



# MEMORANDUM

Office of the City Attorney

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**TO:** Mayor and City Commission

**DATE:** September 11, 2000  
SECOND READING

**FROM:** City Attorney

**SUBJECT:** Ordinance No. 0-00-84

An ordinance of the City of Gainesville, Florida, amending Division 3 and Division 5 of Chapter 2 of the Code of Ordinances relating to longevity payments and the City of Gainesville General Employees Pension Plan; describing benefits available to certain Gainesville Police Department employees; fixing the percentage of employee pension contributions and defining the types of pay from which contributions are derived; creating a Deferred Retirement Option Program (DROP); modifying procedures for selecting annuity options; providing for a cost of living increase for pension benefits; restricting the waiver of entitlement to longevity benefits to Police Officers and Firefighters who participate in the Consolidated Pension Plan DROP; providing directions to the codifier, providing a severability clause; providing a repealing clause; and providing an effective date.

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Recommendation: The City Commission adopt the proposed ordinance.

At its meeting of June 12, 2000, the City Commission approved the City Manager's recommendation that "the City Attorney draft and the Clerk of the Commission advertise amendments to the Code of Ordinances relating to the City of Gainesville General Employees Pension Plan, personnel policies and procedures, and any other related ordinances as appropriate, resulting from the current bargaining process." The bargaining process referred to in the City Manager's recommendation has resulted in agreements to include a cost of living adjustment (COLA) to the General Employees Pension Plan and add a deferred retirement option program (DROP). The proposed ordinance, described in more detail below, deals primarily with these above two topics. Many of the COLA and DROP provisions are similar to those found in the recent amendments to the Police Officers and Firefighters Consolidated Pension Plan. The ordinance also eliminates some redundant or outdated plan language. Finally, the ordinance attempts to deal with some of the consequences of the 1999 interlocal agreement between the City, the County, and the Sheriff related to the Combined Communications Center. The City Manager's agenda item did not identify the costs associated with the changes described in this ordinance. However, an actuarial impact statement describing such costs will be required prior to the adoption of this ordinance. Given the nature of the Plan changes, this ordinance will need to be ratified by the ATU and CWA bargaining units prior to adoption by the City Commission. Retiree health insurance issues related to the DROP are already dealt with in the Retiree Health Insurance ordinance.

Section 1 of the ordinance, dealing with credited service, recognizes two additional mechanisms through which pension credited service will be granted. The first of these involve the personal critical leave bank, which is one aspect of the also currently being negotiated "optional paid time off" program mentioned in the City Manager's above-referenced agenda item. Section 1 also attempts to describe the circumstances and conditions under which former GPD dispatch center employees may receive various City of Gainesville General Employee Pension Plan benefits as a result of their employment with the Alachua County Sheriff. Section 1 also more appropriately re-characterizes former employees' return of previously withdrawn contributions in order to "buy back" prior credited service.

Section 2 provides for definition of the DROP program.

Section 3 allows a member to obtain the benefit enhancement associated with including lump sum cash-outs of vacation pay in final average earnings at the time they enter the DROP, before they actually terminate employment.

Section 4 "codifies" the current practice regarding those types of pay from which contributions are deducted and those which are included in the final average earnings, and provides for a mechanism for future adjustment.

Section 5 eliminates outdated language. Elsewhere in the Pension Plan, the Director of Finance is designated as the Treasurer.

Section 6 fixes (for the duration of the related collective bargaining agreements) an employee contribution rate of 5 percent of gross pay. Members participating in the DROP do not have to make any employee contributions.

Section 7 eliminates redundant language. Virtually identical language is presently contained in Section 2-524(b)(2) of the Plan.

Section 8 reflects that the City does not need to make contributions to the trust fund attributable to members participating in the DROP.

Sections 9 and 10 extend the ability to elect and alter optional forms of benefit to members while participating in the DROP, as would be the case for a retiree directly receiving his monthly benefit checks. The election requirements are modified to encourage joint and survivor annuities for married members and to make this available to employees who would want to enter the DROP and "retire" during the "grandfather" period described below.

