



City of Hollywood
Staff Summary Request

	PO-2011-23
Title:	An Ordinance Of The City Of Hollywood, Florida, Amending The Subchapter Of Chapter 33 Of The Code Of Ordinances Titled "Police Officer's Retirement System"; Freezing The Police Officer's Retirement Plan Effective September 30, 2011 and Creating A New Police Officer's Retirement Plan Effective October 1, 2011.
Recommendation:	Approval of the attached ordinance.
Explanation:	<p>On May 18, 2011, the City Commission declared a financial urgency for fiscal year 2012 pursuant to Florida Statute Section 447.4095. The City Commission has determined that it is necessary to address the financial urgency by amending the Police Officer's Retirement Plan as set forth in this ordinance.</p> <p>Section 33.138 of the Code of Ordinances provides, as one of two methods of amending the Police Officer's Retirement Plan, a majority vote of those qualified electors of the City voting in a referendum election called for such purpose by the City Commission. The City Commission intends to amend the Police Officer's Retirement Plan as set forth in this ordinance by calling a referendum election for such purpose.</p>
Submitted by:	Jeffrey P. Sheffel, City Attorney Gail Reinfeld, Director of Human Resources & Risk Management
Recommended for inclusion on the agenda by:	Jeffrey P. Sheffel, City Attorney Cathy Swanson-Rivenbark, Interim City Manager
Director Signed Off:	7/18/2011 10:14:11 AM

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF HOLLYWOOD, FLORIDA, AMENDING THE SUBCHAPTER OF CHAPTER 33 OF THE CODE OF ORDINANCES TITLED "POLICE OFFICER'S RETIREMENT SYSTEM"; FREEZING THE POLICE OFFICERS' RETIREMENT PLAN EFFECTIVE SEPTEMBER 30, 2011 AND CREATING A NEW POLICE OFFICERS' RETIREMENT PLAN EFFECTIVE OCTOBER 1, 2011.

WHEREAS, on May 18, 2011, the City Commission of the City of Hollywood, Florida, declared a financial urgency for fiscal year 2012 pursuant to Florida Statute Section 447.4095; and

WHEREAS, the City Commission has determined that it is necessary to address the financial urgency by amending the Police Officers' Retirement Plan as set forth in this ordinance; and

WHEREAS, Section 33.138 of the Code of Ordinances provides, as one of two methods of amending the Police Officers' Retirement Plan, a majority vote of those qualified electors of the City voting in a referendum election called for such purpose by the City Commission; and

WHEREAS, the City Commission intends to amend the Police Officers' Retirement Plan as set forth in this ordinance by calling a referendum election for such purpose;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA:

Section 1: That Section 33.125 of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

* * *

CHAPTER 33: CITY EMPLOYEES

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(Coding: Words and figures underscored are additions to existing law; words and figures ~~struck through~~ are deletions.)

POLICE OFFICER'S RETIREMENT SYSTEM

§ 33.125 ESTABLISHMENT; PURPOSE.

(1) There is hereby established a Police Officer's Retirement System comprising a comprehensive amended retirement plan for the Police Officers of the city. The purpose of this plan is to establish amended terms and conditions under which retirement benefits will be provided to eligible employees of the city. The benefits under the plan shall be in addition to amounts received as Federal Social Security benefits, and shall also be in addition to benefits received by any member from any other private or public retirement system.

(2) The benefit structure in effect on September 30, 2011 is frozen at midnight on that date. All members will be vested in benefits accrued to that date and payable under the terms and conditions of plan provisions then in effect. No additional benefits of any kind shall accrue. Effective October 1, 2011, all members are subject to a new benefit structure applicable to future service as herein set forth.

Section 2: That Section 33.126 of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

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CHAPTER 33: CITY EMPLOYEES

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POLICE OFFICER'S RETIREMENT SYSTEM

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§ 33.126 DEFINITIONS.

