

ORDINANCE NO. 1075 – 2014

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MIAMI SPRINGS, AMENDING THE MIAMI SPRINGS POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM; IMPLEMENTING THE PENSION PLAN CHANGES CONTAINED IN THE 2014 – 2017 COLLECTIVE BARGAINING AGREEMENT BETWEEN THE CITY AND FRATERNAL ORDER OF POLICE; AMENDING CODE OF ORDINANCE SECTION 35-51, DEFINITIONS; AMENDING CODE OF ORDINANCE SECTION 35-53, BENEFIT AMOUNTS AND ELIGIBILITY; AMENDING CODE OF ORDINANCE SECTION 35-55, CONTRIBUTIONS; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT; PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of Miami Springs and the Fraternal Order of Police recently entered into a collective bargaining agreement for fiscal years 2014-15 through 2016-17; and

WHEREAS, the collective bargaining agreement contains certain changes to the Police and Firefighters' Retirement System; and

WHEREAS, to implement the collective bargaining agreement it is necessary to amend the Police and Firefighters' Retirement System ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MIAMI SPRINGS:

Section 1: That Code of Ordinance Section 35-51, Definitions, is hereby amended as follows:

Sec. 35-51. Definitions.

For purposes of §§ 35-50 -- 35-59, the following words and phrases shall have the following meanings ascribed to them respectively.

- (A) *Accumulated contributions*.....
- (B) *Agreement*.....

(C) Average monthly earnings. For the purpose of calculating a member's benefit based on continuous service prior to October 12, 2014, average monthly earnings means the average of earnings for the three-consecutive-year period of continuous service which produces the highest average. For the purpose of calculating a member's benefit based on continuous service on and after October 12, 2014, average monthly earnings means the average of earnings for the five best years of the last ten years of continuous service prior to retirement, termination or death. Notwithstanding the preceding sentence, for a member who is employed and within three years of the normal retirement date on October 12, 2014 average monthly earnings means the average of earnings for the three-consecutive-year period of continuous service which produces the highest average.

- (D) *Beneficiary.....*
- (E) *Board.....*
- (F) *Continuous service.....*
- (G) *Earnings.....*
- (H) *Employee*
- (I) *Fund.....*
- (J) *Member.....*
- (K) *Qualified actuary.....*
- (L) *Spouse.....*
- (M) *System.....*

Section 2: That Code of Ordinance Section 35-53, Benefit amounts and eligibility, is hereby amended as follows:

Section 35-53. Benefit amounts and eligibility.

(A) Frozen Accrued Benefit. Notwithstanding any other provision of the System, the accrued benefits of all members of this System who are employed and not participating in the DROP on October 12, 2014 shall be frozen on that date. All such members shall be fully vested in their frozen accrued benefit. The value of each member's frozen accrued benefit shall

be calculated in accordance with the provisions of the System in effect on October 11, 2014, based on the member's continuous service and average monthly earnings on that date. The frozen accrued benefit shall be payable to the member (or placed in the member's DROP account, if applicable) upon attaining the normal retirement date set forth in subsection (B) below; or a reduced benefit shall be payable to the member upon attaining the early retirement date set forth in subsection (C) below. Upon retirement or entry into the DROP, a member whose accrued benefit is frozen on October 12, 2014 shall be eligible for a retirement benefit in two parts: the frozen accrued benefit based on the member's continuous service and average monthly earnings on October 12, 2014; and the benefit based on the member's continuous service on and after October 12, 2014. The provisions of this subsection (A) shall not apply to a member who is employed and within three years of the normal retirement date on October 12, 2014

(AB) *Normal retirement.* For members hired before October 12, 2014, a member's normal retirement date shall be the first day of the month coincident with or next following the earlier of the attainment of his/her 55th birthday, and the completion of ten years of continuous service or completion of 20 years of continuous service regardless of age. For members hired on or after October 12, 2014, a member's normal retirement date shall be the first day of the month coincident with or next following the earlier of the attainment of his/her 55th birthday, and the completion of ten years of continuous service, or the first day of the month coincident with or next following the attainment of his/her 52nd birthday, and the completion of twenty-five years of continuous service. Except as provided herein, a member may retire on his/her normal retirement date or on the first day of any month thereafter. Each member shall become 100 percent vested in his/her accrued benefit on his/her normal retirement date. A member's normal retirement benefit shall be as follows:

