



TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Lee R. Feldman, ICMA-CM, City Manager

DATE: July 7, 2015

TITLE: Ordinance Approving Amendments to the Police and Firefighters'
Retirement System Resulting from Collective Bargaining with the
International Association of Firefighters

Recommendation

It is recommended that the City Commission adopt an ordinance approving changes to the City of Fort Lauderdale Police and Fire Retirement System.

Background

On June 16, 2015, the City Commission ratified a collective bargaining agreement with the Fort Lauderdale Professional Firefighters, Inc., International Association of Fire Firefighters (IAFF), AFL-CIO-CLC, Local #765 effective June 16, 2015 through September 30, 2017. The agreement included changes to the Police and Fire Retirement System (pension) that both the City and the IAFF agreed to make.

The highlights of the pension changes are as follows:

For new employees hired October 1, 2014 or later

- Reduce multiplier from 3.38% to 3%.
- Maximum accrual reduced from 81% to 75%.
- Final average compensation increased from 2 highest years to 5 highest years.
- Standard duration, survivor benefit formula changed from 60% joint survivor to 10-year certain and life.
- 96 month maximum in the Deferred Retirement Option Plan (DROP) reduced by one month for every month employed after 25 years of creditable service.
- Upon the death of a Firefighter during DROP Retirement, benefits payable thereafter are the modified 10 year certain formula, provided, however, that the Firefighter still has the option to choose any benefit level in existence on 12/03/2013 to a reduced actuarial rate that is the equivalent of the actuarial rate for the 10 year certain formula.

For existing and future members

- Chapter 175 funds retained shall be equal to the per capita amount of police premium tax revenues currently used to offset the City's pension contributions (approximately \$1.6 million for the 2014-2015 plan year).
- Eliminate interest on returned funds for employees who separate before normal retirement

Resource Impact

These revisions to the pension plan for new hires, taking into consideration salary growth changes approved by the City of Fort Lauderdale Police Officers' and Firefighters' Retirement Board and those plan changes already in place for Fraternal Order of Police (FOP), will generate a combined total of approximately \$198 million in pension savings over 30 years. Based upon the July 1, 2015 updated actuarial impact statement, the FY 2016 the annual required contribution from the City to the Police and Fire Retirement Plan will be reduced by \$485,966 from \$14.2 million to \$13.7 million.

Strategic Connections

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Internal Support Cylinder of Excellence, specifically advancing:

- Goal 12: Be a leading government organization, managing its resources wisely and sustainably.
- Objective 1: Ensure sound fiscal management.
- Initiative 1: Achieve a structurally balanced budget through viable revenue sources, smart financial management, comprehensive financial forecasting, and results-oriented and efficient services.
- Initiative 3: Provide fiscally sustainable employee pensions

In addition, this item also advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are United*.

Related CAM(s): #15-0838

Exhibit 1 - Proposed Ordinance

Exhibit 2 - Actuarial Impact Statement for Police and Fire Retirement System dated July 1, 2015

Prepared by: Janeen Richard, Employee Relations Manager

Department Director: Averill Dorsett, Human Resources Director