



CITY COMMISSION STAFF REPORT

DEPARTMENT: Administration

SUBJECT: Enrollment in the Florida Retirement System's Senior Management Service Class (SMSC); the addition of specific Senior Executive positions to the Florida Retirement System's Senior Management Service Class (SMSC); and addition of Elected Officials to the Florida Retirement System's Elected Officers Class (EOC).

CITY MANAGER RECOMMENDATION:

The City Manager recommends enrollment in the Florida Retirement System's Senior Management Service Class (SMSC); the addition of specific senior executive positions to the Florida Retirement System's Senior Management Service Class (SMSC); and addition of elected officials to the Florida Retirement System's Elected Officers Class (EOC).

BACKGROUND OF ITEM:

At the December 14th, 2021 Commission, there was consensus to return with discussion and possible action on the City's participation in the Florida Retirement System (FRS) pension plan.

The City previously had the General Employee Pension Plan (GEPP) for general employees and senior executives, Police Retirement Plan (PRP) for police officers and Firefighter Retirement Plan (FRP) for fire officers. In 2011 the City moved to the FRS and closed the GEPP. This followed actions in 2004 to close the PRP and FRP, with the contracting of police and fire-rescue services with Broward Sheriff's Office. Traditionally, this allows for cost savings from administering the city-operated plans. Additionally, it allows for better opportunities to attract municipal employees, who could transfer their years of service from other municipalities in Florida that participated in the FRS system.

ANALYSIS:

The FRS has different classes for Special Risk Class (police, fire, etc.), Elected Officers, General Employees, Senior Management Service Class and other workers. Although the City adopted the FRS plan, it did not take the additional steps to establish the Senior Management Service Class for department directors or to move the elected officials into the designated Elected Officers class.

Senior Management Service Class (SMSC)

The city manager position is compulsory for participation in the SMSC. In addition to the city manager, a local government agency may designate up to ten qualified positions in this class. Members in this class can withdraw from participation, by submitting appropriate notification. The SMSC class provides a pension multiplier of 2% compared to a 1.6% multiplier for general

employees, in recognition of the senior executive level work assigned to those positions. In order to qualify for designation, the requirements include:

- A non-elective managerial or policy making position;
- Incumbent is not subject to a continuing contract and serves at the pleasure of the employer without civil service protection; and
- Position is head of organizational unit or has responsibility to effect or recommend personnel, budget, expenditure, or policy decisions in the areas of responsibility.

The following positions qualify and are being recommended for designation to the SMSC Class:

1. City Manager	5. Community Development Director
2. Chief Financial Officer	6. Parks & Recreation Director
3. Utilities Director*	7. Human Resources Director
4. Public Works Director	8. Assistant City Manager**
* Current incumbent is in the Florida Municipal Pension Trust Fund, the plan offered to managerial employees prior to the implementation of FRS.	** This is currently not a designated position. Commission action will allow this position to qualify, without further Commission action in the event the position is funded and filled.

It is recommended that these designated positions be placed in the SMSC class and allow the incumbents to receive the benefits of this class immediately upon FRS completion of this change. Since these positions are traditionally in the SMSC class in other municipalities, it will offer senior managers similar FRS benefits to what they previously received in other jurisdictions.

Elected Officers Class (EOC)

Elected officials can also enroll in FRS and participate in the EOC once additional steps are undertaken. Elected officers can choose to participate in the EOC, voluntarily withdraw from participation, or remain in another class for which they also qualify. Currently, our elected officials are not enrolled in FRS and consequently neither participate in the EOC category. Based on actions taken by prior Commission, the only retirement contributions the City makes for elected officials is a \$264 monthly contribution into a 401K plan for two of the current elected officials.

It is recommended that the positions of elected officials be placed in the FRS Elected Officials Class. This would allow the benefits to accrue to this position, and allow those who do not desire to have the benefit to opt out.

STRATEGIC PLAN:

This effort supports the attraction and retention of our senior executive staff, who are responsible for implementing the Strategic Plan and focusing on achieving the Mission and Core Values. It also addresses compensation for our elected officials.

FISCAL IMPACT:

Estimated additional cost is a differential contribution of 18.19% for members in the Senior Management Service Class (excluding the Utilities Director and Assistant City Manager). This is estimated at \$79,251 for the remainder of this fiscal year. For elected officials, contribution is 51.42%, for a \$13,642 impact for the remainder of the year. This is the maximum estimate, which will be reduced if incumbents opt out of this benefit. These funds were not anticipated in the FY 22 budget and were not budgeted. As such, it is recommended that this be approved for implementation in October 2022 (FY 23 budget).

<u>General Ledger Acct. Number</u>	<u>Budgeted Amount</u>	<u>Requested Amount</u>	<u>Remaining Amount</u>

ALTERNATIVES:

N/A

ATTACHMENTS: