

TAB 11



City of Palmetto Agenda Item

Meeting Date

3/19/12

Presenter: Jim Freeman

Department: City Clerk

Title: General Employees' Pension Plan Proposed Ordinance NO. 2012-02

There is a need to amend the ordinance governing the General Employees' Pension Plan to implement new legislation.

Senate Bill 1128 adopted during the 2011 legislative session amended the definition of salary by prohibiting the inclusion of accrued sick time and vacation time, and allowing up to only 300 hours of overtime per year when calculating retirement benefits.

The Board of Trustees is recommending an ordinance to change the salary definition to comply with the new law. After reviewing different ways to implement the legislation, the Board agreed that it will be more advantageous and efficient to define salary for calculating pension as the lessor amount of accrued vacation and sick time (as defined by the Personnel Policy) as of July 1, 2011 and an employees' actual retirement date.

Example: An employee has a combined total of 200 hours of accrued vacation and eligible sick time on July 1, 2011. At a future retirement date that employee has 400 hours of accrued vacation and eligible sick time. Retirement benefits will be calculated using the lessor amount, or 200 hours.

In a reverse scenario, an employee retires at some future date. Through use the employee has only 100 hours of accrued vacation and eligible sick time at that retirement date. Retirement benefits would be calculated using the lessor amount, or 100 hours.

Budgeted Amount: **Budget Page No(s):** **Available Amount:** 26,366 **Expenditure Amount:**

Additional Budgetary Information:

Funding Source(s): **Sufficient Funds Available:** Yes No **Budget Amendment Required:** Yes No **Source:**

City Attorney Reviewed: Yes No N/A **Advisory Board Recommendation:** For Against N/A **Consistent With:** Yes No N/A

Potential Motion/Direction Requested: Motion to schedule a public hearing for Ordinance No. 2012-02 for April 2, 2012.

Staff Contact: Jim Freeman

Attachments: Ordinance No. 2012-02; Personnel Policy excerpts regarding accrued vacation and sick time.

Law Offices

Christiansen & Dehner, P.A.

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March 8, 2012

Mayor Shirley Bryant
City of Palmetto
Post Office Box 1209
Palmetto, FL 34220-1209

RECEIVED
MAR 12 2012
CITY HALL

Re: City of Palmetto General Employees' Retirement System

Dear Mayor Bryant:

Enclosed please find a proposed ordinance amending the City of Palmetto General Employees' Retirement System, which is recommended by the Board for approval and adoption by the City Commission. Section 22-81, Definitions, is being amended to amend the definition of Salary to comply with the requirements of Chapter 2011-216, Laws of Florida regarding the limitation on overtime and accrued sick and annual leave.

By copy of this letter to the plan's actuary, Foster & Foster, Inc., I am requesting that they provide you with a letter indicating that there is no cost, or a cost savings associated with the adoption of this ordinance.

If you or any member of your staff have any questions with regard to this ordinance, please feel free to give me a call. In addition, if you feel it would be appropriate for me to be present at the meeting at which this ordinance is considered by the City Commission, please contact my office to advise me of the date that the ordinance would be considered.

Yours very truly,



Scott R. Christiansen

SRC/dm
enclosure

cc: Doug Lozen, with enclosure
Diane Ponder, with enclosure ✓

ORDINANCE NO. 2012-02

AN ORDINANCE OF THE CITY OF PALMETTO AMENDING CHAPTER 22, PERSONNEL, ARTICLE IV, GENERAL EMPLOYEES' RETIREMENT SYSTEM, OF THE CODE OF ORDINANCES OF THE CITY OF PALMETTO; AMENDING SECTION 22-81, DEFINITIONS; PROVIDING FOR CODIFICATION; PROVIDING FOR SEVERABILITY OF PROVISIONS; REPEALING ALL ORDINANCES IN CONFLICT HERewith AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA, IN REGULAR SESSION ASSEMBLED:

SECTION 1: Amendment Language.

That Chapter 22, Personnel, Article IV, General Employees' Retirement System, of the City of Palmetto Code of Ordinances, is hereby amended by amending Section 22-81, Definitions, to amend the definition of *Salary*, to read as follows:

* * * * *

Salary means the total compensation for services rendered to the city as general employee reportable on the member's W-2 form including lump sum payments of unused sick leave and vacation time, plus all tax deferred, tax sheltered or tax exempt items of income derived from elective employee payroll deductions or salary reductions. For service earned after July 1, 2011, salary shall not include more than three hundred (300) hours of overtime per calendar year and shall also not include payments for accrued unused sick or annual leave. Provided however, in any event, payments for overtime in excess of three hundred (300) hours per year or accrued unused sick or annual leave accrued as of July 1, 2011 and attributable to service earned prior to July 1, 2011, may still be included in salary for pension purposes even if the payment is not actually made until on or after July 1, 2011. In any event, with respect to unused sick leave and unused annual leave accrued prior to July 1, 2011, salary will include the lesser of the amount of sick or annual leave time accrued on July 1, 2011 or the actual amount of sick or annual leave time for which the retiree receives payment at the time of retirement, regardless of whether the amount of sick or annual leave was, at some time prior to retirement, reduced below the amount on July 1, 2011.

