



Memorandum

RECEIVED

To: ROBERT DORN, CHAIRMAN
POLICE OFFICERS' RETIREMENT PLAN BOARD

From: KIMBERLY A. REGISTER, CITY ATTORNEY

Date: NOVEMBER 7, 2005

Re: PROPOSED AMENDMENT TO CHAPTER 11 – C05311

Per.....

Enclosed is a proposed amendment to the pension ordinance. The proposed ordinance incorporates changes in the Police Officers' and Lieutenant's Retirement Plan approved in the collective bargaining agreement with the Police Benevolent Association and the Florida State Lodge Fraternal Order of Police.

The first reading is scheduled for November 8, 2005. Second reading should be December 13, 2005.

KAR:rm
Enclosure

cc: Pension Board Administrator ✓

f:\general\pension\noticePolice-110805-C05-311

SUNRISE, FLORIDA

ORDINANCE NO. _____

AN ORDINANCE IMPLEMENTING CERTAIN TERMS OF THE 2003-2006 COLLECTIVE BARGAINING AGREEMENT BETWEEN THE CITY AND THE FLORIDA STATE LODGE, FRATERNAL ORDER OF POLICE, AND THE 2003-2006 COLLECTIVE BARGAINING AGREEMENT BETWEEN THE CITY AND THE POLICE BENEVOLENT ASSOCIATION; REVISING CERTAIN PROVISIONS OF THE POLICE OFFICERS' RETIREMENT PLAN; AMENDING SECTION 11-31 OF THE CITY CODE, REVISING THE NORMAL RETIREMENT BENEFIT FOR POLICE OFFICERS; AMENDING SECTION 11-52 OF THE CITY CODE, REVISING THE DEFERRED RETIREMENT OPTION PLAN AND SUPPLEMENTAL BENEFIT FOR POLICE OFFICERS; CREATING A NEW SECTION 11-60 OF THE CITY CODE, PROVIDING A COST OF LIVING ADJUSTMENT FOR RETIRED MEMBERS OF THE POLICE OFFICERS' RETIREMENT PLAN; PROVIDING FOR CONFLICT; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN THE CODE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City has entered into a collective bargaining agreement with the Florida State Lodge, Fraternal Order of Police, for the period October 1, 2003 through September 30, 2006; and

WHEREAS, the City has entered into a collective bargaining agreement with the Police Benevolent Association, for the period October 1, 2003 through September 30, 2006; and

WHEREAS, the above-referenced collective bargaining agreements contain certain changes to the City of Sunrise Police Officers' Pension Plan; and

WHEREAS, to implement the changes to the Police Officers' Pension Plan reflected in the collective bargaining agreements, an amendment to Chapter 11 of the City Code is necessary; and

WHEREAS, the City has obtained an actuarial impact statement concerning the retirement plan changes in accordance with Article X, Section 14 of the Florida Constitution and Section 112.63, Florida Statutes;

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

Section 1. Section 11-31 of the City Code for the City of Sunrise, is amended to read as follows:

Sec. 11-31. Normal retirement benefits.

* * *

(c) Notwithstanding the provisions of paragraph (a), members of the police officers' retirement plan who retire or terminate employment on or after January 1, 2006, shall be entitled to a retirement benefit of three (3) percent of average final compensation for each year of creditable service for the first ten (10) years of creditable service, four (4) percent of average final compensation per year for years 11 through 20 of creditable service, and two (2) percent of average final compensation per year for years 21 through 25 of creditable service (with a maximum benefit cap of eighty (80) percent). For example, a police officer with twenty-five (25) years of creditable service would receive the maximum retirement benefit of eighty (80) percent of average final compensation. In no event shall any police officer receive a benefit that is less than two (2) percent of average final compensation for each year of creditable service. Any police officer who was actively employed on October 1, 2003, and retires or enters the DROP on or after January 1, 2006, shall receive a pension benefit calculated in accordance with paragraph (a), above, or in accordance with this paragraph (c), whichever provides a greater benefit. When determining which formula creates the greater

benefit, after the benefit under paragraph (a) is calculated, an additional two (2) percent will be added to the total percentage derived under paragraph (a) for police officers who were vested in the Plan as of January 1, 2006 and who retire or enter the DROP after that date; and an additional two (2) percent will be added to the total percentage derived under paragraph (a) for police officers who are actively employed until normal retirement at age 53 with ten (10) or more years of creditable service.

(d) All members of the plan may select benefits described in section 11-36 instead of the benefits described in this section and sections 11-32 and 11-33.

