

**CITY OF MIRAMAR
PROPOSED CITY COMMISSION AGENDA ITEM**

First Reading Date: November 4, 2020

Second Reading Date: November 16, 2020

Presenter's Name and Title: Randy Cross, Human Resources Director

Prepared By: Randy Cross, Human Resources Director

Temp. Ord. Number: 1760

Item Description: FIRST READING OF TEMP. ORD. #O1760, AMENDING CHAPTER 15, ARTICLE V, OF THE CITY CODE OF THE CITY OF MIRAMAR RELATED TO THE GENERAL EMPLOYEE PENSION PLAN; AMENDING SECTION 15-312(e) TO CREATE AN EARLY RETIREMENT INCENTIVE PLAN FOR MEMBERS WITHIN FIVE YEARS OF NORMAL RETIREMENT ELIGIBILITY; AMENDING CHAPTER 15, ARTICLE VI, OF THE CITY CODE OF THE CITY OF MIRAMAR RELATED TO THE MANAGEMENT PENSION PLAN; CREATING SECTION 15-355(i) TO CREATE AN EARLY RETIREMENT INCENTIVE PLAN FOR MANAGEMENT EMPLOYEES WITHIN FIVE YEARS OF NORMAL RETIREMENT ELIGIBILITY; PROVIDING THAT OFFICIALS ARE AUTHORIZED TO TAKE ACTION; PROVIDING FOR SEVERABILITY; PROVIDING FOR CODIFICATION; PROVIDING FOR AN EFFECTIVE DATE.

Consent ☐ Resolution ☐ Ordinance ☒ Quasi-Judicial ☐ Public Hearing ☐

Instructions for the Office of the City Clerk:

Public Notice – As required by the Sec. ____ of the City Code and/or Sec. ____, Florida Statutes, public notice for this item was provided as follows: on ____ in a ____ ad in the ____; by the posting the property on ____ and/or by sending mailed notice to property owners within ____ feet of the property on ____ (fill in all that apply)

Special Voting Requirement – As required by Sec. ____, of the City Code and/or Sec. ____, Florida Statutes, approval of this item requires a ____ (unanimous, 4/5ths etc.) vote by the City Commission.

Fiscal Impact: Yes ☒ No ☐

REMARKS:


Content:

- Agenda Item Memo from the City Manager to City Commission
- Ordinance TO1760



**CITY OF MIRAMAR
INTEROFFICE MEMORANDUM**

TO: Mayor, Vice Mayor, & City Commissioners

FOR FROM: Vernon E. Hargray, City Manager 

BY: Randy Cross, Human Resources Director

DATE: October 29, 2020

RE: FIRST READING of Temp. Ord. No. 1760 providing an Early Retirement Incentive Program ("ERIP") for members of the General Employees and Management Pension Plans

RECOMMENDATION: Approval of Temp. Ord. No. 1760 providing an Early Retirement Incentive Program ("ERIP") for members of the General Employees and Management Pension Plans.

ISSUE: The City is creating an ERIP for eligible employees, which includes members of the General Employees and the Management Employees Pension Plans. Both pension boards have instructed their attorney to draft a combined ordinance that will allow members to retire early, without penalty, by reducing the minimum number of credited service by five years, and provide the member with the option for enhanced interest to their DROP account not-to-exceed six months of value.

BACKGROUND: The City of Miramar is confronted with serious fiscal constraints and is undertaking organizational reviews to optimize the efficiency of operational functions. One response to these challenges is the adoption of the ERIP for qualified employees. Voluntary separations under the ERIP are intended to achieve the specific organizational objective of reducing and containing personnel expenses, which primarily includes salary and benefit costs, to minimize the impact of anticipated forced reductions on the City of Miramar's workforce, and to provide opportunities for employees considering retirement or other career options by providing a package of separation incentive benefits.

DISCUSSION: The intent of this ERIP is to pay for the ERIP Incentives with the budgeted cost of each position. The return-on-investment (ROI) is realized by balancing the cost to participate in the ERIP against the long-term savings of eliminating the position from the budget for a period of five years.

