

REQUESTED COMMISSION ACTION:

Consent X Ordinance Resolution Consideration/ Discussion Presentation

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF POMPANO BEACH, FLORIDA, AMENDING CHAPTER 34, "CITY POLICY," OF THE POMPANO BEACH CODE OF ORDINANCES BY AMENDING SECTION 34.024, "ACCRUED BENEFITS;" TO COMPLY WITH RECENT CHANGES IN THE COLLECTIVE BARGAINING AGREEMENT BETWEEN THE FEDERATION OF PUBLIC EMPLOYEES AND THE CITY OF POMPANO BEACH FOR THE CONTRACT PERIOD BEGINNING OCTOBER 1, 2014 AND ENDING SEPTEMBER 30, 2017; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.

Summary of Purpose and Why:

This ordinance revises the vesting period for the General Employees Retirement System from ten (10) years to seven (7) years to implement changes required by the recently ratified contract with the Federation of Public Employees. There is an actuarial impact for these changes of .05% of payroll or \$12,453.

- (1) Origin of request for this action: Human Resources
(2) Primary staff contact: Michael Smith 954-786-5549
(3) Expiration of contract, if applicable: N/A
(4) Fiscal impact and source of funding: \$12,453, funding is available within the current budget.

Table with 4 columns: DEPARTMENTAL COORDINATION, DATE, DEPARTMENTAL RECOMMENDATION, DEPARTMENT HEAD SIGNATURE. Rows include Budget, Human Resources, City Attorney, and Finance.

Advisory Board
Planning Director
Public Works Director
X City Manager

ACTION TAKEN BY COMMISSION:

Table with 4 columns: Ordinance, Resolution, Consideration, Results. Rows include Workshop 1st Reading and 2nd Reading.

ORDINANCE NO. _____

CITY OF POMPANO BEACH
Broward County, Florida

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF POMPANO BEACH, FLORIDA, AMENDING CHAPTER 34, "CITY POLICY," OF THE POMPANO BEACH CODE OF ORDINANCES BY AMENDING SECTION 34.024, "ACCRUED BENEFITS;" TO COMPLY WITH RECENT CHANGES IN THE COLLECTIVE BARGAINING AGREEMENT BETWEEN THE FEDERATION OF PUBLIC EMPLOYEES AND THE CITY OF POMPANO BEACH FOR THE CONTRACT PERIOD BEGINNING OCTOBER 1, 2014 AND ENDING SEPTEMBER 30, 2017; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Pompano Beach has established a retirement plan for its general employees, which is codified in Sections 34.010 through 34.040 of the City Code of Ordinances; and

WHEREAS, the Federation of Public Employees and the City of Pompano Beach, Florida have entered into a Collective Bargaining Agreement for the period of October 1, 2014 to September 30, 2017; and

WHEREAS, that Collective Bargaining Agreement includes changes in the benefit provisions of the City of Pompano Beach General Employees' Retirement System; and

WHEREAS, the City Commission wishes to change the terms of the City of Pompano Beach General Employees' Retirement System to effectuate the changes called for in the Collective Bargaining Agreement; and

WHEREAS, the City Commission has received and reviewed an actuarial impact statement from the Retirement Board's Actuary relating to the amendments set forth herein; and

WHEREAS, pursuant to law, ten (10) days' notice has been given by publication in a paper of general circulation in the City, notifying the public of this proposed ordinance and of a public hearing in the City Commission Chambers of the City of Pompano Beach; and

WHEREAS, a public hearing before the City Commission was held pursuant to the published notice described above, at which hearing the parties in interest and all other citizens so desiring had an opportunity to be and were, in fact, heard; now, therefore,

BE IT ENACTED BY THE CITY OF POMPANO BEACH, FLORIDA:

SECTION 1. Section 34.024(A) of the City Code is amended to read as follows:

(A) If a member terminates his employment, either voluntarily or by lawful discharge, and is not at that time eligible for either a normal, early, or disability retirement benefit under this system, he shall be entitled to a percentage of his accrued benefit according to the following schedule.

Vesting Schedule

Completed Years of Continuous Service	Cumulative Vested Interest
Less than 10 <u>7</u> Years	None
10 <u>7</u> Years <u>or more</u>	100%

* * *

SECTION 2. If any provision of this Ordinance or the application thereto to any person or circumstances is held invalid, such invalidity shall not affect any provisions or applications of this Ordinance that can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are declared to be severable.

SECTION 5. This Ordinance shall become effective on January 13,2015.

PASSED FIRST READING this ___ day of _____, 2015.

PASSED SECOND READING this ___ day of _____, 2015.