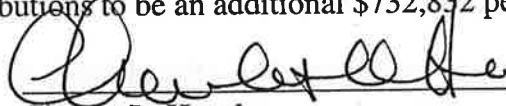
Section 11 describes the deferred retirement option program. A member is eligible to enter the DROP if they have a total of at least 27 years of various types of service with the City. They are no longer eligible to enter the DROP after 35 years of regular (formerly called permanent) employment with the City, except for certain "grandfathered" employees. Upon entry into the DROP, the member's benefit becomes fixed and the member is considered a retiree for Plan purposes. To participate in the DROP, members must forego future general increases. Future merit increases and a portion of those increases where the pay plan combines both merit and general increases, are available, but only until the member becomes "topped out" in his


classification's pay range as it existed when the member entered the DROP. A similar restriction applies to merit or combined increases that would otherwise be available after a promotion. A DROP can last a maximum of 60 months; it may be shorter depending upon the years of service the member has at entry into the DROP. A special "grandfathering" provision allows long service members (32 years or more) to have up to three years of DROP participation, regardless of some durational limitations that would otherwise be applicable, if they enter the DROP before December 29, 2000. Members participating in the DROP may only participate in the DROP so long as they are employed, and may not remain employed beyond the designated period. If for some reason they do not terminate as agreed, their monthly retirement benefits cease and are forfeited to the Plan until such time as they terminate employment, at which time benefits would resume and be paid directly to the member. The DROP participant's monthly benefits remain in the Plan and earn six percent annual interest, compounded monthly. Participants receive an annual statement of their account balance. Distribution of DROP balances and payment of benefits in the event of death are in accordance with normal Plan provisions. In order to enter the DROP, the member must submit a letter of resignation, effective on or before the conclusion of the member's maximum allowable DROP period, at which time the member's employment would be terminated as a voluntary resignation. Members receiving retirement benefits under the DROP program are no longer eligible for Disability Pension Plan benefits. Special provisions exist for the former "GPD employees" hired by the Sheriff to work in the Combined Communications Center. The City Manager, as Plan Administrator, is given authority to implement the program and require such information and generate such documents as may be necessary to do so.

Section 12 provides for a cost of living adjustment for members and/or joint survivor annuitants receiving retirement benefits from the General Employees Pension Plan. A member's or joint annuitant's survivor benefit would be increased by two percent each year after the point in time in which the member would have reached age 60 or age 62, depending upon whether or not their benefit was based on 25 years or more of service, or less than 25 but more than 20. While participating in the DROP, members' benefits do not receive cost of living adjustments; this only occurs after they have terminated employment and DROP participation.

Finally, Section 13 restricts the potential waiver of longevity pay as a condition to entry into the DROP to Police Officers and Firefighters, as is provided for in the Consolidated Plan DROP. Waiver of future longevity payments is not one of the funding mechanisms for the General Plan DROP/COLA.

An August 28 Actuarial Impact Statement values the City's approximately 45% increase in annual contributions to be an additional \$732,832 per year.

Prepared by:   
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Approved and Submitted by:   
Marion J. Radson,  
City Attorney

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Ordinance No. \_\_\_\_\_  
0-00-84

An ordinance of the City of Gainesville, Florida, amending Division 3 and Division 5 of Chapter 2 of the Code of Ordinances relating to longevity payments and the City of Gainesville General Employees Pension Plan; describing benefits available to certain Gainesville Police Department employees; fixing the percentage of employee pension contributions and defining the types of pay from which contributions are derived; creating a Deferred Retirement Option Program (DROP); modifying procedures for selecting annuity options; providing for a cost of living increase for pension benefits; restricting the waiver of entitlement to longevity benefits to Police Officers and Firefighters who participate in the Consolidated Pension Plan DROP; providing directions to the codifier, providing a severability clause; providing a repealing clause; and providing an effective date.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA:

**Section 1.** The definition of "Credited service" in Section 2-521 of the Code of Ordinances of the City of Gainesville, Definitions, shall be amended to read as follows:

Sec. 2-521. *Credited service* shall mean the total number of months of service with the city, expressed in terms of full and fractional years. Additional months of service shall be credited for unused sick leave and personal critical leave bank (PCLB) credits, assigning one day of service for each day of unused sick leave and unused personal critical leave, unless otherwise provided in applicable personnel policies, ~~or~~ collective bargaining agreements or DROP provisions. Employees of the Gainesville Police Department Communications Center at the time the Combined Communications Center is activated who are hired by the Alachua County Sheriff

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1 on or about said date and who elect to remain members of this Plan and the City of Gainesville  
2 Employees Disability Plan (GPD employees) shall designate some, none, or all of their City sick  
3 leave or PCLB balances at time of hire by the Sheriff to be applied as credited service under the  
4 Plan. Such Sheriff Department employee's sick leave (or equivalent benefit) balances at the time  
5 of termination from the Sheriff's Department shall not be applied towards credited service nor  
6 shall any cash out of such benefit be included in such member's final average earnings. GPD  
7 employees' employment with the City shall not be deemed to be terminated, for the purposes of  
8 this section, when hired by the Sheriff on or about the activation date. If the employment of a  
9 member is terminated, by reason of layoff, and the member is subsequently reemployed by the  
10 city, the credited service to which he/she was entitled as of his/her termination date shall be  
11 included in any further computation of credited service if the member refunds withdrawn  
12 contributions, if any, as described in section 2-626(i). Further provided, that if the employment  
13 of a member is terminated, other than layoff, and the member is subsequently reemployed by the  
14 city, the credited service to which he/she was entitled as of his/her termination date shall be  
15 included in any further computation of credited service.