- (1) *Duration.* A member retiring hereunder on or after his/her normal retirement date shall receive a monthly benefit which shall commence on his/her retirement date, and be continued thereafter during his/her lifetime, ceasing upon death, but subject in any event to the provision of division (F). Other optional forms of payment providing death benefits shall also be available as specified herein.
- (2) *Amount.* For members hired before October 12, 2014, the monthly retirement benefit for continuous service prior to October 12, 2014 shall be equal to 3.5 percent of average monthly earnings multiplied by the number of years and completed months of continuous service; and for continuous service on and after October 12, 2014 the monthly retirement benefit shall be equal to 3.5 percent of

average monthly earnings multiplied by the number of years and completed months of continuous service up to twenty years, and 3.0 percent of average monthly earnings multiplied by the number of years and completed months of continuous service after twenty years. Notwithstanding the preceding sentence, the monthly retirement benefit for members hired before October 12, 2014 shall not exceed 85% of average monthly earnings; provided, any member who has accrued a benefit in excess of 85% of average monthly earnings on October 12, 2014 shall retain the benefit percentage accrued on that date, but shall not accrue any additional benefit percentage thereafter (but in no event shall the benefit be less than 2.0 percent for each year of continuous service). The monthly retirement benefit for members hired on or after October 12, 2014 shall be equal to 2.5 percent of average monthly earnings multiplied by the number of years and completed months of continuous service, up to a maximum of 70% of average monthly earnings (but in no event less than 2.0 percent for each year of continuous service). Notwithstanding the provisions of this paragraph (2), the monthly retirement benefit for a member who is employed and within three years of the normal retirement date on October 12, 2014 shall be equal to 3.5 percent of average monthly earnings multiplied by the number of years and completed months of continuous service.

- (BC) *Early retirement.....*
- (GD) *Disability.....*
- (DE) *Pre-retirement death.....*
- (EF) *Vesting.....*
- (FG) *Minimum benefits.....*
- (GH) *Termination of employment.....*
- (HI) *Denial of benefits.....*
- (IJ) *Limitation on benefits.....*
- (JK) *Maximum compensation.....*
- (KL) *Deferred retirement option plan ("DROP")*
 - (1) Eligibility to participate in the DROP.

- (a) Any member who is eligible to receive a normal retirement benefit ~~and who has either attained age 55 with ten years of continuous service, or completed 20 years of continuous service~~, may participate in the DROP. Members shall elect to participate by applying to the board on a form provided for that purpose.
- (b) Plan members who enter the DROP with at least 20 but less than 27 years of service may participate in the DROP for up to five years.
- (c) Plan members with 27 or more years of service, but less than 35 years of service may enter the DROP and participate for up to three years.
- (d) Plan members with 35 or more years of service may enter the DROP at any time and participate for up to two years.
- (e) The following examples are provided for further explanation of the foregoing provisions:
- Members hired before October 12, 2014 who enter the DROP after 20 years of service—5 years of DROP participation.
 - Members hired before October 12, 2014 who enter the DROP after 23 years of service—5 years of DROP participation.
 - 25 years of service—5 years of DROP participation.
 - 26 years of service—5 years of DROP participation.
 - 27 years of service—3 years of DROP participation.
 - 30 years of service—3 years of DROP participation.
 - 35 years of service—2 years of DROP participation.
- (f) Upon a member's election to participate in the DROP, he or she shall cease to be a member and shall be precluded from accruing any additional benefits under the pension plan. For all pension plan purposes, the DROP participant shall be considered to be retired. The amount of continuous service and average monthly earnings freeze as of the date of entry into the DROP.

Section 3: That Code of Ordinance Section 35-55, Contributions, is hereby amended as follows:

Section 35-55. Contributions.

- (A) *Member contributions.....*
- (B) *State contributions.....*
- (C) *City contributions.....*

(1) On behalf of bargaining unit members and nonbargaining unit managerial employees employed in that capacity after the adoption of this amended provision. So long as this system is in effect, the City shall make an annual contribution to the trust fund in an amount equal to the difference in each year as between the total of aggregate member contributions for the year plus state contributions for the year, and the total cost for the year as shown by the most recent actuarial valuation and report for the system. The total cost for any year shall be defined as the total of normal cost plus the additional amount sufficient to fund the unfunded accrued past service liability over a 40-year period, commencing with the fiscal year in which the effective date of this system occurs. However, should the combined cost of the City's and the employee's contributions in any one year exceed 18 percent of the total budgeted payroll for police officers for that year, the excess over 18 percent shall be rounded to the nearest 0.1 percent of budgeted payroll, and the resulting excess rate over 18 percent shall be divided in two with members paying half the excess and the City paying the other half for that fiscal year. Should the combined cost of the City's and the employees' contributions of the total cost in a given fiscal year be less than 14 percent of the total budgeted payroll for police officers for that year, the difference under 14 percent shall be rounded to the nearest 0.1 percent of budgeted payroll. The resulting amount shall be divided in two with members reducing their contribution rates by half the difference, and the City reducing its contribution by the remaining half for that fiscal year.

(2) On behalf of the grandfathered nonbargaining unit managerial employees.

