



City of Deltona

CITY COMMISSION WORKSHOP
MONDAY, APRIL 14, 2014
5:30 P.M.

Mayor
John Masiarczyk

Vice Mayor
Heidi Herzberg
District 3

Commissioners:

Zenaida Denizac
District 1

Webster Barnaby
District 2

Nancy Schleicher
District 4

Fred Lowry
District 5

Chris Nabicht
District 6

City Manager
William D. Denny

2ND FLR CONFERENCE ROOM
2345 PROVIDENCE BLVD.
DELTONA, FLORIDA

AGENDA

1. **CALL TO ORDER:**
2. **ROLL CALL – CITY CLERK:**
3. **PLEDGE TO THE FLAG:**

PUBLIC COMMENTS- Citizen comments limited to items on the agenda and will take place after discussion of each item.
4. **BUSINESS:**
 - A. **Discussion re: Proposed changes to Firefighters' Pension Ordinance.**
 - B. **Discussion re: Sanctions for violating the Charter.**
5. **CITY MANAGER COMMENTS:**
6. **ADJOURNMENT:**

NOTE: If any person decides to appeal any decision made by the City Commission with respect to any matter considered at this meeting or hearing, he/she will need a record of the proceedings, and for such purpose he/she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based (F.S. 286.0105).

Individuals with disabilities needing assistance to participate in any of these proceedings should contact the City Clerk, Joyce Raftery 48 hours in advance of the meeting date and time at (386) 878-8500.



AGENDA MEMO

TO: Mayor & City Commission **AGENDA DATE:** 4/14/2014
FROM: William D. Denny, City Manager **AGENDA ITEM:** 4 - A
SUBJECT: Discussion re: Proposed changes to Firefighters' Pension Ordinance.

LOCATION:

Fire Department

BACKGROUND:

The Board of Trustees of the City of Deltona Firefighters' Pension Plan have evaluated opportunities for Plan enhancements over the past several years. The focus was to provide for use of the frozen insurance premium tax distributions that continued to build annually with no benefit to members. At the Board meeting January 15, 2013, the pension actuary presented the actuarial evaluation as of October 1, 2012 that established the funding levels for fiscal year 2013-2014. At the meeting the Board discussed the continued building of the premium tax dollars, now in excess of \$1.5M that were frozen and could only be utilized for plan enhancements. Every year approximately \$280,000 was added to the frozen balance. The Board decided to work during 2013 to make a formal recommendation to utilize the frozen premium tax dollars. The City adopted a union contract that specified in Article 36, Pension Plan, that the city and the union agree to use the available premium state tax dollars to enhance the current pension plan as recommended by the pension board. The Board further refined its review and discussions to include the specifics of the contract article. The resulting ordinance and actuarial impact statement reflect the board's recommendations for enhancing plan benefits utilizing the premium tax funding.

Staff will make a presentation regarding proposed changes to the City of Deltona Firefighters' Pension Fund ordinance.

ORIGINATING DEPARTMENT:

City Manager's Office

SOURCE OF FUNDS:

General Fund

COST:

TBD

REVIEWED BY:

Finance Director, City Attorney, City Manager

**STAFF
RECOMMENDATION
PRESENTED BY:**

N/A - For discussion and direction to staff as necessary.

**POTENTIAL
MOTION:**

N/A - For discussion and direction to staff as necessary.

**AGENDA ITEM
APPROVED BY:**

William D. Denny, City Manager

ATTACHMENTS:

- Ordinance No. 19-2013
- Letter from Foster & Foster
- Actuarial Impact Statement

ORDINANCE NO. 19-2013

AN ORDINANCE OF THE CITY OF DELTONA, FLORIDA, AMENDING CHAPTER 46, ARTICLE II, FIREFIGHTERS' PENSION PLAN, OF THE CODE OF ORDINANCES OF THE CITY OF DELTONA BY AMENDING SECTION 46-31, CONTRIBUTIONS; AMENDING SECTION 46-33, BENEFIT AMOUNTS AND ELIGIBILITY; AMENDING SECTION 46-35, DISABILITY; AMENDING SECTION 46-54, DEFERRED RETIREMENT OPTION PLAN; AMENDING SECTION 46-56, RETIREMENT SUBSIDY; ADDING SUBSECTION 46-57, MILITARY SERVICE PRIOR TO EMPLOYMENT; ADDING SECTION 46-58, PRIOR FIRE SERVICE; 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 DELTONA, FLORIDA;

SECTION 1: That Chapter 46, Article II, Firefighters' Pension Plan, of the Code of Ordinances of the City of Deltona is hereby amended by amending Section 46-31 Contributions, subsection (c), *City contributions*, to read as follows:

* * * * *

(c) *City contributions.* So long as this system is in effect, the city shall make quarterly contributions to the fund in an amount equal to the required city contribution as shown by the applicable actuarial valuation of the system, but in no event shall the City's annual contribution be less than sixteen percent (16%) of the total salary of the Members.