For the purpose of this subchapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

AVERAGE MONTHLY EARNINGS. One-twelfth of the arithmetic average of earnings for the highest three years preceding the actual retirement or termination date of a member. Effective June 7, 2006, one-twelfth of the arithmetic average of earnings for the highest three 12-month measurement periods preceding the actual retirement or termination date of a member, excluding, in the determination of the highest three 12-

month measurement periods and calculation of the arithmetic average of earnings, pay for overtime in excess of 400 hours for each 12-month measurement period. The definitions of AVERAGE FINAL COMPENSATION set forth above are frozen at midnight on September 30, 2011. Under the benefit structure effective October 1, 2011, AVERAGE FINAL COMPENSATION means the arithmetic average of earnings for the 60 highest consecutive months of the last 120 months of credited service prior to retirement, termination, or death.

* * *

EARNINGS. Earnings shall be the sum of the following amounts actually paid to a member: salary; overtime pay; longevity pay; assignment pay; payments for accrued holiday time; payments for accrued blood time; annual "cash-out" payments for accrued vacation time; and payments for accrued compensatory time. Earnings shall not include payments for unused sick time or for unused vacation time which is paid upon retirement or termination. The definition of earnings set forth above is frozen at midnight on September 30, 2011. Under the benefit structure effective October 1, 2011, earnings shall be the sum of the following amounts actually paid to a member: salary; longevity pay; and assignment pay. Earnings shall not include overtime pay, payments for accrued holiday time, payments for accrued blood time, annual "cash-out" payments for accrued vacation time, payments for accrued compensatory time, and payments for unused sick time or for unused vacation time which is paid upon retirement or termination.

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Section 3: That Section 33.128 of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

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CHAPTER 33: CITY EMPLOYEES

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POLICE OFFICER'S RETIREMENT SYSTEM

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§ 33.128 NORMAL RETIREMENT.

(A) *Normal retirement date.* A member may retire on the first day of the month coincident with or next following the attainment of age 50 or on the first day of the

month coincident with or next following the completion of 25 years of creditable service. Effective June 7, 2006, a member may retire on the day he or she attains age 50 or completes 22 years of creditable service. A member hired prior to October 1, 2011 with less than ten years of credited service as of September 30, 2011 and a member hired on or after October 1, 2011 may retire on the day he or she attains age 55 and completes ten years of creditable service or on the day he or she attains age 52 and completes 25 years of creditable service. A member with 10 or more years of creditable service as of September 30, 2011 shall retain his or her current normal retirement date.

(B) *Normal retirement benefit.*

(1) Amount.

(a) The monthly retirement benefit shall be an amount equal to 3% of average monthly earnings times years and completed months of continuous service, up to September 30, 2011, not exceeding 20 years plus 4% of average monthly earnings times years and completed months of continuous service, up to September 30, 2011, after 20 years. Effective June 7, 2006, upon completion of 22 years of continuous service prior to October 1, 2011, a member shall be provided an accrued benefit of 80% of average monthly earnings (equivalent to three years of continuous service deemed earned at a 4% accrual rate). The maximum normal retirement benefit payable to a member whose accrued benefit as of June 7, 2006 is not in excess of 80% of average monthly earnings shall not exceed 80% of average monthly earnings, and the maximum normal retirement benefit payable to a member whose accrued benefit as of June 7, 2006 is in excess of 80% of average monthly earnings shall not exceed the member's accrued benefit as of June 7, 2006.

(b) Under the benefit structure effective October 1, 2011, the monthly retirement benefit shall equal 2.0% of average monthly earnings times years and completed months of continuous service earned on or after October 1, 2011 up to a maximum benefit equal to the net result of subtracting from 80% the sum of (i) the product of 3% times the number of years of continuous service, not exceeding 20 years, earned up to September 30, 2011 and (ii) the product of 4% times the number of years of continuous service, in excess of 20 years, earned up to September 30, 2011; provided, however, that if the member retires before attaining age 62, an additional benefit equal to 0.5% of

average monthly earnings times continuous service on and after October 1, 2011 shall be paid up to age 62.

(c) Anything to the contrary herein notwithstanding, a member's accrual rate shall not be less than 2% per year of continuous service.

