



City of Coral Gables
CITY COMMISSION MEETING
March 14, 2017

ITEM TITLE:

Ordinance on Second Reading. AN ORDINANCE AMENDING CHAPTER 50, ARTICLE II OF THE CODE OF THE CITY OF CORAL GABLES, ENTITLED “RETIREMENT SYSTEM FOR CITY EMPLOYEES”, IMPLEMENTING PROVISIONS OF THE 2016 – 2019 COLLECTIVE BARGAINING AGREEMENT BETWEEN THE CITY AND FRATERNAL ORDER OF POLICE, LODGE NO. 7; AMENDING SECTION 50-230, NORMAL RETIREMENT INCOME; AMENDING SECTION 50-246, DEFERRED RETIREMENT OPTION PLAN; REPEALING ALL ORDINANCES INCONSISTENT HERewith; PROVIDING FOR CODIFICATION; AND PROVIDING AN EFFECTIVE DATE.

DEPARTMENT HEAD RECOMMENDATION:

Approval.

BRIEF HISTORY:

This Ordinance implements the pension changes contained in the recently ratified collective bargaining agreement between the City and Fraternal Order of Police, Lodge No. 7.

Current Pension Formula for Police Officers:

- 3% per year for first 10 years of service
- 2.5% per year for service after 10 years
- Benefit after 25 years of service: 67.5% of average final compensation
- Maximum benefit: 75% of average final compensation

Current Maximum DROP Period for Police Officers: 60 months

The Ordinance makes the following changes to the City of Coral Gable Retirement System for police officers:

New Pension Formula for Police Officers:

- 3% per year for first 10 years of service
- 2.5% per year for 11th through 24th year of service
- 10% for 25th year of service (up to new maximum benefit)
- Benefit after 25 years of service: 75% of average final compensation
- Maximum benefit for bargaining unit members: Lesser of \$95,000* or 75% of average final compensation (\$96,900 effective 9/30/19)

New Maximum DROP Period for Police Officers: 84 months (for police officers now in DROP and those who enter DROP before 9/30/19). Maximum DROP period reverts to 60 months effective 9/30/19. Between first and second reading, language was added to the Ordinance addressing the annual dollar limitations on retirement benefits set forth in Section 415 of the Internal Revenue Code.

*The new \$95,000 benefit cap will not apply to any officer whose benefit currently exceeds this amount – but the 75% of average final compensation maximum will still apply. Between first and second reading, language was added to the Ordinance to clarify that the new \$95,000 benefit cap will not apply to any officer who is eligible for normal retirement as of February 28, 2017 – but the 75% of average final compensation maximum will still apply.