

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF WEST PALM BEACH, FLORIDA, AMENDING CHAPTER 62 (PERSONNEL AND RETIREMENT), ARTICLE III (PENSIONS AND RETIREMENT), DIVISION 5 (RESTATED EMPLOYEES DEFINED BENEFIT RETIREMENT SYSTEM), SEC. 62-193 ENTITLED "COST OF LIVING ADJUSTMENTS" (COLAS) TO CLARIFY THE METHOD OF CALCULATION OF COLAS; PROVIDING CODIFICATION, CONFLICTS, AND SEVERABILITY CLAUSES; PROVIDING AN EFFECTIVE DATE AND FOR OTHER PURPOSES.

* * * * *

WHEREAS, the Employees Defined Benefit Retirement Systems (DB Plan) began providing for cost of living adjustments (COLAs) in 1974; and

WHEREAS, the original 1974 provision was restated in the 1997 ordinance amending and restating the DB Plan (Restated DB Plan); and

WHEREAS, the language regarding computation is confusing and is more accurately stated in the AIG Group Annuity Policy that was established at the time of the Restated DB Plan; and

WHEREAS, the Trustees of the Restated DB Plan have recommended that Sec. 62-193 be amended to more clearly describe the method of calculating the COLAs; and

WHEREAS, it is in the best public interest to accept the recommendation of the Trustees and amend Sec. 62-193.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF WEST PALM BEACH FLORIDA, that:

SECTION 1: The recommendation of the Trustees of the Restated Employees Defined Benefit Retirement System (Restated DB Plan) is accepted. Sec. 62-193 of the Restated DB Plan is amended to read as follows:

Sec. 62-193. - Cost of living adjustments.

(a)

Definitions. The following words and phrases, as used in this section, shall meanings-respectively-ascribed-in-this-subsection:

Base *month* means the month and year of the retirement allowance effective date.

Cumulative change in the CPI means the percent change in the Consumer Price Index from the base month to the month of October in the year preceeding the January 1 of adjustment.

Cumulative COLA means the total sum of all cost of living adjustments for the retirant from the retirement allowance effective date to the month of October in the year preceeding the January 1 of adjustment.

Consumer price index means the consumer price index for urban wage earners and clerical workers as published by the United States Department of Labor, Bureau of Labor Statistics. Should the Bureau of Labor Statistics adopt a new base or modify the method of computation of the consumer price index so as to render it unsuitable, the board shall make appropriate adjustments. The board shall choose another index which it determines to be appropriate if the consumer price index is no longer published.

Retirement allowance effective date means the date as of which payments of a retirement allowance first commence. A new effective date does not occur when a retirant dies and a retirement allowance is paid to a beneficiary.

Unadjusted amount of retirement allowance means the amount of retirement allowance that would be paid a retirant or beneficiary if the provisions of this section were not applicable.

(b)

Adjustment. ~~Subject to the limitations stated in this section, the amount of each retirement allowance shall be adjusted January 1, 1998, and on each subsequent January 1. The adjusted amount of retirement allowance shall be equal to a percent of the unadjusted amount of retirement allowance. The percent shall be 100 percent plus two percent multiplied by the number of complete years from the retirement allowance effective date to the January 1 as of which the adjustment is being made. The accumulated adjustments to a retirement allowance after January 1, 1998, expressed as a percent of the unadjusted amount of retirement allowance, shall not exceed the percentage increase in the consumer price index for the period between the base month and the month of October in the year preceding the January 1 of adjustment. An adjustment shall not be made on any January 1 if the amount of the adjustment is less than one percent of the unadjusted amount of retirement allowance.~~ Generally, a cost of living adjustment of 2% of the retirant's original retirement benefit will be effective each January 1 provided that the retirant has been retired at least one complete year. As of January 1, 1997, retirants who have been retired at least one year have a cumulative change in the Consumer Price Index (CPI) since first eligible, as well as a cumulative COLA.

As long as future annual changes in the CPI for urban wage earners and clerical workers as published by the United States Department of Labor, Bureau of Labor Statistics are at least 2%, all eligible retirants will receive an annual COLA of their original retirement benefit. However, should a change in the CPI be less than 2%, the COLA will be 2% of the original benefit, provided that after this adjustment the cumulative COLA is not more than the cumulative change in the CPI. If the cumulative COLA would otherwise exceed the cumulative change in the CPI, then this adjustment would be reduced sufficiently to remove the excess. If the COLA is calculated to be less than one percent, then the adjustment for that year would be zero.

Upon the death of the retirant, the COLA will continue to the designated beneficiary, if applicable. The amount of the beneficiary's COLA will be

determined by first applying the COLA to the retirant's original benefit and then paying the beneficiary their applicable share (either 50% or 100%) of the adjusted benefit.

SECTION 2: All Ordinances or parts of Ordinances in conflict with this Ordinance are hereby repealed.

SECTION 3: Should any section or provision of this Ordinance or any portion thereof, any paragraph, sentence, or word, be declared by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remainder of the Ordinance.

SECTION 4: Specific authority is hereby granted to codify this Ordinance.

SECTION 5: This Ordinance shall take effect immediately upon its passage and adoption.

FIRST READING THIS 22nd DAY OF February 2011.

SECOND READING AND FINAL PASSAGE THIS 7th DAY OF March, 2011.

(CORPORATE SEAL)

CITY OF WEST PALM BEACH
BY ITS CITY COMMISSION


PRESIDING OFFICER

ATTEST:


CITY CLERK

CITY ATTORNEY'S OFFICE

Approved as to form and legal sufficiency

By: 

Date: 2/24/11