

MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

TO: Honorable Mayor Steven Meiner and Members of the City Commission

FROM: Rickelle Williams, Interim City Manager



MEETING DATE: May 15, 2024

SUBJECT: BUSINESS IMPACT ESTIMATE FOR:

AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING PART 1, SUBPART B, ARTICLE IX, RELATED SPECIAL ACTS, OF THE MIAMI BEACH CITY CODE ENTITLED "PENSION SYSTEM FOR DISABILITY AND RETIREMENT OF MEMBERS OF POLICE AND FIRE DEPARTMENTS," BY AMENDING SECTION 62, "DEFINITIONS," RELATING TO ACTUARIAL ASSUMPTION RATES; AMENDING SECTION 66, "SERVICE AND DISABILITY BENEFITS GENERALLY;" RELATED TO IMPLEMENTING THE CONCLUSIVE FIREFIGHTER CANCER PRESUMPTION ESTABLISHED BY SECTION 112.1816, FLA. STATUTES; AMENDING SECTION 84, "DISTRIBUTION LIMITATION," PROVIDING FOR INCLUSION OF THE FEDERAL SECURE ACT 2.0 PROVISIONS; PROVIDING FOR REPEALER, SEVERABILITY, CODIFICATION AND FOR AN EFFECTIVE DATE.

Is a Business Impact Estimate Required?

Yes **No** *(If no, please check one of the boxes below)*

If one or more boxes are checked below, this means the City of Miami Beach has determined that a Business Impact Estimate for the above-referenced Ordinance is not required by State law.

- The proposed Ordinance is required for compliance with Federal or State law or regulation;
- The proposed Ordinance relates to the issuance or refinancing of debt;
- The proposed Ordinance relates to the adoption of budgets or budget amendments, including revenue sources necessary to fund the budget;
- The proposed Ordinance is required to implement a contract or an agreement, including, but not limited to, any Federal, State, local, or private grant or other financial assistance accepted by the City;
- The proposed Ordinance is an emergency ordinance;
- The Ordinance relates to procurement; or
- The proposed Ordinance is enacted to implement the following:
 - a. Part II of Chapter 163, Florida Statutes, relating to growth policy, county and municipal planning, and land development regulation, including zoning, development orders, development agreements and development permits;
 - b. Sections 190.005 and 190.046, Florida Statutes, regarding community

- development districts;
- c. Section 553.73, Florida Statutes, relating to the Florida Building Code; or
- d. Section 633.202, Florida Statutes, relating to the Florida Fire Prevention Code.

If none of the above exceptions apply, this Business Impact Estimate is hereby provided in accordance with Section 166.041(4), Florida Statutes.

1. The Commission Memorandum accompanying the Ordinance and the recitals to the Ordinance itself, which are attached hereto, provide a more complete summary of the proposed Ordinance and its purpose.

Attached is the memo from the second reading, ordinance, and actuarial impact statement.

2. An estimate of the direct economic impact of the proposed Ordinance on private, for-profit businesses in the City of Miami Beach, if any:
(a) An estimate of direct compliance costs that businesses may reasonably incur;
(b) Any new charge or fee imposed by the proposed Ordinance or for which businesses will be financially responsible; and
(c) An estimate of the City's regulatory costs, including estimated revenues from any new charges or fees to cover such costs.

3. Good faith estimate of the number of businesses likely to be impacted by the proposed Ordinance:

The City of Miami Beach estimates that N/A businesses are likely to be impacted by the proposed Ordinance.

4. Additional comments:

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Rickelle Williams, Interim City Manager
DATE: May 15, 2024

10:30 a.m. Second Reading Public Hearing

SUBJECT: AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING PART 1, SUBPART B, ARTICLE IX, RELATED SPECIAL ACTS, OF THE MIAMI BEACH CITY CODE ENTITLED "PENSION SYSTEM FOR DISABILITY AND RETIREMENT OF MEMBERS OF POLICE AND FIRE DEPARTMENTS," BY AMENDING SECTION 62, "DEFINITIONS," RELATING TO ACTUARIAL ASSUMPTION RATES; AMENDING SECTION 66, "SERVICE AND DISABILITY BENEFITS GENERALLY;" RELATED TO IMPLEMENTING THE CONCLUSIVE FIREFIGHTER CANCER PRESUMPTION ESTABLISHED BY SECTION 112.1816, FLA. STATUTES; AMENDING SECTION 84, "DISTRIBUTION LIMITATION," PROVIDING FOR INCLUSION OF THE FEDERAL SECURE ACT 2.0 PROVISIONS; PROVIDING FOR REPEALER, SEVERABILITY, CODIFICATION AND FOR AN EFFECTIVE DATE.