Section 2. Section 11-52 of the City Code for the City of Sunrise, is amended to read as follows:

Sec. 11-52. Supplemental benefit for police officers; deferred retirement option program for police officers.

(a) This section applies only to the police officers' retirement plan.

(b) Deferred retirement option program for police officers (DROP).

(1) A deferred retirement option plan ("DROP") is hereby established for eligible police officers.

(2) Eligibility and participation:

a. A police officer who reaches normal retirement age (age fifty-three (53) with ten (10) years of creditable service or completion of twenty (20) years of creditable service regardless of age) shall be eligible to participate in the DROP.

b. A member's election to participate in the DROP shall be irrevocable.

c. An eligible member who elects to participate in the DROP on or after January 1, 2006 within five (5) years following the member's earliest normal retirement date may participate in the DROP for a maximum of sixty (60) months from the date of entry into the DROP. ~~may participate in the DROP~~

~~for a maximum of sixty (60) months from the date the DROP plan is implemented (if the member is eligible at that time), or from the date the member reaches his or her earliest normal retirement date. An eligible member may elect to participate in the DROP with thirty (30) days advance written notice to the city at any time after reaching the earliest normal retirement date or during the applicable DROP period; however, in no event will the DROP period for a member who elects to participate in the DROP on or after January 1, 2006, be extended beyond sixty (60) months from the date the member enters the DROP or one hundred-twenty (120) months after the member's earliest normal retirement date, whichever occurs first. is first eligible to participate. On or after January 1, 2006, a member who delays entry into the DROP beyond sixty (60) months after reaching the earliest normal retirement date may elect to enter the DROP, upon thirty (30) days advance written notice to the City, and for every month the member delays entry into the DROP beyond sixty (60) months after reaching the earliest normal retirement date, the maximum DROP period shall be reduced by one month. Example: A member who enters the DROP on or after January 1, 2006 within sixty (60) months after reaching his/her earliest normal retirement date shall be eligible to participate in the DROP for a maximum of sixty (60) months from the date the member enters the DROP. If the same member waits seventy-two (72) months after reaching his/her earliest normal retirement age before entering the DROP, A member who has attained normal retirement age prior to the time the DROP plan is implemented shall be eligible to participate in the DROP for up to sixty (60) months from the implementation date. Example 1: A member who has already reached normal retirement age at the time the DROP plan is implemented, but waits twelve (12) months before submitting an~~

~~election to participate in the DROP, will be able to participate in the DROP for a maximum of forty eight (48) months. Example 2: A member who reaches normal retirement age after the DROP plan is implemented shall be eligible to participate in the DROP for a maximum of sixty (60) months from the date the member is first eligible to participate, if the member waits twelve (12) months after reaching normal retirement age before submitting an election to participate in the DROP, the member will be able to participate in the DROP for a maximum of forty-eight (48) months. A member who elects to participate in the DROP can elect to terminate DROP participation and city employment sooner than the maximum DROP period, with thirty (30) days advance written notice to the city.~~

(3) DROP plan features:

- a. An eligible member who elects to participate in the DROP will be considered to have retired for purposes of the pension plan. The member's monthly retirement benefit, determined in accordance with the plan based on years of creditable service and average final compensation at the time the member enters the DROP, will be paid into his or her ~~other~~ DROP account every month during the DROP period. No member contributions shall be required after a member enters the DROP, and the member will not accrue any additional creditable service or any additional benefits under the pension plan after entering the DROP.
- b. A member who elects to participate in the DROP shall not be eligible for disability or preretirement death benefits under the pension plan. In addition, members who elect to participate in the DROP shall not receive supplemental retirement benefits until after the DROP period.
- c. As a condition of participating in the DROP, the member must agree to terminate city employment at the conclusion of the DROP

period and to submit an irrevocable letter of resignation stating this prior to entering the DROP.

- d. Participation in the DROP is not a guarantee of employment, and DROP participants will be subject to the same employment standards and policies that are applicable to employees who are not DROP participants.
- e. During a member's participation in the DROP, the member's monthly retirement benefit will be paid into the DROP account. The member's DROP account will earn interest at the same rate as the investment earnings assumption for the pension plan (compounded monthly). The investment earnings assumption may be adjusted up or down during a member's participation in the DROP, which will result in a change in the prospective interest rate credit on the member's DROP account.
- f. Within thirty (30) days following a DROP participant's termination of city employment or death, the member's entire DROP account balance shall be distributed to the member (or in the event of the member's death, to the member's designated beneficiary or estate in accordance with paragraph (23)g. below) in a cash lump sum, unless the member elects to have all or any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the member in a direct rollover. Any such direct rollover will be accomplished in accordance with section 11-50 of the pension plan.
- g. If a DROP participant dies before his or her DROP account is distributed, the participant's designated beneficiary shall have the same rights as the participant with respect to the distribution of the DROP account. If the member has not designated a beneficiary, the DROP account balance shall be paid to the member's estate.
- h. The pension board shall adopt any necessary rules for administering the DROP.