* * * * *

SECTION 2: That Chapter 46, Article II, Firefighters' Pension Plan, of the Code of Ordinances of the City of Deltona is hereby amended by amending Section 46-33, Benefit Amounts and Eligibility, to add subsection (f), *Cost of Living Adjustment*, to read as follows:

* * * * *

(f) *Cost of living adjustment.*

(1) The pension benefit payable to all retirees who retire under early or normal retirement after the effective date of this ordinance with at least twenty-one (21) years of credited service, and those who retire with an In-Line of Duty disability retirement, and their beneficiaries and joint annuitants, shall be annually increased by two and thirty-five one- hundredths percent (2.35%) beginning on the later of the attainment

of age fifty-two (52) or three (3) years after commencement of benefits. This benefit shall not be payable to terminated vested persons. Beneficiaries and joint annuitants of deceased retirees shall receive adjustments as provided for herein, based on the age or years of service of the deceased Retiree. This benefit increase shall also be payable prospectively to all current retirees who meet the eligibility requirements.

- (2) In the event that the total insurance premium tax rebates in any year are reduced such that the original dollar amount attributable to pay for this COLA and the increase in the Retirement Subsidy in Section 46-56 as provided for in this Ordinance No. -2014 is not available, the COLA and the increase in the Retirement Subsidy benefit for future years shall be reduced proportionally to reflect the reduction in the premium tax rebates. In the event that the total amount of the insurance premium tax rebates are subsequently increased, the annual COLA amount and the increase in the Retirement Subsidy shall be proportionately, prospectively increased, but not to an amount greater than two and thirty-five one-hundredths percent (2.35%) for the COLA and \$10/\$250 for the Retirement Subsidy. Reductions in premium tax rebates shall not result in the reduction of any other plan benefits.

* * * * *

SECTION 3: That Chapter 46, Article II, Firefighters' Pension Plan, of the Code of Ordinances of the City of Deltona is hereby amended by amending Section 46-35, Disability, subsection (e), *Disability payments*, to read as follows:

* * * * *

(e) *Disability payments.* The benefits payable to a participant who retires from the service of the city due to total and permanent disability which occurred in the line of duty is the accrued normal retirement benefit paid monthly for life or ten years certain, but shall not be less than 60 percent of his or her average final compensation at the time of disability. If after attaining ten creditable years of service in the plan the disability is other than in the line of duty, the participant's monthly benefit shall be the accrued normal retirement benefit, but shall not be less than 25 percent of their average final compensation at the time of disability. No disability benefits shall be payable to a participant who has less than ten creditable years of service for a disability, other than in the line of duty.

The monthly retirement income to which a participant is entitled in the event of his or her disability retirement shall be payable on the first day of the first month after the board determines such entitlement. However, the monthly retirement income shall be payable as of the date the board determines such entitlement and any portion due for a partial month shall be paid together with the first payment. Notwithstanding the previous sentence, in the event the City involuntarily terminates the participant's employment for medical reasons prior to the date the Board determines the entitlement to the disability benefit, the monthly retirement benefits shall be payable retroactively to the later of the date of the application for disability benefits or the date that the City involuntarily terminates the participant's employment for medical reasons. The last payment will be the payment

due next preceding the date of such recovery or, if the participant dies without recovering from the disability, the payment due next preceding his or her death or the 120th monthly payment, whichever is later. In lieu of the benefit payment provided in this paragraph a participant may select an optional form as provided in section 46-37. Any monthly retirement income payments due after the death of a disabled participant shall be paid to the participant's designated beneficiary (or beneficiaries) as provided in section 46-34 or section 46-38, whichever applies.

