



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

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

DATE: March 4, 2014

TITLE: FIRST READING - Ordinance approving changes to the City of Fort
Lauderdale Police and Fire Retirement System

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 December 3, 2013, the City Commission ratified agreements with the Fraternal Order of Police (FOP), Lodge 31 – Police Officers and Sergeants, as well as with the Fraternal Order of Police (FOP), Lodge 31 – Police Lieutenants and Captains, both effective December 3, 2013 through September 30, 2016. Those agreements included changes to the Police and Fire Retirement System (pension) that both the City and the FOP agreed to make. This ordinance will be the first reading of those changes.

The highlights of the pension changes are as follows:

For new employees hired April 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 benefit formula changed from 60% joint survivor to 10-year certain and life; or current benefit formulas at an actuarial reduced benefit.
- 96 month maximum in DROP reduced by one month for every month employed after 25 years of creditable service

For existing and future members

- Balance of Chapter 185 reserve funds as of December 31, 2013 (approximately \$1.2MM) used to offset pension contribution by City
- Modified language regarding DROP account after conclusion of DROP period

- All future 185 monies used to offset City pension contributions

Resource Impact

It is anticipated that the revisions to the pension plan for new hires will generate a savings to the City of approximately \$67 million over 30 years.

Strategic Connections

This item is a FY 2014 *Commission Annual Action Plan* priority, included within the Policy Agenda, advancing the Pension Restructuring for Sustainability for Police and Fire strategy.

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

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are United*.

Attachment: Ordinance

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