

**ORDINANCE NO. 2012-25**

**AN ORDINANCE OF THE CITY OF ST. PETE BEACH, AMENDING CHAPTER 66, PENSIONS AND RETIREMENT, ARTICLE II, GENERAL EMPLOYEES' RETIREMENT SYSTEM; IMPLEMENTING A BENEFIT FREEZE; PROVIDING FOR MODIFICATIONS OF CERTAIN BENEFITS FOR FUTURE SERVICE; AMENDING CERTAIN DEFINITIONS; REVISING EMPLOYEE CONTRIBUTIONS; REVISING THE VESTING PERIOD; AMENDING BENEFIT AMOUNTS AND ELIGIBILITY; AMENDING THE DEFERRED RETIREMENT OPTION PLAN; PROVIDING FOR APPLICABILITY; PROVIDING FOR CODIFICATION; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL OF ORDINANCES IN CONFLICT; PROVIDING AN EFFECTIVE DATE.**

**BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF ST. PETE BEACH, FLORIDA:**

**SECTION 1:** Section 66-26 of Chapter 66, Article II, of the City Code of the City of St. Pete Beach is hereby amended to read as follows:

**Sec. 66-26. - Definitions.**

(a) The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

\* \* \*

*Salary means for credited service prior to October 1, 2012 shall mean* basic earnings received by an employee as compensation for services to the city as a general employee, excluding overtime, standby time, call-back bonus pay, accrued sick leave, sick leave award time, holiday bonus pay, accrued vacation pay and other bonuses and including tax deferred, tax sheltered and tax exempt items of income derived from elective employee payroll deductions or salary reductions. Salary shall also include bonus or premium pay received by a member when working temporarily in a higher pay grade. Compensation in excess of limitations set forth in Section 401(a)(17) of the Code as of the first day of the plan year shall be disregarded for any purpose, including employee contributions or any benefit calculations. The annual compensation of each member taken into account in determining benefits or employee contributions for any plan year beginning on or after January 1, 2002, may not exceed \$200,000.00, as adjusted for cost-of-living increases in accordance with Code Section 401(a)(17)(B). Compensation means compensation during the fiscal year. The cost-of-living adjustment in effect for a calendar year applies to annual

compensation for the determination period that begins with or within such calendar year. If the determination period consists of fewer than 12 months, the annual compensation limit is an amount equal to the otherwise applicable annual compensation limit multiplied by a fraction, the numerator of which is the number of months in the short determination period, and the denominator of which is 12. If the compensation for any prior determination period is taken into account in determining a member's contributions or benefits for the current plan year, the compensation for such prior determination period is subject to the applicable annual compensation limit in effect for that prior period. The limitation on compensation for an "eligible employee" shall not be less than the amount which was allowed to be taken into account under this article as in effect on July 1, 1993. "Eligible employee" is an individual who was a member before the first plan year beginning after December 31, 1995. Effective October 1, 2012 salary shall be defined in accordance with the provisions of section 66-116.

**SECTION 2:** A new Section 66-34, of Chapter 66, Article II of the City Code of the City of St. Pete Beach is created to read as follows:

**Sec. 66-34. – Benefit freeze and maximum benefit.**

(a) Except as specifically provided in subsection (d) below, and notwithstanding any other provision of the system, the accrued benefits of all active members shall be frozen on September 30, 2012, and such members shall thereafter accrue benefits in accordance with section 66-116. Such members shall be eligible to receive their frozen accrued benefit with no reduction upon termination of employment and attaining age 55 or upon completion of 25 years of credited service. Such members who attain age 50 with 10 years of credited service shall be eligible to receive their frozen accrued benefit reduced by 3% for each year prior to the member's earliest applicable normal retirement date.

(b) The benefits of members who are employed and not participating in the DROP on September 30, 2012 shall be payable in two parts:

(1) the frozen accrued benefit based credited service, average final compensation and the provisions of the system in effect on September 30, 2012; and

(2) the benefit based on credited service, average final compensation and the provisions of the system in effect on and after October 1, 2012.

(c) Effective October 1, 2012, the maximum combined benefit under the system shall be 75% of average final compensation. Provided, if a member's accrued benefit as of October 1, 2012 is 75% or more of average final compensation, the benefit percentage may not be reduced.

(d) Notwithstanding any other provision of the system, the benefits of members who have attained age 55 or 25 years of credited service as of September 30, 2012 shall not be frozen, and such members shall continue to accrue benefits in accordance with the provisions of the system in effect on September 30, 2012 for as long as they are employed in a position covered by the system.

**SECTION 3:** Section 66-69 of Chapter 66, Article II, of the City Code of the City of St. Pete Beach is hereby amended to read as follows:

**Sec. 66-69. - Contributions.**

(a) *Member contributions.* Contributions by members of the general employees' retirement system shall be made as follows:

(1) *Amount.* Every member of the system who has attained age 55 or 25 years of credited service on September 30, 2012 shall be required to make regular contributions to the fund in the amount of seven and six-tenths percent of his salary. Members who are employed on September 30, 2012 but have not attained age 55 or 25 years of credited service on that date, and members hired on or after October 1, 2012, shall be required to make contributions to the fund in accordance with section 66-116. Member contributions withheld by the city on behalf of the member shall be deposited with the board at least monthly. The contributions made by each member to the fund shall be designated as employer contributions pursuant to Section 414(h) of the Code. Such designation is contingent upon the contributions being excluded from the member's gross income for federal income tax purposes. For all other purposes of the system, such contributions shall be considered to be member contributions.

\* \* \*

**SECTION 4:** Section 66-101 of Chapter 66, Article II, of the City Code of the City of St. Pete Beach is hereby amended to read as follows:

**Sec. 66-326. - Benefit amounts and eligibility.**

(a) *Normal retirement date.* Under this article, ~~a member's~~ the normal retirement date for members who retired, entered the DROP or terminated employment with the right to a deferred vested benefit prior to October 1, 2012; and members who are employed on September 30, 2012 and have attained age 55 or 25 years of credited service on that date shall be the first day of the month coincident with or next following the earlier of the attainment of age 55 years, regardless of years of credited service, or the completion of 25 years of credited service, regardless of age. A member may retire on his normal retirement date or on the first day of any month thereafter, and each member shall become 100 percent vested in his accrued benefit on the member's normal retirement date. Normal retirement under the system is retirement from employment with the city on or after the normal retirement date. The normal retirement date for members who are employed on September 30, 2012 but have not attained age 55 or 25 years of credited service on that date, and members hired on or after October 1, 2012, shall be as provided in section 66-116; provided, members who are employed on September 30, 2012 but have not attained age 55 or 25 years of credited service on that date shall be eligible to receive their frozen accrued benefit through September 30, 2012 upon attaining age 55 or 25 years of credited service, and terminating city employment.

(b) *Normal retirement benefit.* A member retiring under this article on or after his normal

retirement date shall receive a monthly benefit which shall commence on the first day of the month coincident with or next following his retirement date and be continued thereafter during member's lifetime, ceasing upon death, but with 120 monthly payments guaranteed in any event. The monthly retirement benefit for credited service earned prior to October 1, 2012 shall equal two and one-quarter percent of average final compensation for each year of credited service. In addition, all members retiring at early or normal retirement shall receive an additional \$75.00 per month, unreduced for early retirement. The normal retirement benefit for credited service on and after October 1, 2012 shall be as provided in section 66-116. Notwithstanding any other provision of this subsection, the normal retirement benefit of a member who is employed on September 30, 2012 and has attained age 55 or 25 years of credited service on that date shall equal 2.25 percent of average final compensation for all years of credited service.