- 16 (1) If the member was entitled to a termination benefit; or  
17 (2) If the member was not entitled to a termination benefit and his/her number of  
18 calendar months that he/she was not employed is less than his/her aggregate  
19 months of service credited under the plan as of his/her termination date and he/she  
20 has ~~refunded~~ repaid withdrawn contributions as provided in section 2-526(i).  
21 (3) If the member was not entitled to a termination benefit, and he/she remains in the  
22 continuous employ of the city for at least five years subsequent to his/her re-  
23 employment, and he/she has ~~refunded~~ repaid withdrawn contributions as provided

1 in Section 2-526(i). Continuous employ shall not be deemed interrupted because  
 2 of absence, when the absence shall have been granted in accordance with  
 3 appropriate contract provisions or applicable personnel policies as approved by  
 4 the city commission. Approved absences shall count as credited service under the  
 5 plan, in accordance with the terms of the plan.

6  
 7 **Section 2.** The definition of "Deferred retirement option program" is created and added to  
 8 Section 2-521 of the Code of Ordinances of the City of Gainesville, Definitions, to read as  
 9 follows:

10 Sec. 2-521. Deferred retirement option program shall mean an optional program of the  
 11 City of Gainesville's retirement systems or plans for deferring retirement income while  
 12 remaining in the active employ of the City. This shall also be known as a DROP.

13  
 14 **Section 3.** The definition of "Earnings" in Section 2-521 of the Code of Ordinances of the City  
 15 of Gainesville, Definitions, is amended to read as follows:

16 Section 2-521. *Earnings* shall mean only base pay, (which shall include all paid leaves),  
 17 all overtime pay which shall include time paid at time-and-a-half, double-time, and double-time-  
 18 and-a-half), stand-by pay, call-back pay, working out of classification pay, acting out of  
 19 classification pay, longevity pay, special assignment pay, and termination vacation pay, or for  
 20 members entering a DROP any lump sum payment of some or all of such member's vacation  
 21 balance upon entering the DROP, except as may be otherwise expressly provided for herein or in  
 22 collective bargaining agreements. Effective October 1, 1996, earnings in excess of \$150,000  
 23 annually shall be disregarded for all purposes of this plan. As of January 1 of each calendar year,

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1 the dollar limitation as determined by the Commissioner of Internal Revenue for that calendar  
2 year will become effective for the plan year commencing thereafter in lieu of the dollar  
3 limitation provided in the preceding sentence. For an employee who became a member of the  
4 plan prior to October 1, 1996, this limitation shall not be applicable.

5  
6 **Section 4.** The definition of "Gross pay" is created and added to Section 2-521 of the Code of  
7 Ordinances of the City of Gainesville, Definitions, to read as follows:

8       Sec. 2-521. Gross pay shall mean those types of compensation which presently (as of  
9 July 2000) have member contributions deducted therefrom. Types of compensation created, or  
10 first applied to members after July 2000, may, at the discretion of the city, have member  
11 contributions deducted therefrom provided that, unless otherwise agreed to, such types of  
12 compensation shall also thereafter be included in Earnings effective upon the date contributions  
13 are deducted therefrom.

14 **Section 5.** The definition of "Treasurer" in Section 2-521 of the Code of Ordinances of the City  
15 of Gainesville is repealed.

16       Sec. 2-521. ~~Treasurer shall mean the treasurer of the plan who is the director of the~~  
17 ~~department of management and financial services.~~

18  
19 **Section 6.** Section 2-524(b)(1) of the Code of Ordinances of the City of Gainesville is amended  
20 to read as follows:

