



# CITY OF PITTSBURGH

## *Department of Finance*

*William Peduto, Mayor*

*Paul Leger, Director of Finance*

TO: President and Members of City Council

FROM: Paul Leger, Director of Finance

DATE: September 14, 2016

SUBJECT: Required Minimum Municipal Obligation for 2017

### **DELIVERED BY EMAIL**

As required by law, I am informing Council Members of the amount of the Minimal Municipal Obligation (MMO) required of the City in 2017. The MMO is the amount that the City will have to contribute to the pension fund in the 2017 budget. As we did last year, and as is required by the Act 47 Five Year Plan, we will budget an additional contribution as well. Our overall contribution is larger than the MMO that is required. All contributions are listed on the attached pages from the actuary, Mockenhaupt Inc., who calculates the MMO.

**The overall required Minimum Municipal Obligation (MMO) for pension contributions in 2017 is \$49,202,651. The budgeted pension contribution for 2016 was \$44,575,000, so you can see that the City's required contribution is growing due to a combination of higher wages and a longer life expectancy.**

The additional contribution required under the Act 47 plan for 2017 is \$7,908,730.

If anyone has questions about the amounts or the calculations, please feel free to call me at 412-255-8670 or email me at [paul.leger@pittsburghpa.gov](mailto:paul.leger@pittsburghpa.gov).

Thank you for your attention to this matter.

CC: Mayor Peduto  
Controller Lamb  
Kevin Acklin  
Mary Beth Doheny  
CMPF Board Members  
OPEB Trust Trustees  
Bill Urbanic  
Sam Ashbaugh  
Kathleen Butter  
Act 47 Team  
Renny Clark, ICA

**City of Pittsburgh Policemen's Relief and Pension Fund**  
**FINANCIAL REQUIREMENT AND MINIMUM MUNICIPAL OBLIGATION**  
**FOR 2017 MUNICIPAL BUDGET**

---

<b>A. <u>Normal Cost</u></b>	
1. Normal Cost as a Percent of Payroll	10.751%
2. Estimated 2016 Payroll for Active Employees	\$ 68,136,819
3. Normal Cost	<u>\$ 7,325,389</u>
<b>B. <u>Financial Requirement</u></b>	
1. Normal Cost (A3)	\$ 7,325,389
2. Anticipated Insurance Premiums	0
3. Anticipated Administrative Expense	749,505
4. Amortization Payment, if any	<u>11,522,196</u>
5. Financial Requirement (B1+B2+B3+B4)	<u>\$ 19,597,090</u>
<b>C. <u>Minimum Municipal Obligation</u></b>	
1. Financial Requirement	\$ 19,597,090
2. Anticipated Employee Contributions	3,709,782
3. Funding Adjustment, if any	0
4. Minimum Municipal Obligation (C1-C2-C3)	<u>\$ 15,887,308</u>

**NOTES:**

1. 2017 General Municipal Pension System State Aid may be used to fund part or all of the municipal obligation and must be deposited within 30 days of receipt. Any remaining balance must be paid from municipal funds.
2. Deposit into the Plan's assets must be made by December 31, 2017 to avoid an interest penalty.
3. Any delinquent Minimum Municipal Obligations from prior years must be included in the 2017 budget along with an interest penalty.

**I hereby certify that the above calculations, to the best of my knowledge, are true, accurate and conform with the provisions of Chapter 3 of Act 205 of 1984.**

Certified By:

  
 \_\_\_\_\_  
 Chief Administrative Officer

9-14-16  
 \_\_\_\_\_  
 Date

**City of Pittsburgh Firemen's Relief and Pension Fund**  
**FINANCIAL REQUIREMENT AND MINIMUM MUNICIPAL OBLIGATION**  
**FOR 2017 MUNICIPAL BUDGET**

---

<b>A. <u>Normal Cost</u></b>	
1. Normal Cost as a Percent of Payroll	14.127%
2. Estimated 2016 Payroll for Active Employees	\$ 56,614,270
3. Normal Cost	<u>\$ 7,997,898</u>
<b>B. <u>Financial Requirement</u></b>	
1. Normal Cost (A3)	\$ 7,997,898
2. Anticipated Insurance Premiums	0
3. Anticipated Administrative Expense	679,371
4. Amortization Payment, if any	14,255,417
5. Financial Requirement (B1+B2+B3+B4)	<u>\$ 22,932,686</u>
<b>C. <u>Minimum Municipal Obligation</u></b>	
1. Financial Requirement	\$ 22,932,686
2. Anticipated Employee Contributions	3,873,307
3. Funding Adjustment, if any	0
4. Minimum Municipal Obligation (C1-C2-C3)	<u>\$ 19,059,379</u>

**NOTES:**

1. 2017 General Municipal Pension System State Aid may be used to fund part or all of the municipal obligation and must be deposited within 30 days of receipt. Any remaining balance must be paid from municipal funds.
2. Deposit into the Plan's assets must be made by December 31, 2017 to avoid an interest penalty.
3. Any delinquent Minimum Municipal Obligations from prior years must be included in the 2017 budget along with an interest penalty.

**I hereby certify that the above calculations, to the best of my knowledge, are true, accurate and conform with the provisions of Chapter 3 of Act 205 of 1984.**

Certified By:

  
 \_\_\_\_\_  
 Chief Administrative Officer

9-14-16  
 \_\_\_\_\_  
 Date

**City of Pittsburgh Municipal Pension Fund  
FINANCIAL REQUIREMENT AND MINIMUM MUNICIPAL OBLIGATION  
FOR 2017 MUNICIPAL BUDGET**

---

<b>A. <u>Normal Cost</u></b>	
1. Normal Cost as a Percent of Payroll	7.254%
2. Estimated 2016 Payroll for Active Employees	\$ 84,533,645
3. Normal Cost	<u>\$ 6,132,071</u>
<b>B. <u>Financial Requirement</u></b>	
1. Normal Cost (A3)	\$ 6,132,071
2. Anticipated Insurance Premiums	0
3. Anticipated Administrative Expense	591,736
4. Amortization Payment, if any	10,781,992
5. Financial Requirement (B1+B2+B3+B4)	<u>\$ 17,505,799</u>
<b>C. <u>Minimum Municipal Obligation</u></b>	
1. Financial Requirement	\$ 17,505,799
2. Anticipated Employee Contributions	3,249,835
3. Funding Adjustment, if any	0
4. Minimum Municipal Obligation (C1-C2-C3)	<u>\$ 14,255,964</u>

**NOTES:**

1. 2017 General Municipal Pension System State Aid may be used to fund part or all of the municipal obligation and must be deposited within 30 days of receipt. Any remaining balance must be paid from municipal funds.
2. Deposit into the Plan's assets must be made by December 31, 2017 to avoid an interest penalty.
3. Any delinquent Minimum Municipal Obligations from prior years must be included in the 2017 budget along with an interest penalty.

**I hereby certify that the above calculations, to the best of my knowledge, are true, accurate and conform with the provisions of Chapter 3 of Act 205 of 1984.**

Certified By:

  
\_\_\_\_\_  
Chief Administrative Officer

9-14-16  
\_\_\_\_\_  
Date