ANALYSIS: On average it takes 0.9 years, or approximately 11 months, to cover the costs of the ERIP for each employee who volunteers to participate. The cost of the pension, lump-sum distribution and/or medical insurance coverage is paid using 11 months of the position's cost, after that time the position is eliminated, and the City realizes the savings each month. For perspective, the average ROI savings over 5 years for each position that is eliminated under this ERIP, including the costs of the ERIP, is approximately \$383,696

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**CITY OF MIRAMAR
MIRAMAR, FLORIDA**

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF MIRAMAR, FLORIDA AMENDING CHAPTER 15, ARTICLE V, OF THE CITY CODE OF THE CITY OF MIRAMAR RELATED TO THE GENERAL EMPLOYEE PENSION PLAN; AMENDING SECTION 15-312(e) TO CREATE AN EARLY RETIREMENT INCENTIVE PLAN FOR MEMBERS WITHIN FIVE YEARS OF NORMAL RETIREMENT ELIGIBILITY; AMENDING CHAPTER 15, ARTICLE VI, OF THE CITY CODE OF THE CITY OF MIRAMAR RELATED TO THE MANAGEMENT PENSION PLAN; CREATING SECTION 15-355(i) TO CREATE AN EARLY RETIREMENT INCENTIVE PLAN FOR MANAGEMENT EMPLOYEES WITHIN FIVE YEARS OF NORMAL RETIREMENT ELIGIBILITY; PROVIDING FOR SEVERABILITY; PROVIDING FOR CODIFICATION; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Chapter 15 “Pensions”, Article V “City Retirement Plan and Trust Fund” of the City of Miramar Code of Ordinances governs the retirement plan and trust fund for General Employees (the “General Employees Plan”); and

WHEREAS, Chapter 15 “Pensions”, Article VI “Senior Management Pension Plan and Trust Fund” of the City of Miramar Code of Ordinances governs the retirement plan and trust fund for Management Employees (the “Management Plan”); and

WHEREAS, the COVID-19 pandemic has created budgetary challenges for local governments; and

WHEREAS, the Pension Boards of Trustees, in consultation with their actuary, have determined that an Early Retirement Incentive Program (“ERIP”), within the parameters established by the City, will provide a meaningful opportunity to reduce City payroll; and

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WHEREAS, the ERIP is to provide budgetary savings by reducing payroll through a voluntary retirement incentive program for eligible, vested employees, who would not later become eligible for re-employment by the City; and

WHEREAS, approximately 120 members of the General Employees Plan and approximately 40 members of the Management Plan would be eligible for the ERIP, if fully implemented; and

WHEREAS, a phased ERIP program requires discretion on the part of the City to calibrate Human Resource demands; and

WHEREAS, the City and the collective bargaining agent for covered employee members of the General Employees Plan have waived bargaining on this subject; and

WHEREAS, the Pension Board has recommended the adoption of the following amendments consistent with these goals; and

WHEREAS, the City Commission believes that these amendments are in the best interest of the employees and citizens of the City of Miramar.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF MIRAMAR, FLORIDA, THAT:

Section 1. Section 15-312 of the City Code is hereby amended to read as follows:

Section 15-312. Normal Retirement Benefit.

- (e) Early Retirement Incentive Program: Subject to the limitations in sub-paragraph (4) of this sub-section, members who have attained sufficient service to be eligible for an unreduced, normal service retirement within five (5) or less years as of March 31, 2021 (“eligible employees”) shall have the option to participate in an Early Retirement Incentive Plan (“ERIP”) under the following terms and conditions:
- (1) Unless the time period is extended or shortened by the City Manager as provided in sub-paragraph (5) of this sub-section, eligible employees shall have three (3) months from the effective date of this sub-section to provide written notice to the City of their intention to participate in the ERIP. Notice shall be made by submitting forms promulgated by the Board. Failure to provide timely written notice will render the otherwise eligible member permanently ineligible for participation in the program.
 - (2) Eligible employees who timely submit the required ERIP forms, upon retirement, shall receive normal retirement benefits as provided in this section without the actuarial reduction otherwise required by Section 15-314.
 - (3) Eligible employees who timely submit the required forms to participate in the ERIP must schedule, in cooperation with their Directors, an exit date from City service, which will be no later than September 30, 2021.
 - (4) The City Director of Human Resources shall provide the Board with a list of job classifications in each department of the City in which members of the Plan are assigned and limitations on the number of incumbents in any position which may be eligible for this ERIP.
 - (5) The City Manager or designee shall have the authority to extend or shorten the ERIP program in the City Manager’s sole and exclusive discretion. Any early termination of the ERIP program shall be communicated to eligible employees not less than two (2) weeks prior to extension or discontinuation of the ERIP program.

