Report of

The Funding Advisory Committee
And
The Retirement Law Commission
To The Governor
And General Court of Massachusetts

October, 1976

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Approved by Alfred C. Holland, State Purchasing Agent

REPORT OF

THE FUNDING ADVISORY COMMITTEE

AND

THE RETIREMENT LAW COMMISSION

TO THE GOVERNOR

AND GENERAL COURT OF MASSACHUSETTS

October, 1976

MASSACHUSETTS RETIREMENT LAW COMMISSION AND

FUNDING ADVISORY COMMITTEE

October 19, 1976

To the Honorable Governor, and to the Honorable Senate and House of Representatives.

We submit herewith the report of the Massachusetts Retirement Law Commission and the Funding Advisory Committee. This report, you will find, responds to the charge that we consider whether the laws governing the financing of the Massachusetts Contributory Retirement System should be amended to require funding of retirement benefits.

The Commission and Committee unanimously recommend that the law be amended to require funding of all 102 Contributory Retirement Systems.

The report sets forth a specific recommended formula for determining the annual funding requirements, including the formula for bridging the transition from pay-as-you-go financing in a series of graduated payments.

The material in this report is presented under the following headings:

INTRODUCTION AND SUMMARY OF RECOMMENDATIONS.

RECOMMENDATION 1 - A New Funding Policy should be adopted to replace pay-as-you-go financing of retirement benefits now prescribed by Chapter 32, Section 22 of the General Laws.

RECOMMENDATION 2 - The New Funding Policy should require an annual payment equal to the normal cost plus the amortization of the unfunded actuarial liability over a period of forty years. Each of the long-term cost amounts is to be periodically calculated to remain as a level percent of payroll.

RECOMMENDATION 3 - The Funding Policy should be modified during a five-year transition period.

RECOMMENDATION 4 - All benefit improvements must be accompanied by actuarial cost estimates; and further, all benefit improvements which are enacted must be funded by payment of the added normal cost plus amortization of the added actuarial liability over a period of thirty years.

RECOMMENDATION 5 - Massachusetts should not join the Social Security System, since participation would not reduce the cost of retirement benefits to the state and local governments.

APPENDIX - Glossary of Terms.

Respectfully submitted,
CARMEN W. ELIO, Chairman

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Patrick D. Sullivan, Deputy Treasurer
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Abel Ford, Inc.

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Martin E. Segal Company provided
technical services to the Committee,
and the actuarial calculations were
prepared by Thomas D. Levy, F.S.A, M.A.A.A.

INTRODUCTION AND SUMMARY OF RECOMMENDATIONS

On January 5, 1976 the Massachusetts Retirement Law Commission submitted a report to the Governor and the General Court which included the suggestion that a new funding policy be adopted for Massachusetts to replace pay-as-you-go financing. In order to evaluate this suggestion and, if appropriate, to devise a specific funding formula, the Retirement Law Commission convened a Special Funding Advisory Committee consisting of actuaries, professionals, and business and labor union executives. The following recommendations for funding are based on the deliberations of the Advisory Committee.

Recommendation 1

It is imperative that a new funding policy be adopted to replace pay-as-you-go financing now prescribed by Chapter 32, Section 22 of the General Laws.

Recommendation 2

The new funding policy should require an annual payment equal to (1) the normal cost plus (2) the amortization of the unfunded actuarial liability over a period of forty years, where each of these long-term cost amounts is calculated to remain level as a per cent of payroll.

Funding Objective

Annual Payment = Normal Cost +
Amortization payment on 40-year level per cent of pay schedule

Recommendation 3

This funding policy should be modified during a five-year transition period by setting an annual payment equal to normal cost plus a gradually increasing percentage of the amortization payment in accordance with the following schedule.

Funding Policy During Transition Period

In Year	Annual Payment = Normal Cost + __% of 40-Year Amortization Payment	
1	6.7%	(1/15)
2	20.0	(3/15)
3	40.0	(6/15)
4	66.7	(10/15)
5	100.0	(1)

Recommendation 4

All benefit improvements which are reported favorably by the Joint Legislative Committee on Public Services must be accompanied by actuarial cost estimates; further, all benefit improvements which are enacted must be funded by payment of the added normal cost plus the amortization of the added accrued liability over a period of 30 years.