* * * * *

SECTION 4: That Chapter 46, Article II, Firefighters' Pension Plan, of the Code of Ordinances of the City of Deltona is hereby amended by amending Section 46-54, Deferred Retirement Option Plan, subsections (b)(1), (b)(2), and (b)(3), *Participation*, to read as follows:

* * * * *

(b) *Participation.*

- (1) *Eligibility to participate.* In lieu of terminating his or her employment as a Firefighter, any participant who is eligible for normal retirement under the system may elect to defer receipt of such service retirement pension and to participate in the DROP ~~provided that the election to participate in the DROP is made within 12 months following the date on which the participant first becomes eligible for normal retirement. A participant who fails to make the election within such 12-month limitation period shall forfeit all rights to participate in the DROP.~~
- (2) *Election to participate.* A participant's election to participate in the DROP must be made in writing in a time and manner determined by the board and shall be effective on the first day of the first calendar month which is at least 15 business days after it is received by the board.
- (3) *Period of participation.* A participant who elects to participate in the DROP under subsection (b)(2), shall participate in the DROP for a period terminating not to exceed later than the earlier of:
- a. ~~36~~ ninety-six (96) months beginning at the time from the date his or her election to participate in the DROP first becomes effective; or
 - b. the completion of thirty-five (35) total years of service (including service while in the DROP and including any years purchased for prior military service or prior fire service); or
 - c. the attainment of age sixty (60) years of age.

An election to participate in the DROP shall constitute an irrevocable election to resign from the service of the city not later than the date provided for ~~in the previous sentence~~ above. A participant may participate only once.

* * * * *

SECTION 5: That Chapter 46, Article II, Firefighters' Pension Plan, of the Code of Ordinances of the City of Deltona is hereby amended by amending Section 46-56, Retirement Subsidy, to read as follows:

Sec. 46-56. Retirement subsidy (RS).

The retirement subsidy (RS) is a monthly supplemental payment to a retired firefighter ~~to help defray the cost of health insurance coverage. This monthly payment, which must be applied for,~~ is calculated by multiplying your total years of service at retirement (up to a maximum of 25 years) ~~by \$5.00 10.00. RS and~~ is only available to firefighters after retirement while not employed by the city. ~~RS is calculated at shall equal \$5.00 10.00 for each full year of creditable service with a maximum RS of \$125.00 250.00 per month. which shall be paid monthly.~~ RS is not to be paid retroactive to the firefighter's date of retirement, but the increase in the benefit to \$10/\$250 shall be applicable prospectively to all current retirees. The increase in the Retirement Subsidy provided for in this Ordinance No. -2014 shall be subject to an adjustment as provided for in Section 46-33(f)(3).

SECTION 6: That Chapter 46, Article II, Firefighters' Pension Plan, of the Code of Ordinances of the City of Deltona is hereby amended by adding Section 46-57, Military Service Prior to Employment, to read as follows:

Section 46-57. Military service prior to employment.

The years or fractional parts of years that a firefighter serves or has served on active duty in the military service of the Armed Forces of the United States, the United States Merchant Marine or the United States Coast Guard, voluntarily or involuntarily, and honorably or under honorable conditions, prior to first and initial employment with the City fire department shall be added to his or her years of credited service provided that:

(1) The member contributes to the fund the sum that he or she would have contributed, based on his or her salary and the member contribution rate in effect at the time that the credited service is requested, had he or she been a member of the system for the years or fractional parts of years for which he or she is requesting credit plus amounts actuarially determined such that the crediting of service does not result in any cost to the fund plus payment of costs for all professional services rendered to the board in connection with the purchase of years of credited service. The cost of the buyback shall be borne solely by the member and shall not result in any additional cost to the fund or the City.

(2) Multiple requests to purchase credited service pursuant to this section may be made at any time prior to retirement.

(3) Payment by the member of the required amount shall be made within six (6) months of his or her request for credit, but not later than the retirement date, and shall be made in one lump sum payment upon receipt of which credited service shall be given or the Member may elect to make payment for the requested Credited Service over a period of time as provided for in paragraph (6) below.

(4) The maximum credit under this section, combined with any credit purchased pursuant to Section 46-58, shall be a total of five (5) years.

(5) Credited service purchased pursuant to this section shall not count toward vesting or eligibility for not-in-line of duty disability benefits.