21       Sec. 2-524. *Contributions and funding.*

22       (b) *Member contributions.*

# D R A F T

8-10-00

1 (1) From the first complete payroll period after July 1, 1985, members (except  
2 limited participants) shall contribute that amount necessary to fully fund the cost of the plan  
3 attributable to the plan changes described in this division. Initially, the amount so contributed  
4 shall be 3.97 percent of the member's gross pay. Such amount shall be modified, without  
5 negotiation, in conformance with actuarial valuations determining the member contribution rate  
6 necessary to continue to fully fund the plan changes set forth in this division. An actuarial  
7 valuation regarding the aforementioned contribution rate shall be obtained at least as of  
8 September 30, 1986, and at least every two years thereafter. Any changes in member  
9 contributions required as a result of such valuations shall become effective as determined by the  
10 city. The opinion of the city's consulting actuary regarding the required contributions shall be  
11 final. Effective the first full pay period following October 1, 2000, members, except members  
12 who have entered a DROP, will have a fixed employee contribution rate of five (5%) percent of  
13 Gross Pay. There shall be no member contributions deducted from a member's compensation  
14 while participating in the DROP. Effective January 1, 1998, the contributions made by each  
15 member to the plan shall be designated as employer contributions pursuant to the Internal  
16 Revenue Code (I.R.C.), section 414(h), of 1986. Such designation is contingent upon the  
17 contributions being excluded from the member's gross income for federal income tax purposes.  
18 For all other purposes of the plan, such contributions shall be considered to be member  
19 contributions

20  
21 **Section 7.** Section 2-524(c) of the Code of Ordinances of the City of Gainesville is repealed.

22 (c) ~~Contributions deducted from pay. The city manager or his/her designee shall cause~~  
23 ~~contributions provided for in subsection (b) to be deducted from the compensation of each~~

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1 ~~member on each and every payroll, for each and every payroll, so long as each member remains~~  
2 ~~subject to the employee contribution rates of subsection (b). A member's contribution provided~~  
3 ~~for in this section shall be made notwithstanding that the minimum compensation provided by~~  
4 ~~law for any members shall be changed thereby. Each member shall be deemed to consent and~~  
5 ~~agree to the deduction made and provided for herein and payment of his/her compensation less~~  
6 ~~the deduction shall be full and complete discharge of all claims and demands whatsoever for the~~  
7 ~~service rendered by the member during the period covered by such payment, except as to the~~  
8 ~~benefits provided by this plan. The city manager or his/her designee shall cause the amount to be~~  
9 ~~deducted from the compensation of each member for each and every payroll as authorized by~~  
10 ~~this division and when deducted shall be paid into the fund of the plan and shall be credited to~~  
11 ~~the individual member from whose compensation the deduction was made.~~

12  
13 **Section 8.** Section 2-524(d) of the Code of Ordinances of the City of Gainesville is relettered  
14 and amended to read as follows:

15       Sec. 2-524. *Contributions and funding.*

16       ~~(d)~~(c) *City contributions.* In addition to the contributions provided for herein to be paid  
17 by members of the plan, and any gifts, devises and bequests to the plan accepted by the city, the  
18 city commission is hereby authorized to deposit in the fund annually a sum which, together with  
19 the contributions from members and other sources of income to the fund, shall be sufficient to  
20 fund the normal cost of the plan and to amortize the unfunded liability, if any, of the plan over a  
21 period not longer than 40 years. If the amortization schedule for the unfunded liability is to be  
22 based on a contribution derived in whole or in part from a percentage of the payroll of the plan  
23 membership, the assumption as to payroll growth shall not exceed the average payroll growth for

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1 the three years prior to the development of the amortization schedule, unless a different  
2 assumption is warranted by other circumstances. No city contributions shall be required or  
3 attributable to members during their participation in the DROP, or during any period subsequent  
4 to the conclusion of the DROP period when the member is not earning credited service. For the  
5 purpose of securing necessary funds, the city commission is hereby authorized to levy such taxes  
6 as may be necessary to fulfill these requirements.

7  
8 **Section 9.** Section 2-526(j) of the Code of Ordinances of the City of Gainesville is amended to  
9 read as follows:

10       Sec. 2-526(j). *Annuity Options.* Upon a member becoming eligible to receive an annuity  
11 either through regular retirement or through a DROP, he/she may elect to receive annuity  
12 benefits, payable under the plan in the form of a joint survivor annuity instead of a normal  
13 annuity form, which shall be the actuarial equivalent of the annuity he/she would receive under  
14 the normal form. If any member who has a spouse at his/her benefit commencement date fails to  
15 make such an election it will be assumed that he/she elected option A below with his/her spouse  
16 as the beneficiary and if the member does not have a spouse at his/her benefit commencement  
17 date, that the member elected the normal form.

18       (1) Option A--Joint annuity option. A reduced monthly annuity benefit which shall be  
19 payable during the joint lifetime of the member and his/her beneficiary, with two-thirds of such  
20 reduced annuity amount continuing after the death of the member during the lifetime of the  
21 beneficiary. If the beneficiary predeceases the member, 100 percent of the reduced benefit will  
22 continue to be received by the member.