Funding Policy for Benefit Improvements

1. Actuarial cost estimates must be attached to each Pension Improvement Bill

2. Additional Annual Payment = Normal cost of improvement + amortization of additional liability over 30-year period as a level per cent of pay

Recommendation 5

Massachusetts should not join the Social Security system, since participation would not reduce the cost of retirement benefits to the state and local governments.

Impact of Funding

Table 1 presents the financial implications of adopting the Committee's recommendations compared to retaining pay-as-you-go financing. The mortality, disability, and retirement age assumptions underlying these projections are summarized in the "Actuarial Valuation Report of the Commonwealth of Massachusetts" published by the Retirement Law Commission and dated January 5, 1976. The inflation assumption has been revised upward from 3 per cent in the earlier study to 4 1/2 per cent; and, therefore, the interest, salary, and cost of living projections have also been increased by 1 1/2 per cent per year. The assumptions are as follows:

	Inflation Assumption	
	3% Valuation Study	4 1/2% New Projections
Investment return	6%	7 1/2%
Salary increases	3% + merit	4 1/2% + merit
Post-retirement increases	3%	4 1/2%

The Retirement System is currently financed on a pay-as-you-go basis. The only reserves amount to $2 billion which have been accumulated from employee contributions. Except for this accumulation which is small in relation to the liability for accrued benefits, benefit payments are met by year-to-year appropriations.

Inevitably, the necessary appropriations will increase, even without any change in the plan of benefits. Applying the actuarial assumptions, the appropriations required by 1993 to meet benefit payments will be 5 times the fiscal 1978 level -- $2.4 billion compared to $469 million. The pay-as-you-go pension costs would increase from 12.1 per cent of payroll to 31.9 per cent by 1993, and would continue to rise thereafter.

existing pension assets rather than from current appropriations.

A significant portion of the unfunded actuarial liability arises because pension benefits have not been funded in the past. While funding will benefit public employees, it is important that payments to cover the amortization of this portion of the unfunded actuarial liability not come out of the compensation of state and local workers. This liability reflects costs that have already been incurred by the state and localities, but that have not been paid for; and, therefore, should be financed out of general tax revenues rather than from the wages and salaries of current state and local workers.

Future Taxpayers

There is little rationale for requiring future taxpayers to pay for services provided to current citizens by present state and local workers. Under a funded system, the cost of benefits for present active public employees will be borne by present taxpayers and will not become a liability to future taxpayers.

In addition to ensuring a rational allocation of costs, funding will also reduce the total contributions required because the investment yield on the reserves will provide a significant portion of the income ultimately needed to pay the benefits. As shown in Table 1, by 1993 required annual employer contributions are reduced by 25 percent because of the additional interest earned on accumulated assets.

Finally, funding will reduce the burden on future taxpayers by requiring the assignment of a realistic price tag for proposed changes in the benefit program. Under a pay-as-you-go system, changes tend to be enacted without realistic consideration of the ultimate cost. Proper calculation of long-run costs will have a disciplinary effect on any liberalizations of the program.

RECOMMENDATION 1

A NEW FUNDING POLICY SHOULD BE ADOPTED TO REPLACE PAY-AS-YOU-GO FINANCING OF RETIREMENT BENEFITS NOW PRESCRIBED BY CHAPTER 32, SECTION 22 OF GENERAL LAWS.

The Committee concluded that funding the Massachusetts public pension system would benefit the public employees, future taxpayers and even present taxpayers. The advantages of funding pensions have been recognized by the other 49 states and have been reflected in the more stringent funding requirements for private pensions established by the Federal Government under the Employee Retirement Income Security Act.

Public Employees

A funded pension system would insure public employees a more secure retirement income. Under the present pay-as-you-go arrangement, the future costs of Massachusetts pension benefits are scheduled to increase dramatically from 12.1 percent of state-local employee payrolls in fiscal 1978 to 31.9 percent in fiscal 1993. Future pension costs reflect the enormous growth in the number of state-local workers during the last decade, the significant increase in salaries of public employees and previous liberalizations in the Retirement Law.