* * *

(E) *Deferred retirement option plan ("DROP" plan).* A DROP plan is to be created and administered by the Board of Trustees of the Police Officer's Retirement System at no cost and with no liability to the city. Effective June 7, 2006, a member may enter into the DROP on the day he or she attains age 50 or completes 22 years of creditable service. A member who elects to enter the DROP plan shall have no recourse against the city for any claims with respect to the DROP payments or the DROP plan. A member, hired on or before September 30, 2009, who elects to enter the DROP plan shall have the option to receive a rate of return on his or her DROP account that is equal to the assumed rate of investment return on fund assets. In the case of a member hired on or after October 1, 2009, his or her DROP account shall earn interest at the rate of 6% per year. In the event the plan earning exceed 6% per year, the earnings in excess of 6% up to and including 12% per year shall offset the city's cost of maintaining the DROP program. Earnings in excess of 12% per year shall be equally divided between the DROP participant and the city. The maximum period of participation in the DROP plan for members who enter the DROP plan after June 7, 2006 shall be the lesser of 8 years or that period of participation in the DROP plan that would result in a total of 30 years of employment with the city. The city employment of each member who elects to participate in the DROP plan after June 7, 2006 shall terminate not later than the end of his or her maximum period of participation in the DROP plan. A member who does not enter the DROP prior to October 1, 2011 shall not be eligible to participate in the DROP.

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Section 4: That Section 33.131 of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

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CHAPTER 33: CITY EMPLOYEES

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POLICE OFFICER'S RETIREMENT SYSTEM

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§ 33.131 FINANCING OF THE SYSTEM.

The fund of the retirement system shall consist of monies derived from the following sources:

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(D) Members of the system shall contribute 8% of their earnings. Effective October 1, 2006, members of the system shall contribute 8.5% of their earnings. Payments to the member for overtime in excess of 223 hours for the period from June 7, 2006 through December 31, 2006, and for overtime in excess of 400 hours in calendar year 2007 and each calendar year thereafter shall be excluded from earnings for this purpose. After completion of 27 years of continuous service, members of the system shall contribute only 0.5% of their earnings. Effective October 1, 2009, members of the System shall contribute 9% of their earnings. Effective October 1, 2010, members shall contribute 9.25% of their earnings. ~~Effective October 1, 2011, members shall contribute 9.5% of their earnings.~~

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Section 5: That Section 33.136 of the Code of Ordinances is hereby amended to read as follows:

TITLE III: ADMINISTRATION

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CHAPTER 33: CITY EMPLOYEES

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POLICE OFFICER'S RETIREMENT SYSTEM

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§ 33.136 MISCELLANEOUS PROVISIONS.

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(M) *Annual increase in benefits.* Effective June 7, 2006, commencing three years after the date retirement benefits begin, a retired member who did not participate in the DROP plan shall receive a 2% annual increase in retirement benefits. Effective June 7, 2006, commencing upon the later of (i) separation from employment with the

city and (ii) three years after the member entered the DROP plan, a retired member who participated in the DROP plan shall receive a 2% annual increase in retirement benefits. The benefit provided in this subsection is frozen as of midnight on September 30, 2011. Under the benefit structure effective October 1, 2011, there shall be no annual increase in retirement benefits.

(N) *Supplemental pension distribution.* There shall be payable to eligible persons a supplemental pension distribution for each fiscal year in which the actual rate of investment return earned on fund assets exceeds the assumed rate of investment return on fund assets. The supplemental pension distribution shall be payable only to retirees (and surviving spouses and other beneficiaries thereof) who reached their normal retirement date or entered the DROP on or before September 30, 2011. The total amount of the supplemental pension distribution for a particular fiscal year shall be equal to the actuarial present value of future retirement benefits, as calculated on the eligible retirees' portion of the Fund's earnings attributable to assets apportioned to retiree benefit liability, multiplied by the excess (not to exceed 2%) of the actual rate of investment return over the assumed rate of investment return for the fiscal year. The Board of Trustees shall determine who is an eligible person and the specific amount to be paid to each eligible person.

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Section 6: That it is the intention of the City Commission that the provisions of this ordinance shall become and be made a part of the Code of Ordinances of the City of Hollywood, Florida, and the provisions of this ordinance may be renumbered to accomplish such intention.

Section 7: That if any word, phrase, clause, subsection or section of this ordinance is for any reason held unconstitutional or invalid, the invalidity thereof shall not affect the validity of any remaining portions of this ordinance.

Section 8: That all sections or parts of sections of the Code of Ordinances, all ordinances or parts of ordinances, and all resolutions or parts of resolutions in conflict herewith be and the same are hereby repealed to the extent of such conflict.