1           (2)    Option B--Joint and last survivor annuity option. A reduced monthly annuity  
2 benefit which shall be payable during the joint lifetime of the member and his/her beneficiary,  
3 with two-thirds of such reduced benefit amount continuing automatically after the death of either  
4 the member or his/her beneficiary, payable for the lifetime of the survivor.  
5 The election of either joint survivor option (for an unmarried member), or the election of option  
6 A or B ~~or the normal form~~ (by a married member) must be requested by the member at least  
7 ~~three months~~ thirty (30) days prior to the date of benefit commencement. Such election, if made,  
8 may not be changed by the member within three months prior to the date of benefit  
9 commencement. The election of the normal form by a married member must be requested by the  
10 member at least three (3) months prior to the date of benefit commencement and may not be  
11 changed by the member within thirty (30) days prior to the date of benefit commencement. The  
12 election of a joint survivor option shall be deemed automatically canceled at the death of the  
13 proposed beneficiary prior to the member's benefit commencement date. Provided, however,  
14 anything otherwise contained in this section or any other section of this division to the contrary  
15 notwithstanding, a member receiving an annuity, either through regular retirement or through a  
16 DROP, may change his/her option after benefit commencement either from an annuity option or  
17 to an annuity option in the event of (1) a divorce or legal separation, when the same has been  
18 considered and approved by the court granting same as a part of the settlement; or (2) the  
19 marriage of an unmarried employee who becomes married after the date of benefit  
20 commencement. Such change shall be effective no sooner than three months after the filing of a  
21 written election to effect such change with the personnel department. The benefits paid under  
22 such changed annuity shall be the actuarial equivalent to the remaining value of the former  
23 annuity determined as of the date of the benefit change.

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2 **Section 10.** Section 2-526(k) of the Code of Ordinances of the City of Gainesville is amended to  
3 read as follows:

4       Sec. 2-526(k). *Social security option.* An employee who begins receiving an annuity,  
5 either through regular retirement or through a DROP, before he/she is entitled to receive monthly  
6 benefits under the federal social security system may elect to have his/her annuity benefits  
7 increased before his/her social security benefits begin, and decreased thereafter to obtain, insofar  
8 as practical, a level total yearly retirement income from the two sources. The amount he/she will  
9 receive both before and after he/she becomes eligible for social security payments shall be the  
10 actuarial equivalent of the benefits to which he/she would have been entitled had he/she not  
11 selected this option. The social security option must be requested at least ~~six months~~ ninety (90)  
12 days prior to date of benefit commencement. Such election, if made, may not be changed by the  
13 member within ~~six months~~ ninety (90) days prior to date of benefit commencement.

14

15 **Section 11.** Section 2-534 is hereby created and added to the Code of Ordinances of the City of  
16 Gainesville, to read as follows:

17       Sec. 2-534. *Deferred Retirement Option Program*

18       (a) A deferred retirement option program is hereby created for eligible members.

19       (b) A member who is performing eligible service is eligible for participation in the  
20 DROP on the first day of the month coincident with or next following the completion of twenty-  
21 seven (27) years credited service, including limited participant service, and, if applicable, vesting  
22 service for former Gainesville Gas employees, and continuing up to the point in time at which  
23 the member has thirty-five (35) years of regular employment, except as provided in Subsection

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1 (g) below. Upon entering into the DROP, employees may elect to apply unused sick leave hours  
2 (see subsection (p) for special provisions related to "GPD employees") or Personal Critical  
3 Leave Bank (PCLB) hours to attain the requisite years of credited service for eligibility to enter  
4 and for determining their accrued benefit, or may retain some or all of their unused sick leave or  
5 Personal Critical Leave, for use during their employment while participating in the DROP. Sick  
6 leave and PCLB balances retained upon entry into the DROP and accrued while participating in  
7 the DROP shall not count as days or months of credited service when determining the maximum  
8 period of participation in the DROP in accordance with subsections (f) and (g) below. Any  
9 unused sick leave or PCLB remaining at the expiration of the DROP participation or period will  
10 be forfeited.

11 (c) On the date of a member's entry into the DROP, the member's credited  
12 service, accrued benefit, and final average earnings shall be calculated as if the member had  
13 actually separated from service on that date and retired. There shall be no further member  
14 contributions after entry into the DROP, except as a re-employed retiree, if applicable. No  
15 additional credited service shall be earned while participating in the DROP. Changes in the Plan  
16 shall not apply to members in the DROP, except as expressly provided.

17 (d) Beginning with general (COLA) salary increases effective after October 2, 2000,  
18 a member must, in order to enter and continue to participate in the DROP, forego receipt of all  
19 general (COLA) salary increases effective after the member's entry into the DROP. Beginning  
20 with merit or progression through training increases effective after October 2, 2000, a member  
21 must, in order to enter and continue to participate in the DROP, forego receipt of all such  
22 increases effective after the member's entry into the DROP to the extent such increases would  
23 result in the members' base salary exceeding the top of the salary range of the classification the

1 member was in, as it existed when the member entered the DROP, or after the October 2, 2000  
2 general increase, whichever is higher.

