MEMORANDUM

Date: December 20, 2013

TO: Town Commission

FROM: Dave Bullock, Town Manager

SUBJECT: Ordinance 2014-03, Amending Chapter 34, Employment Policies (Freeze of Police Pension Plan)

Through the collective bargaining process the Town of Longboat Key (Town) and Southwest Florida Police Benevolent Association (PBA) agreed that the Town would freeze the Town's defined benefit pension plan for police officers and establish a defined contribution plan in which all police officers will participate in the future.

This ordinance implements the collective bargaining agreement, and provides for the existing police pension plan to be frozen on January 25, 2014, and allows any member of the existing plan who is within 2 years of the normal retirement date on or before January 25, 2014, to enter the DROP on the first day of any month prior to February 1, 2014.

The Town Commission considered the Ordinance at the December 11, 2013, Regular Workshop Meeting and forwarded the item to this meeting for first reading.

Please advise if you have any questions.

ORDINANCE 2014-03

AN ORDINANCE OF THE TOWN OF LONGBOAT KEY, FLORIDA, AMENDING CHAPTER 34, EMPLOYMENT POLICIES, OF THE CODE OF ORDINANCES OF THE TOWN OF LONGBOAT KEY, FLORIDA; IMPLEMENTING CHANGES TO THE POLICE OFFICERS' RETIREMENT SYSTEM CONTAINED IN THE 2013-2016 COLLECTIVE BARGAINING AGREEMENT BETWEEN THE TOWN AND SOUTHWEST FLORIDA POLICE BENEVOLENT ASSOCIATION, INC.; CREATING A NEW SECTION 34.12, PLAN FREEZE AND PARTICIPATION IN DEFINED CONTRIBUTION PLAN; AMENDING SECTION 34.40, DEFERRED RETIREMENT OPTION PLAN; PROVIDING FOR SEVERABILITY; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH; AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE TOWN COMMISSION OF THE TOWN OF LONGBOAT KEY, FLORIDA THAT:

SECTION 1. A new section 34.12, Plan freeze and participation in defined contribution plan, is created to read as follows:

34.42 Plan freeze and participation in Defined Contribution Plan

Notwithstanding any other provision of the System:

(A) The accrued benefits of all members of this System who are employed and not participating in the DROP on February 1, 2014, shall be frozen on that date. All 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 January 25, 2014, based on the member's credited service and average final compensation on that date. The frozen accrued benefit shall be payable to the member upon termination of Town employment and attaining age 55 with 10 years of credited service, 25 years of credited service regardless of age, or age 60 regardless of years of credited service, whichever occurs first. In applying the preceding sentence, credited service shall include all credited service as a member of this System prior to February 1, 2014, and all periods of employment as a full-time Police Officer with the Town of Longboat Key on and after February 1, 2014. For the purpose of determining a member's frozen accrued benefit in accordance with this subsection (A), salary shall include any payments of accrued leave that would have been included in the member's salary if the member retired prior to February 1, 2014. However, the member's accrued leave balance shall be reduced by the amount of vacation or sick leave used subsequent to February 1, 2014, and the member's frozen accrued benefit shall be adjusted accordingly.

(B) No benefits shall be accrued under this System on or after February 1, 2014, and no member contributions to this System shall be required on or after that date. The Town shall continue to make contributions to the System in accordance with section 34.17(C), and the Board shall continue to administer the System in accordance with sections 34.13 through 34.41 until all accrued benefits have been paid to all eligible members and beneficiaries.

(C) Any member of this System who is employed on January 25, 2014 and has less than 10 years of credited service on that date may elect to receive a refund of their accumulated contributions or the actuarial present value of their frozen accrued benefit, in lieu of any other benefit under the System.

(D) Effective February 1, 2014, all current and future police officers of the Town of Longboat Key shall participate in a defined contribution retirement plan established by the Town of Longboat Key, and shall be eligible for benefits and make contributions to the defined contribution plan for all service as a police officer with the Town on and after that date, in accordance with the defined contribution plan, as it may be amended from time to time.

(E) Members of this System who retired, entered the DROP or terminated Town employment with the right to a deferred vested benefit prior to February 1, 2014 shall be entitled to receive benefits from the System in accordance with the provisions of the System in effect on the date of their retirement, DROP entry, or termination of employment.

SECTION 2. Section 34.40, Deferred retirement option plan, subsection (A)(1), is amended to read as follows:

Section 34.40 Deferred retirement option plan (DROP).

(A) *Participation.*

(1) *Eligibility to participate.* In lieu of terminating his employment as a police officer, any member who is eligible for normal retirement under the system, may elect to defer receipt of such service retirement pension and to participate in the DROP, provided that the election to participate in the DROP is made within six months following the date on which the member first becomes eligible for normal retirement. A member who fails to make the election within such six-month limitation period shall forfeit all rights to participate in the DROP. Notwithstanding the preceding sentences, a member who, as of January 25, 2014, is within two years of the normal retirement date, may enter the DROP without penalty or enhancements on the first day of any month prior to February 1, 2014. Any member entering the DROP pursuant to this provision must execute a voluntary resignation irrevocable for any reason to be effective at the end of the member's participation in the DROP, and which provides that the member shall not be eligible for reemployment with the Town, except at the exclusive option of the Town.

SECTION 3. All Ordinances or parts of Ordinances in conflict herewith shall be and the same are hereby repealed.

SECTION 4. If any section, subsection, sentence, clause, phrase of this ordinance, or the particular application thereof shall be held invalid by any court, administrative agency or other body with appropriate jurisdiction, the remaining section, subsection, sentences, clauses, or phrase under application shall not be affected thereby.

SECTION 5. This Ordinance shall take effect upon second reading and adoption, except as otherwise specifically provided herein.

Passed on first reading the _____ day of _____, 2014.

Adopted on second reading and public hearing the _____ day of _____, 2014.

_____
James L. Brown, Mayor

ATTEST:

_____
Trish Granger, Town Clerk

End of Agenda Item

End of Agenda Item