



Legislation Text

File #: 37315, Version: 1

Fiscal Note

Based on the best information available at the time, a payable for \$225,000.00 related to the WRS Stagehands liability was incorporated into the City's 2013 financial statements. Payment of the ETF bill will reduce that payable by \$138,718.54. At the point a judgment is rendered or a repayment plan put into place for the employee share, a receivable will be established. No appropriation is necessary to make this payment.

Title

Authorizing the City of Madison to pay Employee Trust Funds (ETF) \$138,718.54 representing the employer and employee portion of WRS contributions and interest for current and former stagehands and granting authority to the City Attorney to pursue legal action against ETF, the current and former stagehand employees and any other necessary party to recover the money loaned by the City to the current and former Stagehands, for the employee portion, with interest, of the WRS contribution.

Body

WHEREAS, in 2010, 78 current and former stagehands working at the Overture Center and Monona Terrace filed appeals with Employee Trust Funds (ETF) claiming they were employees of the City of Madison who should be enrolled in the Wisconsin Retirement System (WRS) and;

WHEREAS, an administrative law judge found the stagehands were employees of the City of Madison (the City) and should have been enrolled by, and had their earnings reported by, the City and;

WHEREAS, the administrative law judge's decision was held up on appeal by the ETF Board and;

WHEREAS, on the issue of whether the City had to pay the employee portion of the WRS contribution that will be owed to ETF, the ETF Board found the City is not, and was not, legally obligated to pay the employee portion and;

WHEREAS, the City had never paid the employee portion of the WRS contribution for similarly situated employees and;

WHEREAS, of the 78 claimant appeals filed, 25 claimant appeals met the legal threshold for enrollment in WRS and;

WHEREAS, ETF invoiced the City for 14 of the 25 claimant enrollees with the invoice broken down as follows:

Recovery of employee contributions:	\$53,629.30
Employee interest:	<u>\$24,844.18</u>
TOTAL:	\$78,473.48
Recovery of employer contributions:	\$41,828.62
Employer interest:	<u>\$18,962.44</u>
TOTAL:	\$60,245.06
GRAND TOTAL:	\$138,718.54

and;

WHEREAS, The City believes it has the obligation to pay the employer contributions but disputes whether the City has the obligation to pay the employee portion and;

WHEREAS, ETF takes the position that the issue is between the City and enrollees and ETF is the obligated to collect all of the money from the City to fund the pension and;

WHEREAS, to avoid interest and penalties which the State could deduct after 30 days from the City's apportionment of state aid or taxes payable to the City, the City may loan, or advance, the employee portion of contributions and interest to its current and former stagehands in the amount of \$78,473.48 and;

WHEREAS, the money to pay the contributions was reflected in the City's 2013 financial statements and;

WHEREAS, as with any loan or advance, the City will recoup the loaned money through various means including, but not limited to, payroll deduction for current employees, collection actions, garnishment, etc., and will create a receivable with the collected funds and;

WHEREAS some of the methods of collection may require legal action to obtain judgments and facilitate collection activities;

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Madison, that the Finance Department is authorized to pay Employee Trust Funds (ETF) \$138,718.54 representing the employer and employee portion of WRS contributions and interest for current and former stagehands and authorizing the City Attorney to pursue legal action against ETF, the current and former stagehand employees and any other necessary party to recover the money loaned by the City to the current and former stagehands for the employee portion, with interest, of the WRS contribution.