3 In the case where the members' pay plan does not provide separately for (combines)  
4 general and merit increases, beginning with such salary increases effective after October 2, 2000,  
5 a member must, in order to enter and continue to participate in the DROP, forego receipt of all  
6 such salary increases effective after the member's entry into the DROP to the following extent:  
7 First, the amount of any general increase applied to the professional pay plan for the same fiscal  
8 year shall be deducted from such DROP participant's otherwise applicable increase. The  
9 remaining increase shall be provided, but only to the extent that such increase does not result in  
10 the member's base salary exceeding the top of the salary range of the classification the member  
11 was in, as it existed when the member entered the DROP, or after the October 2, 2000 increase,  
12 whichever is higher.

13 Members participating in the DROP remain eligible to receive a promotional increase but  
14 subsequent merit and progression through training or combined increases would be limited as  
15 described above.

16 (e) The member shall select the retirement options as provided for in Section 2-526(j)  
17 and (k) and shall designate any beneficiary in accordance with Plan provisions and practices  
18 applicable to normal and delayed retirements.

19 (f) The maximum period of participation in the DROP is sixty (60) months from date  
20 of entry. Except as provided in subsection (g), participation in the DROP must cease and  
21 employment terminate at the conclusion of a total of 35 years of regular employment with the  
22 City of Gainesville and, if applicable, predecessor employers (RTS, Gainesville Gas), or a  
23 successor employer (Sheriff) under § 112.0515, F.S. (1997).

1        (g) Members who have more than 32 years of credited service, including limited  
2 participant service and, if applicable, vesting service for former Gainesville Gas employees, as of  
3 October 1, 2000, may participate in the DROP for up to 36 months. In order to take advantage of  
4 this "grandfathering" provision, a member otherwise eligible to enter the DROP must enter the  
5 DROP between October 1, 2000 and December 29, 2000. Such members (with over 32 years on  
6 October 1, 2000) electing to enter the DROP on or after December 30, 2000, shall be governed  
7 by the normal eligibility and duration requirements described herein.

8        (h) A member may cease participating in the DROP prior to the expiration of the  
9 agreed upon (not to exceed the maximum allowed) DROP period only by terminating regular  
10 employment with the City. In the event that a member participating in the DROP fails to  
11 terminate regular employment on or before the conclusion of the DROP period, then the  
12 member's monthly retirement benefit shall cease to be paid at the conclusion of the DROP  
13 period, and any such amount(s) shall be forfeited to the Plan until such time as the member  
14 terminates regular employment.

15        (i) Effective with the date of DROP participation, the member's initial monthly  
16 benefit, including creditable service, final average earnings and the effective date of retirement  
17 shall be fixed. A DROP participant's deferred monthly benefit shall accrue in the Plan pension  
18 fund on behalf of the participant, plus interest. Such interest shall accrue at an effective annual  
19 rate of 6 percent compounded monthly, on the prior month's accumulated ending balance, up to  
20 the month of termination or death. Retirement benefits and interest thereon shall continue to  
21 accrue in the DROP until the established termination date of the DROP, or until the participant  
22 terminates employment or dies prior to such date. Although individual DROP accounts shall not



1 be established, a separate accounting of each participant's accrued benefits under the DROP shall  
2 be calculated and provided to participants annually.

3 (j) The terminated DROP participant or, if deceased, such participant's named  
4 beneficiary, shall elect to receive payment of the DROP benefits in accordance with one of the  
5 options listed in Section 2-526(n). For a participant or beneficiary who fails to elect a method of  
6 payment within 60 days of termination of the DROP, the Plan will pay a lump sum, less any  
7 required withholding.

8 (k) The decision to participate in the DROP is irrevocable once DROP payments  
9 begin. Upon deciding to participate in the DROP, the member shall submit, on forms required  
10 by the Plan Administrator:

11 (1) A written election to participate in the DROP;

12 (2) Selection of the DROP participation and termination dates, which satisfy  
13 the limitations stated herein. Such termination date shall be in a binding letter of resignation  
14 with the City, establishing a deferred termination date. The member may change the termination  
15 date within the limitations stated in subsections (f) and (g) of this section, but only with the  
16 written approval of the City;

17 (3) A properly completed DROP application for service retirement as  
18 provided in this section; and

19 (4) Any other information required by the Plan Administrator.

20 Once the employee has completed participation in the DROP, his/her regular employment will  
21 end and he/she shall be separated from employment; this separation shall be processed as a  
22 voluntary resignation.