LAMAR FISHER, MAYOR

ATTEST:

ASCELETA HAMMOND, CITY CLERK



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February 24, 2015

Ms. Madelene L. Klein
Executive Director
City of Pompano Beach
General Employees' Retirement System
555 South Andrews Avenue, Suite 106
Pompano Beach, FL 33069

Impact of Proposed Ordinance

Dear Ms. Klein:

As requested, we have reviewed the proposed Ordinance attached to your email dated February 11, 2015 with respect to the City of Pompano Beach General Employees' Retirement System.

We understand the proposed ordinance reduces the vesting period from 100% at 10 years of service to 100% at 7 years of service. The methods and assumptions are the same as those used in the October 1, 2014 valuation.

The proposed ordinance increases the unfunded liability by \$47,337 and increased the employer's annual required contribution by \$12,453 and \$12,336 payable on a quarterly and a lump sum basis respectively. The detailed results are in the following tables.

Please let us know if you have any questions.

Sincerely,

Jose I. Fernandez, ASA, EA, FCA, MAAA
Principal and Consulting Actuary

Todd B. Green, ASA, FCA, MAAA
Principal and Consulting Actuary

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City of Pompano Beach General Employees' Retirement System

Table I

	As of October 1, 2014	
	Current Plan	7 Year Vesting
1. Number of Participants		
a. Active Participants		
i. City and BSO Employees	443	443
ii. Elected and Appointed Officials	8	8
iii. Senior Management	17	17
iv. Sub-total	<u>468</u>	<u>468</u>
b. Deferred Vested Participants	25	25
c. Retired Participants:		
i. Participants in DROP	47	47
ii. Non-disabled	271	271
iii. Disabled	21	21
iv. Beneficiaries	45	45
v. Sub-total	<u>384</u>	<u>384</u>
d. Total Participants	<u>877</u>	<u>877</u>
2. Total Annual Payroll		
a. Elected Officers	\$629,296	\$629,296
b. Non-elected members (Plan 1)	\$21,266,258	\$21,266,258
c. Non-elected members (Plan 2)	\$4,152,857	\$4,152,857
d. Total	<u>\$26,048,411</u>	<u>\$26,048,411</u>
3. Total Projected Payroll	<u>\$26,673,573</u>	<u>\$26,673,573</u>
4. Total Retired Member Benefits	<u>\$10,752,240</u>	<u>\$10,752,240</u>
5. Derivation of Unfunded Accrued Liability (UAL)		
a. Present Value of Future Benefits	\$230,316,134	\$230,402,781
b. Present Value of Future Normal Cost	(\$29,569,334)	(\$29,608,644)
<i>City Portion</i>	(\$10,916,609)	(\$10,955,919)
<i>Member Portion</i>	(\$18,652,725)	(\$18,652,725)
c. Actuarial Accrued Liability (AAL)	\$200,746,800	\$200,794,137
d. Actuarial Value of Assets	(\$144,640,159)	(\$144,640,159)
e. Unfunded Accrued Liability (c. + d.)	<u>\$56,106,641</u>	<u>\$56,153,978</u>



City of Pompano Beach General Employees' Retirement System

Table II

	Fiscal Year 2016	
	Current Plan	7 Year Vesting
1. Annual Cost (Payable Quarterly 1st Payment 10/1)		
a. Normal Cost	\$3,971,996	\$3,980,123
b. Payment to Amortize Unfunded Liability	\$3,774,713	\$3,777,791
c. Administrative Expenses	\$485,888	\$485,888
d. Interest Adjustment	\$916,833	\$918,081
e. Total (a. + b.+ c.+ d.)	\$9,149,430	\$9,161,883
f. Expected Member Contributions	\$2,539,324	\$2,539,324
g. Expected City/County Contribution	\$6,610,106	\$6,622,559
h. Total (f + g.)	\$9,149,430	\$9,161,883
2. Annual Cost (Payable as a Single Lump Sum on 12/31)		
a. Normal Cost	\$3,971,996	\$3,980,123
b. Payment to Amortize Unfunded Liability	\$3,774,713	\$3,777,791
c. Administrative Expenses	\$485,888	\$485,888
d. Interest Adjustment	\$831,333	\$832,465
e. Total (a. + b.+ c.+ d.)	\$9,063,930	\$9,076,266
f. Expected Member Contributions	\$2,539,324	\$2,539,324
g. Expected City/County Contribution	\$6,524,606	\$6,536,942
h. Total (f + g.)	\$9,063,930	\$9,076,266
3. Annual Cost (as a % of projected payroll)		
a. Quarterly Basis		
i. Total Required Contribution	34.30%	34.35%
ii. Expected Member Contributions	9.52%	9.52%
iii. Expected City/County Contribution	24.78%	24.83%
b. Single Lump Sum Basis		
i. Total Required Contribution	33.98%	34.03%
ii. Expected Member Contributions	9.52%	9.52%
iii. Expected City/County Contribution	24.46%	24.51%