As costs increase, there is the possibility that a taxpayer rebellion in the future will force a search for ways of avoiding the full impact of the promised benefits. A reserve system which has spread the cost more evenly over the period when the benefit rights have accrued is more nearly certain to fulfill completely the benefits promised by the plan. Apart from leveling the cost, a funding arrangement accumulates reserves which are available to fulfill pension obligations for an extended period of time. For instance, full cost of living payments might have been made in 1976 if they could have been paid from

Table 1

MASSACHUSETTS RETIREMENT LAW COMMISSION

PROJECTED ANNUAL EMPLOYER CONTRIBUTIONS
FOR ALL 102 CONTRIBUTORY RETIREMENT SYSTEMS
WITH MODERATE (4 1/2%) INFLATION
(Amounts in Millions)

Fiscal Year Ending June 30,	Projected Annual Payroll	Annual Employer Contributions				Ending Balances			
		Recommended		Present		Recommended		Present	
		Amount	% of Pay	Amount	% of Pay	Assets*	Unfunded Liability	Assets*	Unfunded Liability
1978	$3,877	$ 525	13.5	$ 469	12.1	58	$12,649	0	$12,707
1979	4,051	623	15.4	524	12.9	165	13,484	0	13,649
1980	4,233	773	18.3	585	13.8	372	14,249	0	14,621
1981	4,424	984	22.2	654	14.8	742	14,878	0	15,620
1982	4,623	1,259	27.2	731	15.8	1,346	15,295	0	16,641
1983	4,831	1,315	27.2	817	16.9	1,964	15,712	0	17,676
1984	5,048	1,374	27.2	911	18.0	2,591	16,126	0	18,717
1985	5,276	1,436	27.2	1,015	19.2	3,222	16,537	0	19,759
1986	5,513	1,501	27.2	1,130	20.5	3,849	16,943	0	20,792
1987	5,761	1,568	27.2	1,256	21.8	4,462	17,342	0	21,804
1988	6,020	1,638	27.2	1,396	23.2	5,048	17,733	0	22,781
1989	6,291	1,712	27.2	1,555	24.7	5,590	18,112	0	23,702
1990	6,574	1,789	27.2	1,734	26.4	6,066	18,476	0	24,542
1991	6,870	1,869	27.2	1,930	28.1	6,458	18,823	0	25,281
1992	7,179	1,955	27.2	2,154	30.0	6,736	19,150	0	25,886
1993	7,502	2,031	27.2	2,396	31.9	6,862	19,452	0	26,314

*Not including accumulated employee contributions.

If the System were funded in line with the Committee's recommendations, annual contributions would exceed those under the current pay-as-you-go program until fiscal 1990, after which time the annual payments would be considerably lower with funding (See Table 1). By 1993, the required contribution would be 25 per cent below the pay-as-you-go payment with the additional funds coming from the interest return on accumulated assets. As a percentage of payrolls, the funded contribution is calculated to remain constant at 27.2 per cent. By the beginning of the 23rd year, (not shown in Table 1) the unfunded liability will start to decrease and will reach a zero balance in the fortieth year.

Present Taxpayers

Although pay-as-you-go financing may seem like an attractive short-term policy for present taxpayers since they contribute less under the present system than under a funded plan, this narrow view of costs may be deceptive. The existence of a large unfunded liability creates concern in financial markets which, in turn, may be reflected in Massachusetts' credit rating. Therefore, the savings to present taxpayers from not funding the pension system may be offset by increased taxes to finance the higher interest costs on Massachusetts' debt.

Position of Other States

The advantages to the public employees as well as present and future taxpayers account for the long-term trend toward the funding of state employee retirement systems. As of January 1, 1970, there were only three state systems that were on a pay-as-you-go basis. Twenty nine received contributions determined by actuarial calculation. Eighteen received contributions on some fixed basis (such as a percentage of payroll) that results in the accumulation of some assets. The three pay-as-you-go systems were Connecticut, Massachusetts, and Delaware. Since then, Delaware and Connecticut have both enacted legislation to assure actuarial funding. Today, only Massachusetts among all the states remains on pay-as-you-go financing.

Federal Policy

The Federal government has also recognized the importance of funding in order to protect employee benefits in private pension plans. In 1974, Congress passed the Employee Retirement Income Security Act (ERISA) to regulate private pension plans. In addition to providing for vesting, portability and disclosure, the Act placed significant emphasis on full funding. The minimum funding standards of the new Federal Pension Law generally require 40 year amortization for existing plans and 30 year amortization for new plans.