1        (l) Upon entry into the DROP, a member shall no longer be eligible for disability  
2 benefits under the City of Gainesville Police Officers and Firefighters Consolidated Pension Plan  
3 or the City of Gainesville Employees Disability Plan. In the event of death during the DROP  
4 period, the member shall be presumed to have retired on a normal or delayed retirement for the  
5 purposes of Section 2-526(e)(g) or (h).

6        (m) Except as provided in (p) below, upon the termination of a member's (who has  
7 entered a DROP) regular City employment (for any reason, whether by retirement, resignation,  
8 discharge or death), the retirement benefits payable to the member or to the member's  
9 beneficiary (if the member selected an optional form of retirement benefit which provides for  
10 payments to the beneficiary) shall be paid to the member or beneficiary. Following the  
11 termination of a member's regular employment, the balance in the member's DROP account  
12 shall be payable in accordance with an option selected by the member. Regardless of the option  
13 selected by the member, the Board of Trustees has the right to accelerate payments in order to  
14 comply with Section 401(A)(9) of the Internal Revenue Code and the right to defer payments to  
15 comply with Section 415 of the Internal Revenue Code.

16        (n) Nothing herein shall be construed to remove members who have entered the  
17 DROP from the scope of Section 8(d), Art. II, of the State Constitution, and Section 112.3173,  
18 F.S. (1999), paragraph (5)(f). Members who commit a specified offense while employed will be  
19 subject to forfeiture of all retirement benefits, including DROP benefits, pursuant to those  
20 provisions of law.

21        (o) During DROP participation, a member shall be considered a retiree with deferred  
22 receipt of benefits for all Plan purposes. For other purposes, except as described in (p) below,

1 the employee shall be considered an active employee of the City entitled to all rights of  
2 employment, except as otherwise provided.

3       (p) Members who are employees of the Gainesville Police Department  
4 Communications Center at the time the Combined Communications Center is activated, who are  
5 hired by the Alachua County Sheriff on or about said date (GPD employees) are eligible to enter  
6 and participate in the DROP, described herein, with the following provisos: Upon conclusion of  
7 the DROP period or termination of employment with the Sheriff, whichever earlier occurs,  
8 subsection (j) and (m) of this section and subsection (b) of Section 2-535 shall then apply. Only  
9 “City” sick leave designated at the time of hire by the Sheriff (see Section 4.G of the Interlocal  
10 Agreement between the City of Gainesville, the Alachua County Sheriff, and Alachua County  
11 for a Combined Communications Center, recorded in Official Record Book 2261, page 1682, of  
12 the Public Records of Alachua County) may be utilized for years of service under subsection (b)  
13 of this section. Only the equivalent of a maximum of 416 hours of any lumpsum payment of  
14 vacation leave that the Sheriff might allow to be made to the employee while employed by the  
15 Sheriff and prior to entering the DROP may be included in earnings for purposes of calculating  
16 the accrued benefit.

17       (q) Administration of Program. The Plan Administrator shall make such rules and  
18 forms as are necessary for the effective and efficient administration of this subsection. The Plan  
19 Administrator shall not be required to advise members of the federal tax consequences of an  
20 election related to the DROP but may advise members to seek independent advice.

21  
22 **Section 12.** Section 2-535 of the Code of Ordinances of the City of Gainesville is hereby created  
23 and added to read as follows:

1 Sec. 2-535. Cost of living adjustment of benefits; non-eligibility during DROP  
2 participation.

3 (a) Cost of living adjustment of benefits. Terminated members whose normal or  
4 delayed retirement has been approved shall be entitled to receive increases in the amount of  
5 monthly retirement benefits upon meeting the conditions described in one of subsections (1) –  
6 (4) below.

7 (1) A retired member or beneficiary who was receiving on or before October  
8 1, 2000, a monthly normal or delayed retirement benefit based upon at least 20 years of credited  
9 service, including limited participant service, and the member is or would have been at least age  
10 62 on October 1, 2000, shall have his/her monthly retirement benefit increased by 2% beginning  
11 with the benefit for the month of October 2000 (which monthly benefit is payable November 1,  
12 2000). Thereafter, the monthly benefit payable to the retired member or the retired member's  
13 beneficiary, as the case may be, shall be increased by 2% each October thereafter for the duration  
14 of the annuity.

15 (2) A retired member or beneficiary who was receiving on or before October  
16 1, 2000, a monthly normal or delayed, or retirement benefit based upon at least 20 years of  
17 credited service, including limited participant service, shall, upon the October 1<sup>st</sup> on or following  
18 the date the member would have attained age 62; have his/her monthly retirement benefit  
19 increased by 2%, beginning with the benefit for that month of October (which monthly benefit is  
20 payable in November). Thereafter, the monthly benefit payable to the retired member or the  
21 retired member's beneficiary, as the case may be, shall be increased by 2% each October  
22 thereafter for the duration of the annuity.

