

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: November 20, 2024 9:50 a.m. Second Reading Public Hearing

TITLE: AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING PART I, SUBPART B, ARTICLE IX, RELATED SPECIAL ACTS, OF THE MIAMI BEACH CITY CODE ENTITLED "PENSION SYSTEM FOR DISABILITY AND RETIREMENT OF MEMBERS OF POLICE AND FIRE DEPARTMENTS"; AMENDING SECTION 66, "SERVICE AND DISABILITY BENEFITS GENERALLY", RELATED TO SALARY AND MINIMUM LINE-OF-DUTY DISABILITY BENEFITS; AMENDING SECTION 79, ENTITLED "DEFERRED RETIREMENT OPTION PLAN (DROP)", RELATED TO THE MAXIMUM DROP PARTICIPATION PERIOD; AMENDING SECTION 88, "BENEFITS FOR MEMBERS HIRED ON OR AFTER SEPTEMBER 30, 2013 AND PRIOR TO JUNE 8, 2016 FOR INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 1510 (IAFF) AND JULY 20, 2016 FOR FRATERNAL ORDER OF POLICE, WILLIAM NICHOLS LODGE NO. 8 (FOP)", RELATED TO AVERAGE MONTHLY SALARY; AMENDING SECTION 89, "BENEFITS FOR MEMBERS HIRED ON OR AFTER JUNE 8, 2016 AND PRIOR TO MAY 8, 2019 FOR INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 1510 (IAFF) AND HIRED ON OR AFTER JULY 20, 2016 AND PRIOR TO JULY 31, 2019 FOR FRATERNAL ORDER OF POLICE, WILLIAM NICHOLS LODGE NO. 8 (FOP)", RELATED TO AVERAGE MONTHLY SALARY; AMENDING SECTION 90, ENTITLED "BENEFITS FOR MEMBERS HIRED ON OR AFTER MAY 8, 2019 FOR INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 1510 (IAFF) AND ON OR AFTER JULY 31, 2019 FOR FRATERNAL ORDER OF POLICE, WILLIAM NICHOLS LODGE NO. 8 (FOP)", RELATED TO CREDITED SERVICE; PROVIDING FOR SEVERABILITY; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH; AND PROVIDING AN EFFECTIVE DATE.

RECOMMENDATION

Approve the proposed ordinance on first reading and set the ordinance for second reading on November 20, 2024.

BACKGROUND/HISTORY

The City of Miami Beach has the following five (5) classified employee groups that are represented by bargaining units:

- Group I - Represented by the American Federation of State, County and Municipal Employees (AFSCME) Local 1554;
- Group II - Represented by the Fraternal Order of Police (FOP) William Nichols Lodge No. 8;
- Group III - Represented by the International Association of Firefighters (IAFF) Local 1510;
- Group IV - Represented by the Communications Workers of America (CWA) Local 3178; and
- Group V - Represented by the Government Supervisors Association of Florida (GSAF), OPEIU, Local 100

In addition, the City has one classified employee group, Group VI, comprising all other classifications in the classified service not covered by a bargaining unit. This group is commonly referred to in the City of Miami Beach as "Others". There is a seventh salary group comprised of at-will employees commonly referred to as Unclassified.

Employees represented by the FOP and IAFF are eligible for a defined benefit pension plan governed by Part I, Subpart B, Article IX, Related Special Acts, of The Miami Beach City Code entitled "Pension System For Disability And Retirement Of Members Of Police And Fire Departments."

All other full time employees are eligible for a defined benefit pension plan governed by Part I, Subpart B, Article VI, Related Special Acts, of The Miami Beach City Code entitled "Pension and Retirement System for Officers and Employees Generally."

On July 11, 2024, the Administration and the International Association of Firefighters (IAFF) Local 1510 reached a tentative agreement on a union contract covering the period from October 1, 2024, through September 30, 2027.

On February 1, 2023, the City passed and adopted Ordinance 2023-4533, which incorporated the Memorandum of Understanding executed on October 20, 2022, allowing firefighters to receive service credit under the Fire & Police Pension Plan for their prior service under the Miami Beach Employees' Retirement Plan ("Employees' Retirement Plan"); and the ratified agreement between the City and the International Association of Firefighters (IAFF) formalizes these changes.

ANALYSIS

The Administration reached tentative agreements on union contracts with the International Association of Firefighters (IAFF) Local 1510 on July 11, 2024, and with the Fraternal Order of Police (FOP) William Nichols Lodge No. 8 on September 5, 2024. This agreement necessitates amendments to the Fire & Police Pension Plan.

