

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: City Attorney Ricardo J. Dopico

DATE: May 21, 2025 3:10 p.m. First Reading Public Hearing

TITLE: AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING AND RESTATING THE MIAMI BEACH EMPLOYEES' RETIREMENT PLAN CREATED BY ORDINANCE NO. 2006-3504, AS SUBSEQUENTLY AMENDED, BY AMENDING SECTION 5.01(b)(6) TO PROVIDE FOR A FOUR PERCENT (4%) ACCRUAL FACTOR FOR THE INSPECTOR GENERAL AND TO PROVIDE THAT, AS APPLICABLE TO THE INSPECTOR GENERAL, EARNINGS SHALL INCLUDE TOTAL W-2 COMPENSATION PLUS ANY OTHER PAYMENTS OR ALLOWANCES UP TO THE LIMITATIONS SET FORTH IN SECTION 401(a)(17) OF THE INTERNAL REVENUE CODE AND REGULATIONS PROMULGATED THEREUNDER; AND PROVIDING FOR SEVERABILITY; REPEALING ALL ORDINANCES IN CONFLICT THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

RECOMMENDATION

BACKGROUND/HISTORY

The attached Ordinance, which is sponsored by Commissioner Alex Fernandez, has been placed on the City Commission meeting agenda for First Reading.

At the October 18, 2023 City Commission meeting, at the request of Mayor Dan Gelber, the City Commission referred an item to the Finance and Economic Resiliency Committee ("FERC") to discuss an increase to the Inspector General's pension accrual factor, to make the accrual factor consistent with the other three Charter Officers. This action would require an amendment to the City's Miami Beach Employees' Retirement Plan (the "Pension Plan").

On February 22, 2023, the City Commission adopted Ordinance No. 2023-4549, amending several provisions of the Pension Plan including, in pertinent part, a change to the pension accrual factor to 4% for Elected Officials and Charter Officers, but not including the Inspector General.

Currently, the Inspector General is the only Charter Officer subject to a pension accrual factor of 2.5%.

This item was included on the May 24, 2024 FERC agenda but was opened and continued. The item was also included on the June 28, 2024 FERC agenda but was deferred to the July 26, 2024 meeting.

On July 26, 2024, the FERC transmitted this matter to the City Commission, and recommended that it be referred to the Audit Committee for its input. The City Commission subsequently referred this matter to the Audit Committee.

This matter was presented at the August 14, 2024 Audit Committee meeting by the Pension Administrator for the Pension Plan. Following discussion, the Audit Committee unanimously approved the following motion:

The City of Miami Beach Audit Committee supports the increase of the pension accrual factor for the City of Miami Beach Inspector General from 2.5% to 4%, [consistent with] the other Charter Officers.

ANALYSIS

The attached Ordinance amends the Pension Plan, consistent with provisions applicable to the other three Charter Officers, to increase the Inspector General's pension accrual factor from 2.5% to 4%, and to provide that the Inspector General's earnings shall include total W-2 compensation plus any other payments or allowances, up to the limitations set forth in the Internal Revenue Code.

Following approval of the original referral, the Human Resources Department obtained authorization from the Pension Plan administrators to engage the Pension Plan's actuary to conduct an analysis on the financial impact of this change to the pension accrual factor for the Inspector General.

Foster & Foster, the Pension Plan actuary, submitted its report on April 12, 2024 and concluded that the estimated impact to the City's GASB 67 Net Pension Liability would increase by \$130,106. The estimated impact to the City's minimum contribution requirements in FY 2024-25 (the prior budget year) would be an increase of \$29,290.

If the Ordinance is adopted at First Reading, an updated actuarial analysis will be provided prior to Second Reading.

FISCAL IMPACT STATEMENT

Foster & Foster, the Pension Plan actuary, submitted its report on April 12, 2024 and concluded that the estimated impact to the City's GASB 67 Net Pension Liability would increase by \$130,106. The estimated impact to the City's minimum contribution requirements in FY 2024-25 (the prior budget year) would be an increase of \$29,290.

Does this Ordinance require a Business Impact Estimate? Yes
(FOR ORDINANCES ONLY)

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

FINANCIAL INFORMATION

CONCLUSION

Applicable Area

Citywide

<u>Is this a “Residents Right to Know” item, pursuant to City Code Section 2-17?</u>	<u>Is this item related to a G.O. Bond Project?</u>
Yes	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

City Attorney

Sponsor(s)

Commissioner Alex Fernandez

Co-sponsor(s)

Condensed Title

3:10 p.m. 1st Rdg PH, Amend MBERP, IG Accrual Factor. (Fernandez) CA

Previous Action (For City Clerk Use Only)