- (6) Eligible employees participating in this ERIP shall sign a release of all claims against the Board and City consistent with the terms and time limits provided by applicable federal, state and local age discrimination laws, including any mandatory period of notice and rescission.**
- (7) Eligible employees who are participating in the DROP program may elect to receive enhanced interest earnings on their DROP balances in an amount not to exceed the value of six months of benefit payments without interest, provided that lump sum payment shall be prorated for eligible employees with less than six months of remaining DROP participation. For such eligible employees, the enhanced interest earnings shall correspond to the number of months of remaining DROP participation, not to exceed six months, as calculated beginning in the month following the submission of the separation agreement.**

Section 2. Section 15-355 of the City Code is hereby amended to read as follows:

Section 15-355. Service Retirement Benefits.

- (i) Early Retirement Incentive Program: Subject to the limitations in sub-paragraph (4) of this sub-section, members who have attained sufficient service to be eligible for an unreduced, normal service retirement within five (5) or less years as of March 31, 2021 (“eligible employees”) shall have the option to participate in an Early Retirement Incentive Plan (“ERIP”) under the following terms and conditions:**

 - (1) Unless the time period is extended or shortened by the City Manager as provided in sub-paragraph (5) of this sub-section, eligible employees shall have three (3) months from the effective date of this sub-section to provide written notice to the City of their intention to participate in the ERIP. Notice shall be made by submitting forms promulgated by the Board. Failure to provide timely written notice will render the otherwise eligible member permanently ineligible for participation in the program.**

- (2) Eligible employees who timely submit the required ERIP forms, upon retirement, shall receive normal retirement benefits as provided in this section without the actuarial reduction otherwise required by sub-section 15-355 (e)(2).**
- (3) Eligible employees who timely submit the required forms to participate in the ERIP must schedule, in cooperation with their Directors, an exit date from City service, which will be no later than September 30, 2021.**
- (4) The City Director of Human Resources shall provide the Board with a list of job classifications in each department of the City in which members of the Plan are assigned and limitations on the number of incumbents in any position which may be eligible for this ERIP.**
- (5) The City Manager or designee shall have the authority to extend or shorten the ERIP program in the City Manager's sole and exclusive discretion. Any early termination of the ERIP program shall be communicated to eligible employees not less than two (2) weeks prior to extension or discontinuation of the ERIP program.**
- (6) Eligible employees participating in this ERIP shall sign a release of all claims against the Board and City consistent with the terms and time limits provided by applicable federal, state and local age discrimination laws, including any mandatory period of notice and rescission.**
- (7) Eligible employees who are participating in the DROP program may elect to receive enhanced interest earnings on their DROP balances in an amount not to exceed the value of six months of benefit payments without interest, provided that lump sum payment shall be prorated for eligible employees with less than six months of remaining DROP participation. For such eligible employees, the enhanced interest earnings shall correspond to the number of months of remaining DROP participation, not to exceed six months, as calculated beginning in the month following the submission of the separation agreement.**

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Section 3. The provisions of this Ordinance shall not apply to deferred vested members who have separated from service prior to the effective date of this Ordinance. This Ordinance shall neither enhance nor diminish benefits for deferred vested members.

Section 4. All sections or parts of sections of the City Code, all ordinances or parts of ordinances, and all resolutions or parts of resolutions in conflict herewith, be and the same, are hereby repealed to the extent of such conflict.

Section 5. Should any section or provision of this Ordinance or any paragraph, sentence or word, be declared by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remainder hereof, as a whole or part hereof, other than the part declared to be invalid.

Section 6. It is the intention of the City Commission of the City of Miramar that the provisions of this Ordinance shall become and be made a part of the Code of the City of Miramar and that the sections of this Ordinance may be renumbered or re-lettered and the word "Ordinance" may be changed to "Chapter," "Section," "Article," or such other appropriate word or phrase, the use of which shall accomplish the intentions herein expressed.

Section 7: This Ordinance shall take effect January 1, 2021.

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PASSED FIRST READING: _____

PASSED AND ADOPTED ON SECOND READING: _____

Mayor, Wayne M. Messam

Vice Mayor, Maxwell B. Chambers

ATTEST:

City Clerk, Denise A. Gibbs

I HEREBY CERTIFY that I have approved
this ORDINANCE as to form:

City Attorney,
Austin Pamies Norris Weeks Powell, PLLC

<u>Requested by Administration</u>	<u>Voted</u>
Commissioner Winston F. Barnes	_____
Vice Mayor Maxwell B. Chambers	_____
Commissioner Yvette Colbourne	_____
Commissioner Alexandra P. Davis	_____
Mayor Wayne M. Messam	_____

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