RECOMMENDATION

The proposed Ordinance is sponsored by Mayor Meiner and is submitted for consideration on Second Reading at the May 15, 2024 Commission Meeting. On April 3, 2024, the Mayor and Commissioners adopted the proposed Ordinance on First Reading. No changes have been made between First and Second Reading. A summary of the proposed Ordinance is set forth below.

BACKGROUND/HISTORY

The City of Miami Beach has the following five (5) classified employee groups that are represented by bargaining units:

- Group I - Represented by the American Federation of State, County and Municipal Employees (AFSCME) Local 1554;

- Group II - Represented by the Fraternal Order of Police (FOP) William Nichols Lodge No. 8;
- Group III - Represented by the International Association of Firefighters (IAFF) Local 1510;
- Group IV - Represented by the Communications Workers of America (CWA) Local 3178; and
- Group V - Represented by the Government Supervisors Association of Florida (GSAF), OPEIU, Local 100

In addition, the City has one classified employee group, Group VI, comprising all other classifications in the classified service not covered by a bargaining unit. This group is commonly referred to in the City of Miami Beach as "Others". There is a seventh salary group comprised of at-will employees commonly referred to as Unclassified.

Employees represented by the FOP and IAFF are eligible for a defined benefit pension plan governed by Part I, Subpart B, Article IX, Related Special Acts, of The Miami Beach City Code entitled "Pension System For Disability And Retirement Of Members Of Police And Fire Departments."

All other full-time employees are eligible for a defined benefit pension plan governed by Part I, Subpart B, Article VI, Related Special Acts, of The Miami Beach City Code entitled "Pension and Retirement System for Officers and Employees Generally."

Under current law, participants are generally required to begin taking distributions from their retirement plans at age 72.

Under section 112.1816, Florida Statutes, if a firefighter participates in an employer-sponsored retirement plan, the retirement plan must consider the firefighter totally and permanently disabled in the line of duty if he or she meets the retirement plan's definition of totally and permanently disabled due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer. The Fire and Police Pension plan document currently lacks language regarding the cancer presumption for firefighters.

On May 21, 2020, The Fire and Police Pension Board voted to change the plan's definition of actuarial equivalence by adopting the recommended long-term interest rate of 7.5%, effective October 1, 2020.

ANALYSIS

The Administration and the Fire and Police Pension Board wish to amend the Fire & Police Pension Plan to increase the required minimum distribution age to 73 starting on January 1, 2023. This amendment will bring the plan in compliance with the Consolidated Appropriations Act of 2023, which contains tax-related retirement

legislation, commonly known as the SECURE 2.0 Act of 2022.

The Administration and the Fire and Police Pension Board wish to amend the Fire & Police Pension Plan to include the conclusive firefighter cancer presumption established by section 112.1816, Florida Statutes. This amendment will bring the plan in compliance with the Florida Statutes and all other applicable laws.

On March 16, 2023, the Fire and Police Pension Board voted to change the plan's definition of actuarial equivalence by adopting the recommended long-term interest rate of 7.2% effective October 1, 2023. This amendment will change the actuarial assumption for the long-term interest rate from 7.5% to 7.2%.

In accordance with Resolution No. 2023-32857, adopted by the City Commission on December 13, 2023, the following information has been provided by the primary item sponsor as it relates to the subject ordinance:

1. Was the Agenda item initially requested by a lobbyist which, as defined in Code Sec. 20481, includes a principal engaged in lobbying? No
2. If so, specify name of lobbyist(s) and principal(s): N/A

SUPPORTING SURVEY DATA

N/A

FINANCIAL INFORMATION

Gabriel Roeder Smith and Company has issued a no-cost actuarial impact statement based on the attached proposed ordinance (attached).

The Business Impact Estimate (BIE) was provided and published in accordance with Section 166.041(4), Florida Statutes.

CONCLUSION

The Administration recommends amending Part I, Subpart B, Article IX, Related Special Acts, of The Miami Beach City Code entitled "Pension System For Disability And Retirement Of Members Of Police And Fire Departments."

Based on the foregoing, the Administration recommends that the City Commission approve the proposed ordinance on first reading and set the ordinance for second reading May 15, 2024.

Applicable Area

Not Applicable

Is this a "Residents Right to Know" item, pursuant to City Code Section 2-14?

No

Does this item utilize G.O. Bond Funds?