(c) *Early retirement date.* A member may retire on his early retirement date, which shall be the first day of any month coincident with or next following the attainment of age 50 and the completion of ten years of credited service. Early retirement under the system is retirement from employment with the city on or after the early retirement date and prior to the normal retirement date. Effective October 1, 2012, there shall be no early retirement date or early retirement benefit; provided, members who are employed on September 30, 2012 but have not attained age 55 or 25 years of credited service on that date shall be eligible to receive their frozen accrued benefit through September 30, 2012 with the reduction provided in subsection (d)(2) below, upon attaining age 50 with 10 years of credited service and terminating city employment.

(d) *Early retirement benefit.* A member retiring under this article on his early retirement date may receive either a deferred or an immediate monthly retirement benefit payable in the same form as for normal retirement as follows:

(1) A deferred monthly retirement benefit which shall commence on what would have been his normal retirement date had he remained a general employee and shall be continued on the first day of each month thereafter. The amount of each such deferred monthly retirement benefit shall be determined in the same manner as for retirement on his normal retirement date except that credited service and average final compensation shall be determined as of his early retirement date; or

(2) An immediate monthly retirement benefit which shall commence on his early retirement date and shall be continued on the first day of each month thereafter. The benefit payable shall be as determined in subsection (d)(1) of this section, reduced by 1/15 for each year by which the commencement of benefits precedes the member's normal retirement date.

(e) *Cost-of-living adjustment.* The monthly amount payable based on credited service prior to October 1, 2012 to a member and his joint pensioner or beneficiary, if applicable, who retires on or after such member's normal or early retirement date, not including terminated vested persons or disability retirees, shall be subject to an annual cost-of-living adjustment commencing on the first October 1 following ten complete years of receiving retirement income payments. The cost-of-living adjustment shall be three percent of the previous years' benefit amount. There shall be no cost of living adjustment applied to benefits based on credited service on or after October 1, 2012; provided, members who are employed on September 30, 2012 and have attained age 55 or

25 years of credited service on that date shall continue to be eligible for the cost of living adjustment provided in this subsection applied to benefits based on all periods of credited service.

(f) *Required distribution date.* The member's benefit under this section must begin to be distributed to the member no later than April 1 of the calendar year following the later of the calendar year in which the member attains age 70½ or the calendar year in which the member terminates employment with the city.

**SECTION 5:** Section 66-104 of Chapter 66, Article II, of the City Code of the City of St. Pete Beach is hereby amended to read as follows:

**Sec. 66-104. - Vesting.**

\* \* \*

(e) Notwithstanding any other provision of this section 66-104, the provisions of this section shall apply to benefits accruing prior to October 1, 2012. Effective October 1, 2012, for benefits accruing on and after that date, vesting rights shall be as provided in section 66-116; provided, members who are employed on September 30, 2012 and have attained age 55 or 25 years of credited service on that date shall be entitled to a vested benefit in accordance with this section 66-104.

**SECTION 6:** Section 66-113 of Chapter 66, Article II, of the City Code of the City of St. Pete Beach is hereby amended to read as follows:

**Sec. 66-113. - Deferred retirement option plan.**

(a) *Definitions.* As used in this section 66-113, the following definitions apply:

- (1) *DROP* means the City of St. Pete Beach General Employees' Deferred Retirement Option Plan.
- (2) *DROP account* means the account established for each DROP participant under subsection (c).

(b) *Participation.*

- (1) *Eligibility to participate.* In lieu of terminating his employment as a general employee, any member who is eligible for normal retirement under subsection 66-101(a), of the system may , prior to October 1, 2012, elect to defer receipt of such service retirement pension and to participate in the DROP. Notwithstanding any other provision of this section, the DROP shall be closed to new participants effective October 1, 2012, and no

member may enter the DROP on or after that date; provided, a member who is employed on September 30, 2012 and has attained age 55 or 25 years of credited service on that date may enter and participate in the DROP on or after October 1, 2012 in accordance with the provisions of this section.

