

ORDINANCE 19-02

AN ORDINANCE OF THE CITY OF MARCO ISLAND, COLLIER COUNTY, FLORIDA, AMENDING THE CITY OF MARCO ISLAND FIREFIGHTERS' PENSION PLAN TO PROVIDE FOR COMPLIANCE WITH THE 2015-2018 TERM COLLECTIVE BARGAINING AGREEMENT; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Marco Island ("City") and the International Association of Fire Fighters Local No. 2887 ("Union") entered into a Collective Bargaining Agreement effective October 1, 2015; and

WHEREAS, the Collective Bargaining Agreement for the period of October 1, 2015 to September 30, 2018, was ratified and approved by Resolution 15-68 of the City Council on September 21, 2015; and

WHEREAS, the City and the Union entered into side letters on September 21, 2015, and September 29, 2015, clarifying certain provisions of the Collective Bargaining Agreement pertaining to retirement; and

WHEREAS, the trustees of the City of Marco Island Firefighters' Pension Plan have requested and approved these amendments as being in the best interests of the participants and beneficiaries as well as improving the administration of the plan, and

WHEREAS, the City Council has received, reviewed and considered an actuarial impact statement describing the actual impact of the amendments provided for herein;

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF MARCO ISLAND, FLORIDA THAT:

Section 1. That section 22-56 of the Code of Ordinances is hereby amended as follows:

(a) *Member contributions*

(1) *Amount.* Members of the pension plan shall be required to make regular contributions to the fund in the amount of one percent of their salary. Member contributions withheld by the city on behalf of the member shall be deposited with the board every pay period. The contributions made by each member to the fund may be designated by the city as employer contributions pursuant to Section 414(h) of the Code. Such designation is contingent upon a resolution adopted by the city council and the contributions being excluded from the member's gross income for federal income tax purposes. For all other purposes of the pension plan, such contributions shall be considered to be member contributions. Effective October 1, 2015, should city contributions plus member contributions plus all of the insurance premium tax revenues (i.e. "175 funds") received by the plan in a given fiscal year be insufficient to fully fund the plan as determined by the plan's actuary in its most recent Actuarial Valuation Report for that plan fiscal year, member contributions may temporarily be increased to fund any deficiency; provided, that any such deficiency shall first be addressed by allocation of 175 funds according to this section and any temporary increase in member contributions, should it be necessary, shall not exceed five percent in one fiscal year. Member contributions shall then immediately return to one percent of salary for the following plan fiscal year.

(2) *Method.* Member contributions shall be made by payroll deduction.

(b) *Insurance premium tax revenues and other contributions received by operation of state law.* Insurance premium tax revenues collected and distributed pursuant to F.S. Ch. 175, and any other monies received by operation of the laws of the state for the express purpose of funding and paying for retirement benefits for firefighters of the city, shall be deposited into the pension fund within five days after receipt by the city. In conjunction with the city's adoption of a resolution implementing this pension plan pursuant to F.S. § 175.351, the insurance premium tax revenues received pursuant to F.S. § 175.101, shall be deposited into and become an integral part of this pension fund, and not used for any other purpose. Effective October 1, 2015, insurance premium tax revenues received up to the base premium tax revenue amount of \$73,936 shall be applied to reduce the city's annual required contribution as specified by the plan's actuary in its most recent Actuarial Valuation Report. All insurance premium tax revenues in excess of \$73,936 shall be used to fund the Firefighter Share Plan as set forth in section 22-61(h) of this ordinance. Notwithstanding, should the annual cost to fully fund the

pension plan as determined by the plan's actuary in its most recent Actuarial Valuation Report in any fiscal year exceed the sum of city contributions plus member contributions plus insurance premium tax revenues up to \$73,936, then the amount of insurance premium tax revenues that exceeds \$73,936 necessary to fund such deficiency shall be applied to reduce such contribution shortfall. Prior to increasing of member contributions, any shortfall as described herein shall first be addressed by applying 175 funds accordingly. Should the available 175 funds for such fiscal year be insufficient to cover the shortfall, then member contributions shall be increased accordingly subject to the provisions articulated herein.

(c) *City contributions.* So long as this pension plan is in effect, the city shall make quarterly contributions to the fund in an amount equal to the difference each year between the total contributions from all other sources for the year, and the total cost for the year, as shown by the most recent actuarial valuation of the pension plan. The total cost for any year shall be defined as the total normal cost plus the additional amount sufficient to amortize the unfunded past service liability over a 30-year period, commencing with the fiscal year in which the effective date of this pension plan occurs. Effective October 1, 2015, the city's annual contribution shall be 43.72% of total salary of all active members of the plan. Notwithstanding the foregoing, on or before September 30, 2018, the city shall pay off the pension plan's entire unfunded liability as determined in the adopted Actuarial Valuation Report for the plan year ending October 1, 2015. Should total insurance premium tax revenues plus required city contributions plus member contributions be insufficient to maintain the pension plan fully funded in a given fiscal year, the city shall contribute the remaining shortfall amount and shall bear ultimate responsibility for ensuring that the pension plan remains fully funded every fiscal year as determined by the plan's Actuary in its most recent Actuarial Valuation Report.

(d) *Other.* Private donations, gifts and contributions may be deposited into the fund.