ERISA mandates a study by Congress on extending Federal pension regulation to public plans. Indeed, such a bill was introduced (but not passed) in 1976. Thus it is possible that ERISA will be applied to the Contributory Retirement Systems in the near future.

In short, there has been widespread recognition of the advantages of funding both to protect the rights of employees and to distribute the financial burden equitably between present and future taxpayers.

RECOMMENDATION 2

THE NEW FUNDING POLICY SHOULD REQUIRE AN ANNUAL PAYMENT EQUAL TO (1) THE NORMAL COST PLUS (2) THE AMORTIZATION OF THE UNFUNDED ACTUARIAL LIABILITY OVER A PERIOD OF FORTY YEARS. EACH OF THE LONG-TERM COST AMOUNTS IS TO BE PERIODICALLY CALCULATED TO REMAIN AS A LEVEL PERCENT OF PAYROLL.

Once the Committee decided that Massachusetts public pensions should be funded, it considered several funding plans suggested by the actuaries. These plans represented different strategies for achieving the following funding objectives: (1) to accumulate assets sufficient to fulfill benefit commitments if further contributions were to be discontinued and (2) to level the required contributions over a prolonged period of years.

Annual payments under a funded system generally consist of the "normal cost" plus the cost of amortizing the actuarial liability over a certain period of years. Roughly speaking, the normal cost is the cost of benefit rights accruing on the basis of current service. Technically, the normal cost is the level percent of pay contribution required each year, with respect to each employee, to accumulate the assets needed to meet the cost of benefit rights he has earned over his working lifetime.

The actuarial liability is the amount that would now be on hand if contributions sufficient to meet the costs of the plan had been made each year in the past. If the pension fund had accumulated assets equal to the actuarial liability, the plan could be referred to as being "fully funded." An actuarial calculation assigns a lump-sum present value to those prospective pension payments. The actuarial liability consists of a liability for active employees and for pensioners.

A great majority of private pension plans and a number of plans for public employees are financed on the basis of contributions adequate to cover the normal cost of the plan, and to amortize the unfunded actuarial liability over a period of from 15 to 40 years. When such a schedule of contributions is followed, a fund develops at the end of the period which is equal to all of the actuarially calculated liabilities of the plan. In other words, if contributions were to be discontinued at that point, the value of the fund would be sufficient to pay all pensions and to make payments equal to the value of benefits accrued by active employees to the date of such termination.

There is, of course, value in funding the cost of a public plan so that the contributions will be level over a long period of years, if not in absolute dollar amounts per employee, then at least as a percentage of payroll.

In our judgment, the funding policy should provide for paying the normal cost and for amortizing the unfunded liability over a forty-year period as under ERISA. It is further recommended that the amortization payment should be calculated so as to remain as a level percent of payroll. This method is a variation of the conventional formula used in private pensions under which the normal cost is expressed as a level percent of payroll but the amortization is calculated as a level dollar amount. The recommended procedure is an acceptable approach for funding public employee retirement systems.

Further, each of the 102 Contributory Retirement Systems will fund in accordance with the principles here, but the actual figures for each System may be different. Overall, the average should be about the same as the percentage of payroll figures in Table 1. The Committee recommends that actuarial valuation reports of each System be done every three years.

RECOMMENDATION 3

THIS FUNDING POLICY SHOULD BE MODIFIED DURING A FIVE-YEAR TRANSITION PERIOD.

If the proposed funding were to be launched, full blown, it would require an appropriation in the first year of 25.8 per cent of covered payroll or about $1 billion. The required payment would be more than double the $469 million scheduled under present pay-as-you-go financing. So large an increase in the appropriation may pose too great a fiscal burden at this time. Therefore, the Committee recommends that:

1. The Legislature adopt a funding objective of amortization of the unfunded actuarial liability over a period of 40 years.