(c) Police officers who retire and begin receiving normal or early retirement benefits on or after August 14, 2001, shall receive a supplemental monthly benefit in the initial amount of ten dollars (\$10.00) per year of creditable credited service, up to a maximum of two hundred dollars (\$200.00) per month until age sixty-five (65), and six dollars and twenty-five cents (\$6.25) per year of creditable credited service up to a maximum of one hundred twenty-five dollars (\$125.00) per month thereafter, contingent on the annual adjustment described in paragraph (d), below. Police officers who terminate employment and begin receiving normal or early retirement benefits on or after January 1, 2006, shall receive a supplemental monthly benefit in the initial amount of sixteen dollars and twenty-five cents (\$16.25) per year of creditable service up to a maximum of three hundred twenty-five dollars (\$325.00) per month until age 65, and ten dollars (\$10) per year of creditable service up to a maximum of two hundred dollars (\$200) per month thereafter, contingent on the annual adjustment described in paragraph (d) below. Each retiree's supplemental benefit shall be in addition to the normal retirement benefit paid under the current plan, and shall be paid only if the retiree is then alive. Each retiree's supplemental benefit shall be determined on an annual basis, and the amount of the benefit may vary from year to year or the benefit may be discontinued entirely, based on the adjustment described in paragraph (d), below.

(d) Should legislation be enacted or agency action implementing the legislation be taken, or if there is an administrative or court decision interpreting such legislation, and if the legislation, agency action or decision results in an increase in required employer contributions to the pension fund, the benefits described in paragraph (c), above, shall be adjusted to offset the increased employer contributions resulting from the state legislation, agency action or decision. Once the amount of the increased employer contribution resulting from state legislation, agency action or decision is determined, the city shall adjust the benefits in paragraph (c), above, to produce a decrease in employer contributions equal to the increased employer contribution resulting from state legislation, agency action or decision. Any such adjustment shall be made effective as the date the legislation, agency action or decision becomes effective. To the extent the effective date of such legislation, agency action or decision is retroactive, then the adjustment in benefits provided in paragraph (c) shall also be retroactive.

Section 3. A new Section 11-60 of the City Code for the City of Sunrise, is created to read as follows:

Sec. 11-60. Cost of living adjustment for police officers.

Effective January 1, 2006, an annual two (2) percent cost of living adjustment (COLA) shall be provided to members of the police officers' retirement plan who terminate employment and begin receiving normal retirement benefits (either directly or through the DROP) on or after January 1, 2006, and the beneficiaries of such members, in accordance with this section. The COLA shall commence at the end of the fifth year following initial receipt of retirement benefits, or for DROP participants, five (5) years after entry into the DROP.

Section 4. Conflict. All ordinances or parts of ordinances, all City Code Sections or parts of City Code sections, and all resolutions or parts of resolutions in conflict with this ordinance are hereby repealed to the extent of such conflict.

Section 5. Severability. Should any provision of this Ordinance be declared by a court of competent jurisdiction to be invalid, the same shall not affect the validity of the Ordinance as a whole, nor any part thereof, other than the part declared to be invalid.

Section 6. Inclusion in the City Code. It is the intention of the City Commission, and it is hereby ordained that the provisions of this Ordinance shall become and be made a part of the Code of the City of Sunrise, Florida.

Section 7. Effective Date. This Ordinance shall be effective immediately upon its passage.

PASSED AND ADOPTED upon this first reading this ___ day of _____ 2005.

PASSED AND ADOPTED upon this second reading this ____ day of _____ 2005.

Steven B. Feren, Mayor

Authentication:

Felicia M. Bravo
City Clerk

FIRST READING

Motion: _____
Second: _____

ALU: _____
HARLEM: _____
ROSEN: _____
SCUOTTO: _____
FEREN: _____

SECOND READING

Motion: _____
Second: _____

ALU: _____
HARLEM: _____
ROSEN: _____
SCUOTTO: _____
FEREN: _____

Approved by the City Attorney
as to Form and Legal Sufficiency.

Kimberly A. Register