On February 1, 2023, the City passed and adopted Ordinance 2023-4533, which incorporated the Memorandum of Understanding executed on October 20, 2022, allowing firefighters to receive service credit under the Fire & Police Pension Plan transferred from their prior service under the Miami Beach Employees' Retirement Plan ("Employees' Retirement Plan") up to 10 years of creditable service; and this agreement between the City and the International Association of Firefighters (IAFF) formalizes these changes. The proposed ordinance formally adopts this change.

The proposed ordinance amends the City's Fire & Police Pension Plan to include off-duty pay for members of the International Association of Fire Fighters (IAFF) and the Fraternal Order of Police (FOP) who are not eligible for overtime pay. Under this amendment, off-duty compensation received through the City will be treated as part of the member's salary for the purpose of calculating pension contributions and benefits, subject to the applicable maximum.

This change aligns with the City's ongoing efforts to ensure equitable treatment of all employees concerning pension benefits. Currently, only regular earnings are considered for pension purposes, excluding certain forms of compensation like off-duty pay for those ineligible for overtime. By including this off-duty compensation, the ordinance ensures that IAFF and FOP members in management who take on additional off-duty responsibilities are appropriately credited toward their pension contributions.

Also, the proposed ordinance amends the City's Fire & Police Pension Plan to change to the City's disability retirement benefits with a reduction in the minimum pension benefit for IAFF members retiring after October 1, 2024. Currently, IAFF members retiring due to permanent and

total disability receive at least 85% of their salary. The new provision reduces this floor to 50%.

The proposed ordinance also extends the Deferred Retirement Option Program (DROP) participation period for members of the International Association of Firefighters (IAFF), Local 1510, from 8 years (96 months) to a maximum of 10 years (120 months). This change affects members who entered the DROP on or after June 8, 2016, as well as future participants.

Extending the DROP period allows the City to retain experienced and skilled firefighters for an additional two years. This is particularly beneficial in maintaining institutional knowledge and leadership within the Fire Department. The longer DROP period provides a financial incentive for eligible firefighters to remain in service, delaying their full retirement while they accumulate additional pension benefits in the DROP.

The proposed ordinance seeks to amend the Final Average Monthly Earnings (FAME) calculation for members of the International Association of Firefighters (IAFF) by shortening the Final Average Monthly Earnings (FAME) period from five years to three years.

FISCAL IMPACT STATEMENT

Please see the attached actuarial studies for detailed analysis.

The change to include off-duty pay in pensionable pay for all current and future active Police & Fire command staff members is estimated to require an increase of \$105,911 to the City's contribution to the pension plan.

The actuarial impact of changing the DROP participation for IAFF members from a maximum of 96 months to a maximum of 120 months is cost-neutral.

The actuarial impact of changing Final Average Monthly Earnings (FAME) calculation for IAFF members by shortening the Final Average Monthly Earnings (FAME) period from five years to three years along with the reduction of the Disability Pension percentage from 85% to 50% results in a cumulative savings of \$798,000 to the City's contribution over the next five (5) years. The City will not see an increase to its contribution for these changes until year 10 following these changes and will not see an increase to the cumulative effect of these changes until year 17. These changes will result in a 0.05% increase to the City's cumulative contribution over 20 years, a \$633,000 increase over 20 years. (See Scenario 3 on page 9 of the August 15, 2024 GRS Actuarial Analysis for the combined effect of both changes.)

Does this Ordinance require a Business Impact Estimate? No
(FOR ORDINANCES ONLY)

If applicable, the Business Impact Estimate (BIE) was published on: 11/5/2024.
See BIE at: <https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notices/>

FINANCIAL INFORMATION

See above fiscal impact statement. Fiscal year 2024/25 pension benefits are funded in the City's 2024/25 budget.

CONCLUSION

The Administration recommends amending Part I, Subpart B, Article IX, Related Special Acts, of The Miami Beach City Code entitled "Pension System For Disability And Retirement Of Members Of Police And Fire Departments."

Based on the foregoing, the Administration recommends that the City Commission approve the proposed ordinance on first reading and set the ordinance for second reading on November 20, 2024.

Applicable Area

Citywide

Is this a "Residents Right to Know" item, pursuant to City Code Section 2-17?

No

Is this item related to a G.O. Bond Project?

No

Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying? No

If so, specify the name of lobbyist(s) and principal(s):

Department

Human Resources

Sponsor(s)

Mayor Steven Meiner

Co-sponsor(s)

Condensed Title

9:50 a.m. 2nd Rdg, Amend Pension System for Disability/Retirement of PD/FD. (Meiner) HR