2. Forty-year funding be introduced gradually over the next 5 years through payment each year of the normal cost plus the following percentages of full 40-year amortization of the unfunded actuarial liability:

Fiscal Year Ending June 30,	Percentage to be Paid of Full 40-Year Level Percent of Pay Amortization		Annual Employer Normal Cost and Graduated Amortization Payment		Present Pay-as-you-go Payments	
			Amount (millions)	% of Pay	Amount (millions)	% of Pay
1978	6.7%	(1/15)	$ 525	13.5%	$469	12.1%
1979	20.0	(3/15)	623	15.4	524	12.9
1980	40.0	(6/15)	773	18.3	585	13.8
1981	66.7	(10/15)	984	22.2	654	14.8
1982	100.0	(1)	1,259	27.2	731	15.8

As shown above, and in more detail in Table 1, the required payments under the graduated amortization schedule would start somewhat higher than the present pay-as-you-go cost, and by the fifth year would rise to substantially more than the then current benefit cost to the state and local governments. The eventual cost as a per cent of payroll would be slightly higher, 27.2 per cent compared to 25.8 per cent, as a result of postponing full payments for five years. Nevertheless, the Committee concluded that this additional long-run cost was reasonable to ensure a smooth transition to a fully funded retirement program.

RECOMMENDATION 4

ALL BENEFIT IMPROVEMENTS MUST BE ACCOMPANIED BY ACTUARIAL COST ESTIMATES; FURTHER, ALL BENEFIT IMPROVEMENTS WHICH ARE ENACTED MUST BE FUNDED BY PAYMENT OF THE ADDED NORMAL COST PLUS THE AMORTIZATION OF THE ADDED ACCRUED LIABILITY OVER A PERIOD OF 30 YEARS

As part of a funded program the Committee recommends that a policy be established which recognizes and makes provision for meeting the ultimate costs of benefit improvements. These procedures will represent a substantial improvement over pay-as-you-go financing where changes have tended to be enacted without realistic consideration of the ultimate financing requirements. For example, when 10 year vesting was added to the System, it entailed no added appropriations in the first few years and so was considered "no cost". Ultimately, however, the pension payroll may increase by as much as 10 percent as a result of that single change.

In order to recognize the long run implications of modifications to the retirement program, the Committee recommends that every bill affecting retirement benefits must be funded by the payment of the added normal cost plus amortization of the unfunded liability over a 30-year period.

RECOMMENDATION 5

MASSACHUSETTS SHOULD NOT JOIN THE SOCIAL SECURITY SYSTEM, SINCE PARTICIPATION WOULD NOT REDUCE THE COST OF RETIREMENT BENEFITS TO THE STATE AND LOCAL GOVERNMENTS.

The Committee considered the question of whether or not participation in the Social Security system would reduce the costs to state and local governments of providing retirement benefits. In the cost analysis, the actuaries assumed that Social Security coverage and benefits would be prospective only, and that accrued benefits from prior public service would not be adjusted. This assumption led to the conclusion that participation in Social Security would have no material effect on the accumulated unfunded liability for retirement benefits already accrued. For present employees electing Social Security, and for all new employees, it was assumed that the accrual of future benefits under the state system would be modified to take account of the retirement benefits under Social Security.

Since the effect of Social Security coverage is limited to future accrual of benefits, only the plan's normal costs would be affected. The normal cost for the state plan amounts to 21.2 percent of payroll towards which present employees contribute 5 percent resulting in a net employer normal cost of 16.2 percent. For employees first hired after January 1, 1975, the contribution is 7 percent and the net employer normal cost is 21.2 less 7 or 14.2 percent of payroll.

Participation in Social Security would have two offsetting effects on normal costs. On the one hand, the availability of Social Security benefits would reduce the required benefits to be provided under the state and local systems and would, therefore, reduce the normal cost. On the other hand, normal costs would be increased by the imposition of the employer payroll tax, currently 5.85 percent. In addition, the employee tax of equal amount would require the reduction or elimination of the present employee contribution of 5 percent (7 percent for new employees).

All the calculations prepared by the actuaries indicated that the reduction in normal costs due to the availability of Social Security benefits would be more than offset by the combined impact of the Social Security tax on employers and the elimination of the existing employee contribution to the state program.

On the basis of many detailed cost analyses, the Committee concluded that there would be no advantage to state and local governments in joining the Social Security program at this time.

GLOSSARY OF PENSION TERMS

The following list defines certain technical terms for the convenience of the reader:

1. Assumptions. Actuarial assumptions. The predictions on which the cost of the Plan is calculated. Assumptions include:

   (a) Investment return - the rate of investment yield which the Fund will earn over the long-term future;

   (b) Mortality rate - the death rates of employees and pensioners; life expectancy is based on these rates;

   (c) Retirement age - the age or ages at which employees are assumed to retire;

   (d) Salary scale - the expected pattern of future salary increases for employees.