(6) In lieu of the lump sum payment provided for in paragraph (3) above, a Member may elect to make payments over a period of time in order to fully pay the amount provided for in paragraph (1). The Member shall be required to notify the Board, in writing, of his or her election to make payments in the manner provided for in this paragraph, The payment plan provided for in this paragraph shall be subject to the following terms:

- a. The principal amount to be paid shall be determined as set forth in paragraph (1) above.
- b. The original principal amount shall be amortized over the period beginning with the first payment and ending no later than twenty-four (24) months from the date of the first payment and shall be re-amortized annually to reflect changes in the interest rate provided for in subparagraph c. below.
- c. Payments shall consist of principal and interest at a rate equal to the actuarially assumed rate of return on plan investments..
- d. Payments shall be made by payroll deduction from each paycheck on an after-tax basis.
- e. In the event that a Member dies, retires (including entry into any Deferred Retirement Option Plan (DROP)) or otherwise terminates his or her employment, without having made full payment of the principal amount necessary to receive all Credited Service requested, the Member shall receive so much of the Credited Service requested, determined using procedures established by the actuary, which could be purchased with the amount of principal paid by the Member to the date of his or her death or termination of employment.
- f. In the event that the Member's employment is terminated for any reason and he or she is not entitled to any benefit from the System other than the return of the amounts he or she has had deducted from his or her paycheck as his or her normal contribution to the System, the amounts which the Member has paid pursuant to this subsection to purchase additional Credited Service, shall be returned to him or her including all interest paid, however, no interest shall accrue on amounts paid to purchase service,

SECTION 7: That Chapter 46, Article II, Firefighters' Pension Plan, of the Code of Ordinances of the City of Deltona is hereby amended by adding Section 46-58, Prior Fire Service, to read as follows:

Section 46-58. Prior fire service.

Unless otherwise prohibited by law, and except as provided for in section (1), the years or fractional parts of years that a member previously served as a firefighter with the city during a period of previous employment and for which period accumulated contributions were withdrawn from the fund, or the years and fractional parts of years that a member served as a full-time firefighter for any other municipal, county or special district fire department in the State of Florida shall be added to his or her years of credited service provided that:

(1) The member contributes to the fund the sum that he or she would have contributed, based on his or her salary and the member contribution rate in effect at the time that the credited service is requested, had he or she been a member of the system for the years or fractional parts of years for which he or she is requesting credit plus amounts actuarially determined such that the crediting of service does not result in any cost to the fund plus payment of costs for all professional services rendered to the board in connection with the purchase of years of credited service. The cost of the buyback shall be borne solely by the member and shall not result in any additional cost to the fund or the City.

(2) Multiple requests to purchase credited service pursuant to this section may be made at any time prior to retirement.

(3) Payment by the member of the required amount shall be made within six (6) months of his or her request for credit, but not later than the retirement date, and shall be made in one lump sum payment upon receipt of which credited service shall be given, or the Member may elect to make payment for the requested Credited Service over a period of time as provided for in paragraph (7) below.

(4) The maximum credit under this section for service other than with the City of Deltona, combined with any credited service purchased pursuant to Section 46-57 shall be a total of five (5) years of credited service and shall count for all purposes, except vesting and eligibility for not-in-line of duty disability benefits.

(5) In no event, however, may credited service be purchased pursuant to this section for prior service with any other municipal, county or special district fire department, if such prior service forms or will form the basis of a retirement benefit or pension from a different employer's retirement system or plan as set forth in section 46-43, subsection (1)(2).

(6) For purposes of determining credit for prior service as a firefighter as provided for in this section, in addition to service as a firefighter in this state, credit may be purchased by the member in the same manner as provided above for federal, other state, county or municipal service if the prior service is recognized by the Division of State Fire Marshal, as provided under Chapter 633, Florida Statutes, or the firefighter provides proof to the board that such service is equivalent to the service required to meet the definition of a firefighter under Sec.46-26, above.

(7) In lieu of the lump sum payment provided for in paragraph (3) above, a Member may elect to make payments over a period of time in order to fully pay the amount provided for in paragraph (1). The Member shall be required to notify the Board, in writing, of his or her election

to make payments in the manner provided for in this paragraph, The payment plan provided for in this paragraph shall be subject to the following terms:

- a. The principal amount to be paid shall be determined as set forth in paragraph (1) above.
- b. The original principal amount shall be amortized over the period beginning with the first payment and ending no later than twenty-four (24) months from the date of the first payment and shall be re-amortized annually to reflect changes in the interest rate provided for in subparagraph c. below.
- c. Payments shall consist of principal and interest at a rate equal to the actuarially assumed rate of return on plan investments..
- d. Payments shall be made by payroll deduction from each paycheck on an after-tax basis.
- e. In the event that a Member dies, retires (including entry into any Deferred Retirement Option Plan (DROP)) or otherwise terminates his or her employment, without having made full payment of the principal amount necessary to receive all Credited Service requested, the Member shall receive so much of the Credited Service requested, determined using procedures established by the actuary, which could be purchased with the amount of principal paid by the Member to the date of his or her death or termination of employment.
- f. In the event that the Member's employment is terminated for any reason and he or she is not entitled to any benefit from the System other than the return of the amounts he or she has had deducted from his or her paycheck as his or her normal contribution to the System, the amounts which the Member has paid pursuant to this subsection to purchase additional Credited Service, shall be returned to him or her including all interest paid, however, no interest shall accrue on amounts paid to purchase service,

SECTION 8: Specific authority is hereby granted to codify and incorporate this Ordinance in the existing Code of Ordinances of the City of Deltona.