(a) Non-bargaining unit managerial employees employed in that capacity as to the date of the adoption of this amendment to this division of the police retirement system on September 27, 1993, shall continue to be covered by the provisions of the prior division (included hereinafter) as if the same has not been amended. New nonbargaining unit managerial employees, becoming employed in that capacity after the adoption of this amendment to this division of the police retirement system on September 27, 1993 shall be

governed and/or continue to be governed by the foregoing provision which shall also cover bargaining unit members.

(b) Those police retirement system members grandfathered pursuant to subdivision (a) above shall be governed by the following language as to City contributions:

So long as this system is in effect, the City shall make an annual contribution to the trust fund in an amount equal to the difference in each year as between the total of aggregate member contributions for the year plus state contributions for the year, and the total cost for the year as shown by the most recent actuarial valuation and report for the system. The total cost for any year shall be defined as the total of normal cost plus the additional amount sufficient to fund the unfunded accrued past service liability over a 40-year period, commencing with the fiscal year in which the effective date of this system occurs. However, should the City's portion of the total cost for grandfathered members in a given fiscal year exceed 23 percent of the total budgeted payroll for police officers for that year, the excess over 23 percent shall be rounded to the nearest 0.1 percent of budgeted payroll, and the resulting excess rate over 23 percent shall be divided in two with grandfathered members paying half the excess and the City paying the other half for that fiscal year. Should the City's portion of the total cost in a given fiscal year be less than 23 percent of the total budgeted payroll for grandfathered police officers for that year, the difference under 23 percent shall be rounded to the nearest 0.1 percent of budgeted payroll. The resulting amount shall be divided in two with the grandfathered members reducing their contribution rates by half the difference, and the City reducing its contribution by the remaining half for that fiscal year.

(3) Notwithstanding paragraphs (1) and (2) above, for the plan years beginning October 1, 2014 and October 1, 2015~~2012~~, the maximum employee contribution calculated in accordance with paragraphs (1) and (2) above shall be ~~reduced to~~ 16 percent, and for the plan year beginning October 1, 2016, the maximum employee contribution shall be 15.5 percent. All using-accumulated excess and annual excess Chapter 185 premium tax monies shall be used to fund the reduction in employee contributions provided in the preceding sentence, and to the extent that excess Chapter 185 premium tax revenues are not sufficient to fully fund the reduction, the City's contribution shall be increased. ; ~~and for the plan year beginning October 1, 2013, the employee contribution~~

~~calculated in accordance with paragraphs (1) and (2) shall be reduced to 16 percent, using accumulated excess Chapter 185 premium tax monies to fund the reduction. If the total amount of accumulated excess premium tax monies available on October 1, 2013, is not sufficient to fund the reduction in the employee contribution to 16 percent, then the employee contribution shall be reduced to the lowest level that the total amount of accumulated excess premium tax monies available on October 1, 2013, are sufficient to fund. Effective October 1, 2017, employee contributions shall be determined in accordance with paragraphs (1) and (2) above.~~

(4)

(D) Other.....

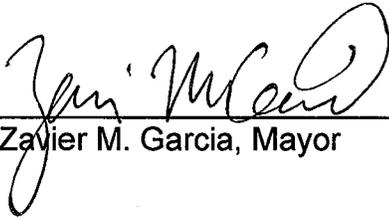
Section 4: That all Ordinances or parts of Ordinances in conflict herewith are hereby repealed insofar as they are in conflict.

Section 5: That this Ordinance shall take effect immediately upon adoption.

PASSED ON FIRST READING this 1st day of October, 2014, on a motion made by Councilman Lob and seconded by Councilman Bain.

PASSED AND ADOPTED ON SECOND READING this 13th day of October, 2014, on a motion made by Councilman Lob and seconded by Vice Mayor Petralanda.

Vice Mayor Petralanda	<u>YES</u>
Councilman Windrem	<u>YES</u>
Councilman Bain	<u>YES</u>
Councilman Lob	<u>YES</u>
Mayor Garcia	<u>YES</u>



Javier M. Garcia, Mayor

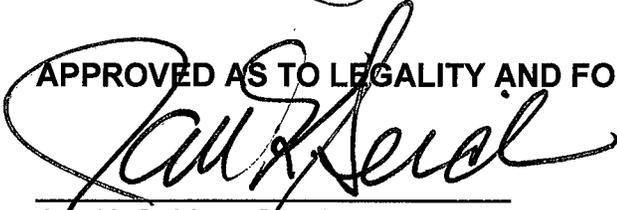
ATTEST:



Erika Gonzalez-Santamaria, CMC, City Clerk



APPROVED AS TO LEGALITY AND FORM:



Jan K. Seiden, City Attorney

Words ~~stricken through~~ shall be deleted. Underscored words constitute the amendment proposed. Words remaining are now in effect and remain unchanged.