ORDINANCE FREEZING POLICE PENSION PLAN

Section 9: That this ordinance shall be in full force and effect immediately upon its passage and adoption.

ADVERTISED on _____, 2011.

PASSED on first reading this _____ day of _____, 2011.

PASSED AND ADOPTED on second reading this _____ day of _____, 2011.

PETER BOBER, MAYOR

ATTEST:

PATRICIA A. CERNY, MMC
CITY CLERK

APPROVED AS TO FORM & LEGALITY
for the use and reliance of the
City of Hollywood, Florida only:

JEFFREY P. SHEFFEL, CITY ATTORNEY

STATEMENT OF BUDGET IMPACT
(Policy Number 94-45)
Budgetary Review of Proposed Resolution &
Ordinances with Financial Implication.

Date: July 18, 2011

File: BIS 11 - 207

Proposed Legislation:

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, AMENDING THE SUBCHAPTER OF CHAPTER 33 OF THE CODE OF ORDINANCES TITLED "POLICE OFFICER'S RETIREMENT SYSTEM"; FREEZING THE POLICE OFFICER'S RETIREMENT PLAN EFFECTIVE SEPTEMBER 30, 2011 AND CREATING A NEW POLICE OFFICER'S RETIREMENT PLAN EFFECTIVE OCTOBER 1, 2011.

Statement of Budget Impact:

1. No Budget Impact associated with this action;
2. Sufficient budgetary resources identified/available;
3. Budgetary resources not identified/unavailable;
4. Potential increase in Revenue is possible with this action;
5. Will not increase the cost of Housing;
6. May increase the cost of Housing; (CDAB review required)

Explanation:

The City has determined that it is necessary to address the financial urgency by amending the Police Officers' Retirement Plan.

Section 33.138 of the Code of Ordinances provides, as one of the two methods of amending the Police Officers' Retirement Plan, a majority vote of those qualified electors of the City voting in a referendum election called for such purpose.

The amendments to the plan are as follows:

- The definition of Average Final Compensation will be amended by using the arithmetic average of earnings for the 60 highest consecutive months, of the last 120 months of credited service prior to retirement, termination, or death.
- The definition of Earnings shall be the sum of the following amounts actually paid to a member: salary; longevity pay; and assignment pay. Earning shall not include overtime pay, payments for accrued holiday time, payment for accrued blood time, annual "cash-out" payments for accrued vacation time, compensatory time, unused sick time or unused vacation time, which is paid upon retirement or termination.
- The Normal Retirement date will change to reflect that a member hired prior to October 1, 2011 with less than ten years of credited service as of September 30, 2011

and a member hired on or after October 1, 2011 may retire on the day he or she attains 55 and completes ten years of creditable service or on the day he or she attains 52 and complete 25 years of creditable service. A member with 10 or more years of creditable service as of September 30, 2011 shall retain his or her current normal retirement date.

- The normal retirement structure effective October 1, 2011, will have a monthly retirement benefit to equal 2% of average monthly earnings times years and completed months of continuous service earned on or after October 1, 2011 up to a maximum benefit equal to the net result of subtracting from 80% the sum of the product of 3% times the number of years of continuous service, not exceeding 20 years, earned up to September 30, 2011 and the product of 4% times the number of years of continuous service, in excess of 20 years, earned up to September 30, 2011; provided that if the member retires before attaining age 62, an additional benefit equal to 0.5% of average monthly earnings times continuous service on and after October 1, 2011 shall be paid up to age 62.
- A member who does not enter the DROP prior to October 1, 2011 shall not be eligible to participate in the DROP.
- Effective June 7, 2006, commencing upon the later of separation from employments with the city and three years after the member entered the DROP plan; a retired member received a 2% annual increase in retirement benefits. As of October 1, 2011, there shall be no annual increase in retirement benefits.
- The supplemental pension distribution shall be payable only to retirees (and surviving spouses and other beneficiaries thereof) who reached their normal retirement date or entered the DROP plan prior to September 30, 2011.

PREPARED BY: Micheline Vitale
Budget Officer

APPROVED BY: Matthew Lalla
Director, Finance and Information Technology