No

Strategic Connection

Non-Applicable

Legislative Tracking

Human Resources

Sponsor

Mayor Steven Meiner

ATTACHMENTS:

Description

- Proposed Ordinance Change
- Request for Amendment to the Fire/Police Pension Ordinance
- Ordinance
- GRS Letter



April 3, 2024

Ms. Donna Brito
Executive Director
City Pension Fund for Firefighters and Police Officers
in the City of Miami Beach
1691 Michigan Avenue, Suite 355
Miami Beach, Florida 33139

Re: Actuarial Impact Statement

Dear Donna:

As requested, we have performed an actuarial review of the attached proposed Ordinance under the City Pension Fund for Firefighters and Police Officers in the City of Miami Beach.

Based upon our review, we understand the proposed Ordinance:

1. Amends Section 62, the definition of Actuarial Assumptions (for the calculation of optional forms of benefits) to include an updated interest rate for benefit commencements on or after October 1, 2023.
2. Amends Section 66, to comply with the cancer presumption requirements of Chapter 112.1816, Florida Statutes, effective July 1, 2019.
3. Amends Section 84, for distribution limitations by providing for inclusion of the Federal Secure Act 2.0 provisions.
4. Repeals all Ordinances or parts of Ordinances in conflict herewith.
5. Provides for codification.
6. Provides for severability.
7. Provides for an effective date.

In our opinion, based upon the actuarial assumptions and methods to be employed in the October 1, 2023 Actuarial Valuation, the proposed Ordinance is a *no cost* Ordinance under State funding requirements.

Ms. Donna Brito
April 3, 2024
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If you should have any question concerning the above or if we may be of further assistance with this matter, please do not hesitate to contact us.

Sincerest regards,
Gabriel, Roeder, Smith & Company

Michelle Jones

Shelly L. Jones, A.S.A., E.A., F.C.A., M.A.A.A.
Consultant and Actuary

Enclosure

cc: Mr. Frank Estevez



ORDINANCE NO. 2024 - _____

AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING PART 1, SUBPART B, ARTICLE IX, RELATED SPECIAL ACTS, OF THE MIAMI BEACH CITY CODE ENTITLED "PENSION SYSTEM FOR DISABILITY AND RETIREMENT OF MEMBERS OF POLICE AND FIRE DEPARTMENTS," BY AMENDING SECTION 62, "DEFINITIONS," RELATING TO ACTUARIAL ASSUMPTION RATES; AMENDING SECTION 66, "SERVICE AND DISABILITY BENEFITS GENERALLY;" RELATED TO IMPLEMENTING THE CONCLUSIVE FIREFIGHTER CANCER PRESUMPTION ESTABLISHED BY SECTION 112.1816, FLA. STATUTES; AMENDING SECTION 84, "DISTRIBUTION LIMITATION," PROVIDING FOR INCLUSION OF THE FEDERAL SECURE ACT 2.0 PROVISIONS; PROVIDING FOR REPEALER, SEVERABILITY, CODIFICATION AND FOR AN EFFECTIVE DATE.

WHEREAS, on March 16, 2023, the Fire and Police Pension Board voted to change the plan's definition of actuarial equivalence by adopting the recommended long-term interest rate; and

WHEREAS, on March 15, 2023, the Fire and Police Pension Board of Trustees received a letter from the Florida Division of Retirement requiring a modified ordinance to include the conclusive firefighter cancer presumption established by Section 112.1816, Florida Statutes; and

WHEREAS, on December 29, 2022, President Biden signed into law the Consolidated Appropriations Act of 2023, which contains tax-related retirement legislation, commonly known as the SECURE 2.0 Act of 2022. This Act further increased the required minimum distribution age to 73.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AS FOLLOWS:

SECTION 1.

That Article IX, Related Special Acts of the Miami Beach City Code, is amended to read:

**ARTICLE IX. - PENSION SYSTEM FOR DISABILITY AND RETIREMENT
OF MEMBERS OF POLICE AND FIRE DEPARTMENTS**

* * *

Sec. 62. – Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Actuarial Assumptions (for the calculation of optional forms of benefits) means the following interest rates compounded annually:

- (a) 8.5% for plan years prior to October 1, 2009; 8.4% effective for the plan year beginning October 1, 2009; 8.3.% effective for the plan year beginning October 1, 2010; 8.2.%

effective for the plan year beginning October 1, 2011; 8.1.% effective for the plan year beginning October 1, 2012; and 8.0.% effective for the plan years beginning October 1, 2013, and October 1, 2014;

- (b) 7.75% effective for plan years beginning on and after October 1, 2015;
- (c) 7.50% effective for plan years beginning on or after October 1, 2020;
- (d) 7.20% effective for plan years beginning on or after October 1, 2023.

* * *

Sec. 66. – Service and disability benefits generally.

* * *

(j) Nonrebuttable conclusive cancer presumption: The provisions of Section 112.1816, Fla. Statutes, are hereby codified within the Plan and are intended to be incorporated by reference. The Board of Trustees shall adopt uniform administrative rules for the conduct of disability hearings relating to this presumption and for the determination of any disqualifying events as reflected in the statute.

