City Council Item

July 13, 2026

Item	Resolution 26-XX Amending the By-laws of the Chanhassen Firefighters Relief Association	
File No.		**Item No:** D.21
Agenda Section	**CONSENT AGENDA**	
Prepared By	Kelly Grinnell, Finance Director	
Reviewed By		

SUGGESTED ACTION

"The Chanhassen City Council approves the resolution amending the By-laws of the Chanhassen Firefighters Relief Association."

Motion Type	Simple Majority Vote of members present
Strategic Priority	Financial Sustainability

SUMMARY

Members of the Chanhassen Fire Relief Association receive a defined benefit pension based on years of service. The pension amount is currently $8,500 and is proposed to be raised to $11,200 per year of service by this resolution.

BACKGROUND

The Fire Relief Association is an organization associated with municipal fire departments, primarily responsible for managing pension and financial matters for firefighters. It operates under specific governance structures and statutory regulations, particularly in Minnesota, where it is established and administered in accordance with Minnesota Statute, Chapter 69.

The Relief Association provides defined benefit pension plans for its members, which include retirement, disability, and death benefits. The plan is a single employer retirement plan, and its benefits are funded through a combination of state aid, investment income, and, if necessary, employer contributions. The pension benefits are calculated based on years of service and are subject to statutory limits and guidelines.

In terms of financial management, the Relief Association maintains a separate special fund to accumulate assets to fund the retirement benefits earned by its members. This fund is supported by state contributions, investment earnings, and potentially additional contributions from the city or municipality. The fiduciary net position of the association is regularly assessed to ensure it can meet its future obligations to retirees.

DISCUSSION

BUDGET

This fund is supported by state contributions, investment earnings, and city contributions as required. The city is only required to contribute when the fund falls below a certain funding percentage, as determined annually by the Office of the State Auditor. The city has historically supported an increase to the benefit when the plan is at least 80% funded. The plan was 118.0% funded as of December 31, 2025.

Historical contributions by the city:

2017: $0
2018: $54,749
2019: $47,339
2020: $40,914
2021: $27,917
2022: $14,662
2023: $0
2024: $0
2025: $0

Prior increases were based on a formula using the COLA increases received by city employees. The last increase increased the pension from $7,500 to $8,500 in December 2024. After reviewing peer department pension amounts and discussions with the relief association, staff recommends increasing the pension amount to $11,200 per year of service.

A plan funding analysis completed by an Actuarial Consultant at Nyhart demonstrates that the plan has sufficient assets to fund this increase without significant risk to the city by way of future required contributions. The plan is subject to market growth and loss; so, there is always some amount of risk present. Using the asset value as of December 31, 2025, the plan would become 97.5% funded with the pension increase from $8,500 to $11,200.

City Staff will be working with the Fire Relief Association to explore pension options for the future.

RECOMMENDATION

Approve Resolution 26-XX Amending the By-laws of the Chanhassen Firefighters Relief Association

ATTACHMENTS

Resolution Amending Bylaws of CFRA

Fire Relief Association Feb 9 2026