

Memo

DT: March 25, 2019 Commission Agenda

TO: Honorable Mayor and Members of the City Commission

FR: Chuck Faranda, City Manager

RE: Proposed Ordinance Amending the City's General Employees' Pension Fund To Effectuate Changes Called for in the Collective Bargaining Agreement Between the City and Teamsters Local 769

RECOMMENDATION

It is recommended that the City Commission adopt the enclosed ordinance which amends the City's General Employees Pension Fund (the "Pension Plan") to effectuate changes called for in the collective bargaining agreement between the City and Teamsters Local 769 (the "Union"), in effect from October 1, 2018 through September 30, 2021 (the "Agreement") and approved by the City Commission on January 14, 2019.

BACKGROUND AND SUMMARY

The Pension Plan provides retirement benefits based on a tiered system wherein members are categorized based on their date of hire. Tier one members were hired on or before December 10, 2012. Tier two members were hired after December 10, 2012 through January 12, 2015 and Tier three members comprise those individuals hired after January 12, 2015. Prior to the negotiations that led to the Agreement, the benefits multiplier, normal retirement eligibility and vesting period varied based on members' respective tier. The City and the Union agreed to changes to the Pension Plan applicable to all three (3) tiers, which has resulted in uniformity relative to the benefits multiplier, normal retirement eligibility and vesting period. However, these changes will apply prospectively, which means that present service credit is not subject to the change in multiplier; that members eligible to retire are unaffected by the change to normal retirement eligibility; and that those members who already vested are not subject to the change in the vesting period.

More specifically, the multiplier for future service for all Tier members will be 2.0%, which is reduction from 3.0%, 2.5% and 2.25% for tier one, tier two and tier three members, respectively. For all Tier members not currently eligible to retire, the normal retirement date will be either: (1) the date on which the sum of an employee's age and years of service with the City equals 75; (2) the date upon which the member attains age 60 with 15 years of service; or (3) the date on which the employee attains age 65 with 10 years of service. Finally, the vesting period for all Tier members not yet vested will be ten (10) years of service.