* * *

Sec. 84. – Distribution Limitation.

* * *

Notwithstanding any other provision of this System, all distributions from this System shall conform to section 401(a)(9) of the Internal Revenue Code in general and to section 401(a)(9)(C) of the Internal Revenue Code in particular. Notwithstanding any other provision of this plan to the contrary, a form of retirement income payable from this plan shall satisfy the following conditions:

- (a) If the retirement income is payable before the member's death:
 - (1) For members who attain age ~~73~~ 70 and ½ on or after January 1, ~~2020~~ 2023, provided the member had not attained age 72 by December 31, 2022, it shall either be distributed or commence to the member not later than April 1 of the calendar year following the later of the calendar year in which the member attains age ~~73~~ 70½, or the calendar year in which the member retires; The Plan will make all future required minimum distributions in compliance with the prevailing age restrictions and additional parameters set out in the Internal Revenue Code as amended from time to time;
 - (2) ~~For members who attain age 70 and ½ on or after January 1, 2020, it shall either be distributed or commence to the member not later than April 1 of the calendar year following the later of the calendar year in which the member attains age 72, or the calendar year in which the member retires:~~

- (2) The distribution shall commence not later than the calendar year defined above; and
(a) shall be paid over the life of the member or over the lifetimes of the member and the member's designated beneficiary or (b) shall be paid over the period extending not beyond the life expectancy of the member and the member's designated beneficiary.

* * *

Where a form of retirement income payment has commenced in accordance with the preceding paragraphs and the member dies before his entire interest in the plan has been distributed, the remaining portion of such interest in the plan shall be distributed no less rapidly than under the form of distribution in effect at the time of the member's death.

- (b) If the member's death occurs before the distribution of his interest in the plan has commenced, the member's entire interest in the plan shall be distributed within five years of the member's death, unless it is to be distributed in accordance with the following rules:
- (1) The member's remaining interest in the plan is payable to his member's designated beneficiary.
 - (2) The remaining interest is to be distributed over the life of the member's designated beneficiary or over a period not extending beyond the life expectancy of the member's designated beneficiary; and
 - (3) Such distribution begins within one year of the member's death unless the member's Surviving Spouse is the sole designated beneficiary, in which case the distribution need not begin before the date on which the member would have attained age 73 70½ (~~age 72 for members who attain or would have attained age 70½ on or after January 1, 2020~~) and if the member's Surviving Spouse dies before the distribution to the Surviving Spouse begins, this section shall be applied as if the Surviving Spouse were the member. The Plan will make all future required minimum distributions in compliance with the prevailing age restrictions and additional parameters set out in the Internal Revenue Code as amended from time to time.
 - (4) Qualification of system. It is intended that the system will constitute a qualified public pension plan under the applicable provisions of the code for a qualified plan under code section 401(a) and a governmental plan under code section 414(d), as now in effect or hereafter amended. Any modification or amendment of the system may be made retroactively, if necessary or appropriate, to qualify or maintain the system as a plan meeting the requirements of the applicable provisions of the code as now in effect or hereafter amended, or any other applicable provisions of the U.S. Federal Tax Laws, as now in effect or hereafter amended or adopted, and the regulations issued thereunder. In recognition of the changing requirements of system qualification, the Board shall adopt an administrative policy setting forth the required provisions for tax qualification. Such a policy shall be amended by the Board as required to maintain continuing compliance with the Internal Revenue Code and that policy and any amendments shall have the force of law as if adopted by the City Commission.

SECTION 2. REPEALER.

All ordinances or parts of ordinances and all section and parts of sections in conflict herewith are hereby repealed.

SECTION 3. CODIFICATION.

It is the intention of the City Commission, and it is hereby ordained, that the provisions of this Ordinance shall become and be made part of the Code of the City of Miami Beach, as amended; that the sections of this Ordinance may be re-numbered or re-lettered to accomplish such intention; and that the word "ordinance" may be changed to "section" or other appropriate word.

SECTION 4. SEVERABILITY.

If any section, subsection, clause or provision of this Ordinance is held invalid, the remainder shall not be affected by such invalidity.

SECTION 5. EFFECTIVE DATE.

This Ordinance shall take effect ten days following adoption.

PASSED and ADOPTED this _____ day of _____, 2024.

Steven Meiner, Mayor

ATTEST:

Rafael E. Granado, City Clerk

Underline denotes additions
~~Strikethrough~~ denotes deletions

(Sponsored by Mayor Steven Meiner)

APPROVED AS TO
FORM AND LANGUAGE
& FOR EXECUTION

Bob Ross 3/25/24
City Attorney Date