SECTION 9: All Ordinances or parts of Ordinances in conflict herewith be and the same are hereby repealed.

SECTION 10: 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 11: That this Ordinance shall become effective upon its adoption.

PASSED ON FIRST READING, this _____ day of _____, 2014.

PASSED AND ADOPTED ON SECOND READING, this _____ day of _____, 2014.

MAYOR

ATTEST:

CITY CLERK

Approved as to form:

CITY ATTORNEY

dm/del/fire/03-14-14.ord



April 4, 2014

VIA EMAIL AND MAIL

Ms. Lisa Spriggs, CPA
 City of Deltona
 Post Office Box 5550
 Deltona, FL 32728-5550

Re: Firefighters' Pension Plan

Dear Lisa:

As requested, this letter is intended to provide additional information regarding the proposed benefit changes after the initial Council Meeting and after the additional Board Meeting.

1.) DROP Participation Period

The first change discussed at the Council meeting was the period of DROP participation. In the original proposal, the DROP period of participation was extended from 36 to 96 months. However, any Member participating in the DROP could not participate later than the earlier of the completion of 35 total years of service (including purchased service), or the attainment of age 60.

If the period of participation were limited to 60 months, it would not change the costs developed in the Actuarial Impact Statement. This is because these changes would not alter our current assumptions regarding when Firefighters are expected to retire.

2.) Minimum Period of Service

The second issue discussed was the 21 years of service criteria for eligibility for the COLA. To keep the costs of the study under control, we have looked at the reduction in COLA or increased cost necessary for either a 10-year requirement or a 15-year requirement. These two points should give a good idea of the impact of loosening the years of service requirement at various possibilities of minimum service requirements.

If the minimum service requirement were changed from 21 years to **10 years**, then either

(1) the COLA for all affected Retirees would have to be reduced by 0.39% to **1.96%** in order to keep the same funding requirements as the original Impact Statement; or

(2) if the COLA were kept at 2.35%, then the funding requirements would be higher than the original Impact Statement by 2.1% of payroll.

If the minimum service requirement were changed from 21 years to **15 years**, then either

(1) the COLA for all affected Retirees would have to be reduced by 0.23% to **2.12%** in order to keep the same funding requirements as the original Impact Statement; or

(2) if the COLA were kept at 2.35%, then the funding requirements would be higher than the original Impact Statement by 1.2% of payroll.

Ms. Lisa Spriggs, CPA
April 3, 2014
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If you have any questions concerning this information, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read 'Patrick T. Donlan', with a long horizontal flourish extending to the right.

Patrick T. Donlan, ASA, EA, MAAA

PTD/lke

CITY OF DELTONA
FIREFIGHTERS' PENSION PLAN
ACTUARIAL IMPACT STATEMENT
April 4, 2014

Attached hereto is a comparison of the impact on the Total Required Contribution (per Chapter 112, Florida Statutes), and the Required City Contributions, resulting from implementation of the following changes:

- 1.) Implementing a floor on the City's annual pension contribution equal to 16% of pensionable payroll.
- 2.) Implementing an automatic cost-of-living adjustment (COLA), prospectively, to eligible Retirees. All Retirees who have completed at least 21 years of Credited Service, and those Retirees who retire with an In-Line of Duty disability retirement, shall receive a 2.35% automatic COLA beginning on the later of the attainment of age 52 or three 3 years after commencement of benefits. This benefit shall not be payable to terminated vested Members. Additionally, beneficiaries and joint annuitants of deceased Retirees shall receive COLA adjustments, based on the age or years of service of the deceased Retiree.
- 3.) Extending the DROP period from 36 to 96 months. However, any Member participating in the DROP cannot participate later than the earlier of the completion of 35 total years of service (including purchased service), or the attainment of age 60.
- 4.) Increasing the monthly retirement subsidy from \$5 per year of service to \$10 per year of service, prospectively, to future and current Retirees. The maximum retirement subsidy is increased from \$125 to \$250 per month.
- 5.) Adding provisions for purposes of purchasing prior military or firefighter service.