1           (3) A retired member or beneficiary who first receives a monthly normal or  
2 delayed retirement benefit for October 2000 or later (first payable November 1, 2000 or later),  
3 which benefit is based upon 25 or more years of credited service, including limited participant  
4 service, shall, upon the October 1<sup>st</sup> on or following the date the member attains or would have  
5 attained age 60, have his/her monthly retirement benefit increased by 2%, beginning with the  
6 benefit for that month of October. Thereafter, the monthly benefit payable to the retired member  
7 or the retired member's beneficiary, as the case may be, shall be increased by 2% each October  
8 thereafter for the duration of the annuity.

9           (4) A retired member or beneficiary who first receives a monthly normal or  
10 delayed retirement benefit for October 2000 or later (first payable November 1, 2000 or later),  
11 which benefit is based upon 20 or more years of credited service but less than 25, including  
12 limited participant service, shall, upon the October 1<sup>st</sup> on or following the date the member  
13 attains or would have attained age 62, have her/her monthly retirement benefit increased by 2%  
14 beginning with the benefit for that month of October. Thereafter, the monthly benefit payable to  
15 the retired member or the retired member's beneficiary, as the case may be, shall be increased by  
16 2% each October thereafter for the duration of the annuity.

17           (b) Non-eligibility during DROP participation. While participating in the General  
18 Employees Pension Plan DROP, a member shall not have his/her monthly retirement benefit  
19 from the General Employees Pension Plan adjusted as described in subsection (a) of this section  
20 2-535. Upon such a member's termination of regular employment during or after conclusion of  
21 the DROP period, his/her monthly retirement benefit shall then first be subject to an October  
22 adjustment, if and when the conditions described in subsection (a) of this section 2-535 are met.

23

Words underlined are additions; words ~~stricken~~ are deletions.

1 **Section 13.** Section 2-481(b) of the Code of Ordinances of the City of Gainesville is hereby  
2 amended to read as follows:

3       Sec. 2-481. *Eligibility; amount.*

4       (b)     ~~Employees~~ Fulltime regular certified Police Officers and Firefighters employed  
5 by the Police and Fire Departments who are otherwise eligible to receive longevity pay and who  
6 elect to enter a DROP must, in order to enter and to continue to participate in the DROP, make  
7 an irrevocable election upon entry into the DROP as follows: The employee may (1) continue to  
8 receive longevity payments and merit increases (assuming merit increases are provided and  
9 applicable), but forego receipt of all future general (COLA) salary increases, or (2) continue to  
10 receive general (COLA) salary increases and merit increases (assuming merit increases are  
11 provided and applicable) but become ineligible for future receipt of longevity pay, or (3) in the  
12 case where the applicable pay plan does not provide separately for general and merit increases,  
13 the employee may forego either future receipt of longevity payments, or any and all future salary  
14 increases. In those cases where an otherwise eligible employee elects to forego receipt of future  
15 longevity payments, entry into the DROP shall be treated as separation from service for the  
16 purposes of section 2-484.

17

18

19 **Section 14.** It is the intention of the City Commission that the provisions of Sections 1 through  
20 13 of this Ordinance shall become and be made a part of the Code of Ordinances of the City of  
21 Gainesville, Florida, and that the Sections and Paragraphs of this Ordinance may be renumbered  
22 or relettered in order to accomplish such intentions.

23

**D R A F T**

8-10-00

1 **Section 15.** If any section, sentence, clause or phrase of this ordinance is held to be invalid or  
2 unconstitutional by any court of competent jurisdiction, then said holding shall in no way affect  
3 the validity of the remaining portions of this ordinance.

4  
5 **Section 16.** All ordinances, or parts of ordinances, in conflict herewith are to the extent of such  
6 conflict hereby repealed.

7  
8 **Section 17.** This ordinance shall be effective October 1, 2000.

9  
10 **PASSED AND ADOPTED** this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

11  
12 \_\_\_\_\_  
13 PAULA M. DELANEY, MAYOR

14  
15 **ATTEST:**

Approved as to form and legality

16  
17 \_\_\_\_\_  
18 KURT M. LANNON  
19 CLERK OF THE COMMISSION

20 \_\_\_\_\_  
MARION J. RADSON  
CITY ATTORNEY

21 This Ordinance passed on first reading this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

22 This Ordinance passed on second reading this \_\_\_\_\_ day of \_\_\_\_\_, 2000.