\* \* \*

**SECTION 7:** A new Section 66-116 of Chapter 66, Article II of the City Code of the City of St. Pete Beach is created to read as follows:

**Sec. 66-116. Benefits Effective October 1, 2012.**

(a) Effective October 1, 2012 all members employed on that date who have not attained age 55 or 25 years of credited service, and all members hired on or after that date, shall accrue benefits as provided in this section 66-116. The provision of this section shall not apply to members who have retired, separated from service with the City with the right to a deferred vested benefit, entered DROP or attained normal retirement eligibility prior to October 1, 2012.

(b) Benefit Amounts and Eligibility:

(1) Normal retirement date. 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 age 60 and completion of 10 years of credited service, or 30 years of credited service regardless of age. Provided, a member with 10 or more years of credited service on September 30, 2012 shall be eligible for normal retirement at age 55 or upon completion of 25 years of credited service, regardless of age. A member may retire on his normal retirement date or on the first day of any month thereafter, and each member shall become 100 percent vested in his accrued benefit on the member's normal retirement date. Normal retirement under the system is retirement from employment with the city on or after the normal retirement date.

(2) Normal retirement benefit. A member retiring on or after the normal retirement date shall receive a monthly benefit which shall commence on the first day of the month coincident with or next following his retirement and which shall be continued thereafter during the member's lifetime, ceasing upon death, but with 120 monthly payments guaranteed in any event. The monthly retirement benefit shall equal 1.0 percent of average final compensation for each year of credited service earned on or after October 1, 2012, up to a maximum of 75% of average final compensation. Provided, if a member's accrued benefit as of October 1, 2012 is 75% or more of average final compensation, the benefit percentage may not be reduced.

(3) No Early retirement. A member may not receive an immediate or deferred retirement benefit under this section, prior to attaining his or her normal retirement date as defined in this section.

(c) COLA. Members accruing benefits under this section shall not be entitled to a cost of living adjustment.

(d) Vesting. If a member terminates employment, either voluntarily or by lawful discharge, the member shall be entitled to the following:

(1) With less than 10 years of credited service (including credited service earned prior to October 1, 2012), a member is entitled to a refund of member contributions without interest.

(2) With 10 or more years of credited service (including credited service earned prior to October 1, 2012) a member is entitled to either:

a. The pension benefit accrued to the member's date of termination, based on the terms of the plan in effect on such date of termination, payable commencing at the member's otherwise normal retirement date, provided the member does not elect to withdraw his or her member contributions; or

b. Refund of member contributions without interest.

(e) Employee contribution. Effective October 1, 2012 each member of the system shall be required to make regular contributions to the fund in the amount of 3 percent of salary; provided, members who are employed on September 30, 2012 and have attained age 55 or 25 years of credited service on that date shall be required to make regular contributions to the fund in the amount of 7.6 percent of salary.

(f) DROP. No member may enter the DROP on or after October 1, 2012. Members already participating in DROP on October 1, 2012 may complete their DROP participation. Provided, members who are employed on September 30, 2012 and have attained age 55 or 25 years of credited service on that date shall be eligible to enter and participate in the DROP on or after October 1, 2012.

#### **SECTION 8:** Severability.

If any provision of this Ordinance or the application thereof is held invalid such invalidity shall not affect the other provisions or applications of this Ordinance which can be given effect without the invalid provisions or applications and to this end the provisions of this Ordinance are hereby declared severable.

#### **SECTION 9:** Repeal of Ordinances in Conflict.

All other ordinances of the City of St. Pete Beach Florida or parts thereof which conflict with this or any part of this Ordinance are hereby repealed.

#### **SECTION 10:** Effective Date.

This Ordinance shall take effect on the date of passage upon second and final reading.

PASSED AND ADOPTED in a regular session for first reading this 25<sup>th</sup> day of September, 2012 and for a second and final reading on this 27<sup>th</sup> day of September, 2012.



Steve McFarlin, Mayor



Rebecca C. Haynes, City Clerk