The cost impact, determined as of October 1, 2012, as applicable to the fiscal year ending September 30, 2014, is as follows:

	<u>Current</u>	<u>Proposed</u>
Total Required Contribution % of Total Annual Payroll	30.4%	36.9%
Member Contributions (Est.) % of Total Annual Payroll	8.0%	8.0%
City and State Required Contribution % of Total Annual Payroll	22.4%	28.9%
State Contribution (est.) * % of Total Annual Payroll	154,990 3.8%	425,152 10.3%
Balance from City % of Total Annual Payroll	18.6%	18.6%

* Frozen, per Chapter 175, Florida Statutes.

CITY OF DELTONA
FIREFIGHTERS' PENSION PLAN

ACTUARIAL IMPACT STATEMENT

April 4, 2014

(Page 2)

Please note the Excess State Monies Reserve has been fully utilized for purposes of this Impact Statement. Additionally, the increase in Unfunded Actuarial Accrued Liability (UAAL) has been amortized utilizing a 0% payroll growth assumption, opposed to the 3% assumption that is used for all existing UAAL bases.

The changes presented herein are in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the State Constitution. The liabilities were computed based on the data used for the October 1, 2012 actuarial valuation utilizing the assumptions and methods stated in the October 1, 2012 actuarial valuation report, along with the addition of a COLA assumption in line with the proposed provision as stated above. This impact statement and the October 1, 2012 valuation report are considered an integral part of the actuarial opinions. The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein.



Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #14-6595

STATEMENT OF PLAN ADMINISTRATOR

The prepared information presented herein reflects the estimated cost of the proposed improvement.

Chairman, Board of Trustees

Comparative Summary of Principal Valuation Results

	<u>Proposed</u> <u>10/1/2012</u>	<u>Current</u> <u>10/1/2012</u>
A. Participant Data		
Number Included		
Actives	73	73
Service Retirees	9	9
DROP Retirees	0	0
Beneficiaries	1	1
Terminated Vested	9	9
Disability Retirees	<u>3</u>	<u>3</u>
Total	95	95
Total Annual Payroll	\$4,127,685	\$4,127,685
Payroll Under Assumed Ret. Age	4,127,685	4,127,685
Annual Rate of Payments to:		
Service Retirees	422,044	422,044
DROP Retirees	0	0
Beneficiaries	14,850	14,850
Terminated Vested	57,697	57,697
Disability Retirees	102,308	102,308
B. Assets		
Actuarial Value ¹	15,488,008	15,488,008
Market Value ¹	15,177,950	15,177,950
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	19,887,400	17,085,124
Disability Benefits	653,417	571,365
Death Benefits	137,951	135,334
Vested Benefits	1,139,709	1,083,483
Refund of Contributions	102,344	102,344
Service Retirees	5,972,875	4,868,762
DROP Retirees ¹	0	0
Beneficiaries	172,406	172,406
Terminated Vested	344,618	344,618
Disability Retirees	1,392,888	1,107,202
Excess State Monies Reserve	0	1,522,270
Total	<u>29,803,608</u>	<u>26,992,908</u>

	<u>Proposed</u> <u>10/1/2012</u>	<u>Current</u> <u>10/1/2012</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	37,176,136	37,176,136
Present Value of Future Member Cont.	2,974,091	2,974,091
Normal Cost (Entry Age Normal)		
Retirement Benefits	694,916	602,008
Disability Benefits	54,567	47,715
Death Benefits	7,793	7,645
Vested Benefits	65,764	62,520
Refund of Contributions	20,354	20,354
Total Normal Cost	<u>843,394</u>	<u>740,242</u>
Present Value of Future Normal Costs	7,510,111	6,550,034
Actuarial Accrued Liability (Entry Age Normal)		
Retirement Benefits	13,668,104	11,729,559
Disability Benefits	145,447	127,183
Death Benefits	72,531	71,155
Vested Benefits	504,915	480,006
Refund of Contributions	19,713	19,713
Inactives plus State Reserve ¹	7,882,787	8,015,258
Total Actuarial Accrued Liability	<u>22,293,497</u>	<u>20,442,874</u>
Unfunded Actuarial Accrued Liab (UAAL)	6,805,489	4,954,866
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	7,882,787	6,492,988
Actives	7,095,284	6,154,417
Member Contributions	2,678,802	2,678,802
Total	<u>17,656,873</u>	<u>15,326,207</u>
Non-vested Accrued Benefits	<u>1,736,137</u>	<u>1,309,610</u>
Total Present Value Accrued Benefits	19,393,010	16,635,817
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	2,757,193	
Assumption Changes	0	
New Accrued Benefits	0	
Benefits Paid	0	
Interest	0	
Other	0	
Total:	<u>2,757,193</u>	

Valuation Date	Proposed 10/1/2012	Current 10/1/2012
Applicable to Fiscal Year Ending	<u>9/30/2014</u>	<u>9/30/2014</u>
E. Pension Cost		
Normal Cost (with interest) % of Total Annual Payroll ²	21.3	18.7
Administrative Expense (with interest) % of Total Annual Payroll ²	1.3	1.3
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/12) (with interest) % of Total Annual Payroll ²	14.3	10.4
Total Required Contribution % of Total Annual Payroll ²	36.9	30.4
Expected Member Contributions % of Total Annual Payroll ²	8.0	8.0
Expected City & State Contrib. % of Total Annual Payroll ²	28.9	22.4

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 09/30/2012.

² Contributions developed as of 10/1/12 are expressed as a percentage of total annual payroll at 10/1/12 of \$4,127,685.

ACTUARIAL ASSUMPTIONS AND METHODS

Assumptions

Mortality Rate RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).

Interest Rate 8.0% per year compounded annually, net of investment related expenses.

Retirement Age

<u>Age</u>	<u><10</u>	<u>Years of Service</u>			
		<u>10 – 24</u>	<u>25 – 29</u>	<u>30+</u>	
Under 52	0%	0%	30%	30%	
52 – 54	0	0	60	100	
55 – 59	0	60	60	100	
60 and over	0	100	100	100	

Disability Rate

<u>Age</u>	<u>Rate</u>
25	0.09%
35	0.13
45	0.20
55	0.62

It is assumed that 75% of disablements and active Member deaths are service related.

Termination Rate

<u>Age</u>	<u>Years of Service</u>					
	<u>0-1</u>	<u>1-2</u>	<u>2-3</u>	<u>3-4</u>	<u>4-5</u>	<u>5+</u>
Under 35	10.0%	6.0%	5.0%	4.0%	3.0%	3.0%
35 – 39	10.0	6.0	5.0	4.0	3.0	2.5
40 – 44	10.0	6.0	5.0	4.0	3.0	2.0
45 - 49	10.0	6.0	5.0	4.0	3.0	1.5
50 – 54	10.0	6.0	5.0	4.0	3.0	1.0
55 and over	10.0	6.0	5.0	4.0	3.0	0.0

Salary Increases

<u>Age</u>	<u>Rate</u>
< 25	8.0%
25 – 31	7.0
32 – 37	6.0
38+	5.0

Administrative Expenses

Expenses paid over the previous year.

Funding Method

Entry Age Normal Actuarial Cost Method.

Payroll Growth

3.0% per year for amortization of UAAL.

Actuarial Asset Method

All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

SUMMARY OF CURRENT PLAN
(Through Ordinance No. 21-2011)

<u>Credited Service</u>	Years and fractional parts of years of service as a Firefighter with the City beginning on October 1, 1997.
<u>Past Service</u>	Years and fractional parts of years of service prior to October 1, 1997, provided the Participant agreed to transfer his or her account balance from the money purchase plan into this plan.
<u>Compensation</u>	Fixed monthly compensation paid to a Participant, excluding unscheduled overtime or allowances paid a Participant over and above fixed monthly Compensation.
<u>Average Final Compensation (AFC)</u>	One twelfth of the average of the 5 highest years of Salary out of the last 10 years of service.
<u>Normal Retirement</u>	
Date	The earlier of: 1) age 55 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.
Benefit	3.0% of AFC times years of Credited Service plus 2.0% of AFC times years of Past Service. Members with 25 or more years of service will receive an upgrade of their Past Service credit from 2.0% to 3.0%. There is an overall maximum benefit of 100% of AFC.
Form of Benefit	10 Year Certain and Life Annuity.
<u>Early Retirement</u>	
Date	Age 50 and 10 years of Credited Service.
Benefit	Accrued benefit, reduced 3.0% for each year prior to Normal Retirement Date.
<u>Supplemental Benefit</u>	\$5.00 times total years of service at retirement with a maximum of \$125.
<u>Contributions</u>	
Employee	8.0% of Salary.
Premium Tax	Premium tax refunds.
City	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years.

Disability Benefit

Eligibility Total and permanent as determined by the Board of Trustees. Ten years of service required for non-service connected disability.