Compensation in excess of the limitations set forth in section 401(a)(17) of the Code as of the first day of the plan year shall be disregarded for any purpose, including employee contributions or any benefit calculations. The annual compensation of each member taken into account in determining benefits or employee contributions for any plan year beginning on or after January 1, 2002, may not exceed \$200,000, as adjusted for cost-of-living increases in accordance with Internal Revenue Code Section 401(a)(17)(B). Compensation means compensation during the fiscal year. The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year. If the determination period consists of fewer than 12 months, the annual compensation limit is an amount equal to the otherwise applicable annual compensation limit multiplied by a fraction, the numerator of which is the number of months in the short determination period, and the denominator of which is 12. If the compensation for any prior determination period is taken into account in determining a member's contributions or benefits for the current plan year, the compensation for such prior determination period is subject to the applicable annual compensation limit in effect for that prior period. The limitation on compensation for an "eligible employee" shall not be less than the amount that was allowed to be taken into account hereunder as in effect on July 1, 1993. "Eligible employee" is an individual who was a member before the first plan year beginning after December 31, 1995.

SECTION 2: Codification. Specific authority is hereby granted to codify and incorporate this Ordinance in the existing Code of Ordinances of the City of Palmetto.

SECTION 3: Repeal of Inconsistent Ordinances. All Ordinances or parts of Ordinances in conflict herewith be and the same are hereby repealed.

SECTION 4: Severability. If any section, subsection, sentence, clause, phrase of this ordinance, or the particular application thereof shall be held invalid by any court, administrative agency, or other body with appropriate jurisdiction; the remaining section, subsection, sentences, clauses, or phrases under application shall not be affected thereby.

SECTION 5: Effective Date. This Ordinance shall take effect as provided for by law and by City Charter, Section 14, upon execution by the Mayor or, if disapproval occurs, upon reconsideration by the City Commission and passing of the Ordinance by at least four votes.

First Reading: March 19, 2012.

Publication: March 29, 2012.

Second Reading and Public Hearing: April 2, 2012.

PASSED AND DULY ADOPTED BY THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA, with a quorum present and voting, in regular session assembled, this 2nd day of April, 2012.

By: _____
Shirley Groover-Bryant, Mayor

ATTEST:

By: _____
James R. Freeman, City Clerk

2. An employee who has been reemployed by the City is considered to be a new employee for purposes of earning annual leave credits. After a reemployed employee has been continuously reemployed for a period of 12 months, the employee shall be credited with continuous and creditable service with the City prior to the break in service.

3. Annual leave awarded during any pay period shall be credited to the employee on the last day of that pay period or, in the case of separation, on the last day the employee is on the payroll.

G. General Provisions Governing Annual Leave.

1. The time for taking annual leave is a matter to arrange with an employee's immediate supervisor and depends on the department's work schedule and fairness in allocating time off to all department employees. All requests for annual leave shall be approved in advance by the employee's department head or authorized supervisor.

2. Use of annual leave shall not be authorized prior to the time it is earned and credited to the employee.

3. Upon reasonable notice, a department head may require any employee to use any part of the employee's accrued annual leave for vacation purposes.

4. Each department head should make every effort to ensure that awarded annual leave is used on a current yearly basis in order to provide employees with vacation and proper rest and relaxation. By following this practice, employees will not normally accrue annual leave in excess of that earned each year.

H. Payment for Unused Annual Leave.

1. Non-probationary full-time employees who separate from City service shall be paid for any unused annual leave not to exceed 360 hours regardless of time accrued.

2. An exempt employee who is required to work on a holiday may be given another day off during the same pay-period in which the holiday falls.
3. Employee's who are on approved leave with pay when holiday's are observed shall not have such days charged against their leave.

K. Accrual of Sick Leave

1. Full-time employees shall accrue 96 hours of sick leave per year.
2. Sick leave accrued during any pay period shall be credited to the employee at the end of the pay period.
3. Sick leave can be accumulated up to a maximum of 960 hours. When an employee's accrued sick leave balance is in excess of 960 at the close of the calendar year, all such accrued sick leave in excess of 960 hours shall be canceled.

L. General Provisions Governing Sick Leave.

1. Sick leave will be used in no less than one (1) hour increments.
2. Notification of absence due to illness, injury or exposure to a contagious disease shall be given to the appropriate supervisor by the employee as soon as possible on the first day of absence. Failure to notify appropriate supervisory personnel as required may be considered grounds for denial of sick leave.
3. Use of sick leave may be used to care for the illness of any immediate family member but shall not be authorized prior to the time it is credited to the employee and shall only be used with the approval of the department head or authorized supervisor.