Section 2. That section 22-61(h) of the Code of Ordinances is hereby amended as follows:

"Share plan." There is hereby provided, in addition to all other benefits provided in this article, an annual supplemental retirement benefit, which shall consist of an individual share account for each member of the pension plan employed as a firefighter for the City of Marco Island on or after the effective date hereof. The amount of which shall be determined annually, based upon the receipt by the fund of any "additional premium tax revenues," as defined in F.S. § ~~475.354(1)(b)~~ 175.032(1), meaning,

those insurance premium tax revenues in excess of base premium tax revenues equaling \$73,936. By December 1 of each year (or, if the premium tax revenues are received after October 2, within 60 days after receipt of the premium tax revenues from the state), each actively employed member of the pension plan employed as a firefighter for the City of Marco Island on or after the effective date hereof, shall be paid a supplemental retirement benefit determined as follows:

Initial crediting. No later than 180 days after the adoption of the ordinance from which this section derives, each member's share account shall be credited retroactively from the member's date of hire to September 30, 2007. Each member who was employed during this time as a firefighter shall receive one share for each month of credited service as defined in section 22-52, earned during the preceding fiscal year. The total value of each share shall be determined annually based on the total number of members at that time divided into the total additional premium tax revenues received during said fiscal year, plus interest at the pension plan's actual rate of investment return calculated from the pension plan's receipt of said revenue to September 30 of that year, to determine the amount to be initially credited to the share account of each eligible member. It is the intent of the city council that the initial payment under this section shall be made based on each separate year's accumulation and the status of each eligible member in those years. The crediting of shares for each year shall be based on the excess premium taxes received in that particular year and shall be payable only to persons who were eligible to receive a payment in the particular year in which the taxes were received. For purposes of implementing this share plan, a member's annual accrued benefit shall mean the amount allocable each fiscal year up to the corresponding annual prescribed Internal Revenue Code Section 415 limitation, beyond which any excess amount shall be deemed to accrue in the subsequent fiscal year.

Crediting effective December 2008 and thereafter. ~~No later than December 1, 2008, and December 1 of each year thereafter, or as soon thereafter as practicable, each eligible member's share account shall be credited as follows:~~ Share accounts shall be funded solely with additional premium tax revenues as defined herein. Effective October 1, 2015, should member contributions plus city contributions plus base premium tax revenues in the amount of \$73,936 be insufficient to fully fund the pension plan in a given fiscal year as determined by the plan's actuary in its most recent Actuarial Valuation Report, additional premium tax revenues shall be allocated accordingly to fund such shortfall instead of funding member share accounts. Any additional premium tax revenue not utilized to fund such a shortfall shall be allocated to fund member share accounts accordingly.

Each member who was employed during the preceding calendar year shall receive one share for each month of credited service, as defined in section 22-52, earned during the preceding calendar year. The total number of shares thus determined shall be divided into the additional premium tax revenues received during said year, plus interest at the pension plan's actual rate of investment return, calculated from the pension plan's receipt of said revenue to December 31 of that year, to determine the amount to be credited to the share account of each eligible member.

Effective January 1 of each calendar year, each member's share account shall be credited or debited with earnings based upon the amount in the share account at the close of the next preceding calendar year (e.g., the amount credited in 2008 shall be based upon the amount in the share account as [of] December 31, 2006, since the interest on the additional premiums tax revenues credited to the account during 2007 was already added to the amount distributed in 2007) at a rate equal to the pension plan's net investment return for the preceding calendar year (e.g., effective January 1, 2008, the amount in each share account as of December 31, 2006, shall be credited with the net investment rate of return for 2007.) Upon attaining 12 years of credited service, a member may thereafter make a one-time irrevocable election to have interest credited to his or her share account at the rate earned by the pension fund from a money market mutual fund selected by the board of trustees rather than credited or debited at the pension fund's actual rate of return.

A member who reaches age 55 or who attains with at least ~~42~~ 20 years of credited service ~~upon termination of employment~~ shall be eligible to receive the balance in the member's share account upon actual termination of employment with the city.

A member with at least 15, but less than 20 years of credited service, shall be eligible to receive 75% of the balance in the member's share account upon actual termination of employment with the city.

A member with at least six but less than ~~42~~ 15 years of credited service upon termination of employment shall be eligible to receive one-half of the balance in the member's share account upon termination of employment. No benefit shall be payable to a member who terminates covered employment with less than six years of credited service. The share account balances of such non-vested terminated members shall be redistributed into the allocation for the next fiscal year. The designated beneficiary of a member who dies shall receive the accumulated total of the deceased member's share account and a member awarded a disability pension from the pension plan shall receive the accumulated total of the disabled member's share account. There shall be no forfeiture of a

member's share account based on member's death, disability or layoff. Payment of share account benefits shall be by lump sum, which shall consist of the accumulated total of the member's share account or can be rolled over in accordance with Section 22-72 of the Internal Revenue Code, with an additional payment made for any amount credited in the year following the member's termination of employment. Any additional costs of additional minimum or mandated pension benefits required by changes to state law that take effect after the date of the ordinance from which this section derived shall be paid from the additional premium tax revenues before any remaining additional premium tax revenues are allocated to the share accounts hereunder.

Section 3. If any word, phrase, clause, subsection, or section of this ordinance is for any reason held unconstitutional or invalid, the invalidity thereof shall not affect the validity of any remaining portions of this ordinance.

Section 4. That all sections or parts of sections of all ordinances or parts of ordinances in conflict herewith, be and the same are hereby repealed to the extent of such conflict.

Section 5. This ordinance shall take effect upon adoption.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF MARCO ISLAND THIS
22nd DAY OF JANUARY 2019.

ATTEST:



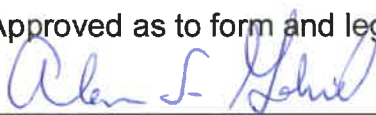
Laura M. Litzan, City Clerk

CITY OF MARCO ISLAND, FLORIDA

By: 

Erik Brechnitz, Chairman

Approved as to form and legal sufficiency:



Alan L. Gabriel, City Attorney