Benefit Amount Accrued benefit, but not less than 60% of AFC for service connected disabilities or 25% of AFC for non-service connected disabilities.

Pre-Retirement Death Benefit

Benefit accrued to date of death payable to designated beneficiary for 10 years at the otherwise Normal or Early (reduced) Retirement Date, at the option of the beneficiary. The benefit may begin immediately if actuarially reduced.

Vesting (Termination)

Less than 10 years Refund of Member Contributions.

10 or more years Either the accrued benefit payable at Normal or Early (reduced) Retirement Date, provided contributions are not withdrawn, or a refund of member contributions.

Deferred Retirement Option Plan

Eligibility Satisfaction of Normal Retirement requirements. Must enter with 12 months after reaching Normal Retirement.

Participation Not to exceed 36 months.

Form of Distribution Cash lump sum (options available) at termination of employment.



AGENDA MEMO

TO: Mayor & City Commission **AGENDA DATE:** 4/14/2014
FROM: William D. Denny, City Manager **AGENDA ITEM:** 4 - B
SUBJECT: Discussion re: Sanctions for violating the Charter.

LOCATION:	N/A
BACKGROUND:	A Workshop was held on Thursday, March 27, 2014 to discuss the Charter Review Committee's recommendations for Charter Amendments. At the workshop the City Commission directed the City Attorney to develop an ordinance to address sanctions for violating the City Charter.
ORIGINATING DEPARTMENT:	City Attorney's Office
SOURCE OF FUNDS:	N/A
COST:	N/A
REVIEWED BY:	City Attorney, City Manager
STAFF RECOMMENDATION PRESENTED BY:	N/A - For discussion and direction to staff as necessary.
POTENTIAL MOTION:	N/A - For discussion and direction to staff as necessary.
AGENDA ITEM APPROVED BY:	<hr/> William D. Denny, City Manager
ATTACHMENTS:	<ul style="list-style-type: none">• Ordinance - Sanctions for violating the Charter

ORDINANCE NO. 5-2014

AN ORDINANCE OF THE CITY OF DELTONA, FLORIDA, CREATING A NEW ARTICLE IX, CHAPTER 2 OF THE CODE OF ORDINANCES; PERTAINING TO SANCTIONS FOR CHARTER VIOLATION; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF DELTONA, FLORIDA, AS FOLLOWS:

SECTION 1. A new Article IX, Chapter 2, "Administration," of the Code of Ordinances, City of Deltona is hereby created to read as follows:

Article IX SANCTIONS FOR CHARTER VIOLATION

Sec. 2-380 – If a city commissioner is found, by a majority plus one of the city commissioners present at the meeting when the charge is heard, to have violated Section 5(11), "Noninterference by City Commission", of the Deltona City Charter, such commissioner shall be subject to sanctions as set forth herein. The extent of the sanctions shall be decided by a simple majority of the commissioners present at the meeting when the charge is heard. The charged commissioner shall be permitted to participate in the consideration and vote as to the alleged violation. A charge of violation shall only be brought by motion of a member of the city commission, and consideration of the alleged violation shall be placed on an upcoming agenda by the city manager.

Sec. 2-381 – Possible sanctions under this article shall include one or more, in any combination, of the following as deemed appropriate by a simple majority of the commissioners present at the meeting when the charge is considered: i) public censure; ii) forfeiture of pay for a specific time period; iii) suspension of privilege to take part in ceremonial portions of meetings for a specific time period; iv) suspension of access to controlled-access portions of city hall for a specific period of time; v) suspension of right to represent the city at public functions for a specific time period; and/or vi) removal or suspension for a specific time period from any ceremonial positions (such as city representative to a particular agency).

SECTION 2. Conflicts. Any and all Ordinances or parts of Ordinances in conflict herewith are hereby repealed.

SECTION 3. Severability. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are declared severable.

SECTION 4. Effective Date. This Ordinance shall become effective immediately upon its final passage and adoption.

**ADOPTED BY THE CITY COMMISSION OF THE CITY OF DELTONA,
FLORIDA THIS _____ DAY OF _____ 2014.**

FIRST READING: _____

ADVERTISED: _____

SECOND READING: _____

BY: _____
JOHN C. MASIARCZYK, MAYOR

ATTEST:

JOYCE RAFTERY, CMC, CITY CLERK

Approved as to form and legality
for use and reliance by the
City of Deltona, Florida

GRETCHEN R. H. VOSE, CITY ATTORNEY