   (e) Termination rates - the rates at which employees of various ages are expected to drop out of covered employment before entitlement to pension benefits.

2. Actuarial cost. The amount calculated as necessary to support the retirement program on a basis that is actuarially sound. If this actuarial requirement is met each year, the continuing plan will be able to meet all of its obligations for paying benefits. The actuarial requirement is made up of two elements: normal cost plus a payment on account of the unfunded actuarial liability.

3. Normal cost. The normal cost is the level per cent of pay needed, each year, from the time an employee starts to work up to the time he will retire, so as to accumulate the necessary funds for his lifetime pension. It can be roughly thought of as the value of pension benefits earned in the current year by currently active employees.

4. Interest on the unfunded liability. This is an element in the actuarial requirement. It is computed by applying the assumed interest rate to the unfunded actuarial liability.

5. Liability. Actuarial liability. A definition - oversimplified - is: the value at a given time of the benefits based on years of service prior to that time. However, under the calculation method used, it is not exactly the value of the benefits attributable to the past years. More precisely, it is the fund which would theoretically now be on hand if the retirement program had been funded all along - through all the years of prior service - and had been meeting its normal costs.

6. Unfunded liability. Unfunded Actuarial liability. The extent to which the actuarial liability of the retirement program exceeds the assets of the fund. The oversimplified definition here is the excess of benefits earned in the past over benefits paid for in the past.

7. Actuarial liability for pensioners. The lump-sum value of lifetime benefits to existing pensioners. This lump sum takes account of life expectancies appropriate to the ages of the pensioners, the interest which the lump sum will earn before it is entirely paid out in benefits, and expected future cost-of-living increases.

8. Amortization of the unfunded actuarial liability. Accumulation over a period of years of the funds required to match the program's actuarial liability.

9. Gain. The extent to which the experience of the retirement program is more favorable than that projected on the basis of the actuarial assumptions. It can represent accumulation of assets greater than expected, or a reduction of liability below that expected.

CITY OF CAMBRIDGE
MASSACHUSETTS
CAMBRIDGE CITY COUNCIL

COMMITTEE REPORT
FINANCE
MEETING HELD IN WALNUT ROOM AT CITY HALL ON MAY 14, 1977
MEETING CONVENED BY COUNCILLOR FRANCIS H. DUEHAY AT 5:45 P.M.

The Committee on Finance and the Retirement Board held a joint meeting in the Walnut Room at City Hall. The meeting was called at the request of the Retirement Board for the purpose of providing an update on legislation which is pending at the State House regarding the unfunded liability of municipal retirement systems. Mr. Carmen Elio, Chairman of the Massachusetts Retirement Law Commission attended the joint session and discussed the effect this legislation, if adopted, would have on a city like Cambridge.

He reported on the following five recommendations of the Retirement Commission:

RECOMMENDATION 1 – A New Funding Policy should be adopted to replace pay-as-you-go financing of retirement benefits now prescribed by Chapter 32, Section 22 of the General Laws.

RECOMMENDATION 2 – The New Funding Policy should require an annual payment equal to the normal cost plus the amortization of the unfunded actuarial liability over a period of forty years. Each of the long-term cost amounts is to be periodically calculated to remain as a level percent of payroll.

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RECOMMENDATION 5 – Massachusetts should not join the Social Security System, since participation would not reduce the cost of retirement benefits to the state and local governments.

He further indicated that if this pending legislation is passed it would cause Cambridge to have a retirement liability of $85 million as opposed to the current $4 million level. He indicated if no action was taken by the City that within 20 years 44% of the City payroll will be allocated to pensions and that the Commonwealth is the only State in the nation without some kind of funding plan.

The Finance Committee requested the City Manager to review all possible alternatives to the funding liability problem which may be ahead.

THE MEETING WAS ADJOURNED AT 7:40 P.M.

For the Committee

Francis H. Duehay Jr.

Francis H. Duehay,
Chairman

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MASSACHUSETTS
CAMBRIDGE CITY COUNCIL

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11. S-316

Comm. from Councillor Duehay, Chairman, Finance Committee, transmitting report of Committee held on May 14, 1977, re: joint meeting of the Retirement Board and the Finance Committee.

In City Council,
June 6, 1977

6/6/77
Referred to the
City Manager