizona, House Bill 2097 was passed into law on April 3, 2018, requiring City Council to adopt a pension funding policy for the Public Safety Personnel Retirement System (PSPRS) before July 1, 2019, and annually each year thereafter. This bill was codified into Arizona Revised Statute Section 38-863.01, as amended, and requires the City to annually adopt a pension funding policy to communicate how the City will maintain stability of the City's required PSPRS contributions, how and when the City's funding requirement will be met and defining the City's funded ratio target under PSPRS and when it will be met. The City is also required to formally accept the City's share of the assets and liabilities based on the PSPRS actuarial report and post the pension funding policy in our website.

PSPRS administers the City's multiple-employer pension plan and has separate trusts for both our police and fire employees. PSPRS provides annual actuarial reports for the City's estimated assets, liabilities, and unfunded liabilities for each plan.

To comply with the statute, on April 2, 2019, Council adopted a PSPRS pension funding policy pursuant to Resolution No. 13-19 and formally accepted the City's share of the assets and liabilities based on the June 2018 PSPRS actuarial report. During subsequent budget year processes, Council adopted our PSPRS pension funding policy based on the applicable year's actuarial reports. Resolution No. XX-25 is seeking adoption of the Fiscal Year 2026 PSPRS pension funding policy, based on the June 30, 2024 actuarial report.

Based on the June 30, 2024 actuarial valuation, the City of Buckeye's unfunded liability is as follows:

Police:	$14,034,776
Fire:	5,808,800
Total:	$19,843,576

Pensions that are less than fully funded place the cost of service provided in earlier periods on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity. In other words, ensuring that no generation is burdened by substantially more or less pension costs than past or future generations. Buckeye is certainly not the only municipality that underfunded.

To further reduce the City's unfunded liability, the City will make a one-time lump sum payment in the amount of $1,000,000 to the Police PSPRS in July 2025.

The proposed policy sets forth staff's recommendations to reduce our unfunded liability by July 1, 2036.

In summary, the purpose of this policy is to meet the requirements set forth in Arizona Revised Statutes Section 38-683.01, as amended, which requires each governing body of a PSPRS employer to annually adopt a pension funding policy for paying off unfunded liability debt. The legislation also requires we post the policy on our website. Annually, during the budget process, staff will review the actuarial reports and recommend revisions to this policy based on the City's financial position.

BENEFITS:
A pension funding policy, as required by law, states the City's approach to reduce our unfunded liability, and is the best way to achieve taxpayer and member intergenerational equity.

FUTURE ACTION:
The funding policy will be posted to our website and has been incorporated in the Fiscal Year 2025-2026 budget. Payments will be made to PSPRS, as stated in the policy.

FINANCIAL IMPACT STATEMENT:
The impact will be to reduce the $19,843,576 unfunded liability by July 1, 2036.

CURRENT FISCAL YEAR TOTAL COST:
$1,000,000

BUDGETED:
Yes

FISCAL YEAR:
2025-2026

FUND/DEPARTMENT:
Police

Items related to a project or facility location must include an attached vicinity map for Council Review.
ATTACHMENTS:
Public Safety Personnel Retirement System Pension Fund Policy.pdf
Resolution_No._29-25_PSPRS_Policy VS.docx