

INTRODUCED: May 26, 2015

AN ORDINANCE No. 2015-127-136

To amend and reordain City Code § 78-208, concerning the deferred retirement option program, for the purpose extending the participation period in the deferred retirement option program.

Patron – All Members of Council

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: JUNE 8, 2015 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That section 78-208 of the Code of the City of Richmond (2004) be and is hereby amended and reordained as follows:

Sec. 78-208. Deferred retirement option program.

(a) *Eligibility.* Any public safety member, upon reaching unreduced retirement eligibility or anytime thereafter, may elect to participate in the deferred retirement option program (“DROP”). An eligible public safety member may participate in the DROP only once. Such eligible public safety members must submit a complete retirement application to the board

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: JUNE 8 2015 REJECTED: _____ STRICKEN: _____

of their election to participate in the DROP not less than 60 days prior to participation in the program. The implementation date for the DROP will commence as of January 1, 2004.

(b) *Effects of participation.* Upon the election to participate in the DROP, the participating member will be considered a retired member for all purposes related to the system. However, while participating in DROP, the member's unreduced monthly retirement allowance shall be paid to a DROP account in lieu of being paid to the member.

The duration of participation in the DROP shall be elected by the member, but shall not exceed [~~five~~] six years. During the member's participation in the DROP, a fee up to three percent of that member's creditable compensation may be charged annually to the individual DROP account to cover the cost of the program. The actual amount of the annual fee will be set by the board, to be effective July 1 of each fiscal year.

At the end of the DROP period, the member shall terminate employment with the city, the account balance shall be paid to the member and the member shall be classified as a retiree. In the event the member terminates employment prior to the end of the DROP period, the account balance shall be paid to the member and the member shall be classified as a retiree.

(c) *Unused sick leave credit.* At the time of the election to participate in the DROP, the participating member may elect to retain any or all of his unused sick leave. Fifty percent of unused sick leave not retained shall be converted to creditable service at the beginning of the DROP period in accordance with section 78-171. Unused sick leave remaining at the end of the DROP period will not be eligible for conversion.

The board of trustees, on behalf of the city council, is authorized to adopt rules and regulations governing the DROP plan. Any documents executed by the board of trustees shall be

approved, in form, by the city attorney prior to execution. Other provisions and administrative guidelines for the DROP shall be contained in the DROP document as adopted by the board.

§ 2. This ordinance shall be in force and effect upon adoption.



Richmond City Council

The Voice of the People

Richmond, Virginia

Office of the Council Chief of Staff

Ordinance/Resolution Request

TO Allen Jackson, Richmond City Attorney
Richmond Office of the City Attorney

THROUGH Lou Brown Ali *LB*
Council Chief of Staff

FROM Korita Brown Jones, Council Human Resources Liaison
Richmond City Council
Office of the Council Chief of Staff *KBJ*

COPY Reva M. Trammell
8th District Councilmember

Henry W. Mease
8th District Council Liaison

DATE May 11, 2015

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TITLE EXTENSION OF THE CITY'S DEFERRED RETIREMENT OPTION PROGRAM (DROP)

RECEIVED

MAY 11 2015

OFFICE OF CITY ATTORNEY

This is a request for the drafting of an **Ordinance** **Resolution**

REQUESTING COUNCILMEMBER/PATRON

Reva M. Trammell

SUGGESTED STANDING COMMITTEE

Governmental Operations

ORDINANCE/RESOLUTION SUMMARY

An ordinance is requested to amend Section 78-208 (b) of the City Code to extend the participation period in the Deferred Retirement Option Program (DROP) from five years to six years. This ordinance is to be in effect on the date adopted by City Council.

BACKGROUND

The Deferred Retirement Option Retirement Program (DROP) allows eligible Public Safety Members (sworn police officers or firefighters) to defer receipt of unreduced retirement benefits while continuing employment with the City of Richmond without loss of any other employee benefits. Eligible members are those that meet the following requirements:

1. Defined Benefit Plan Member- 25 years of creditable service as a sworn police officer or firefighter.
2. Defined Benefit Plan Member with the Enhanced Option - 20 years of creditable service as a sworn police officer or firefighter.
3. Upon reaching normal retirement age of 60.

Eligible members may elect to participate in the program for up to five years. The monthly retirement benefit under the DROP will be paid into a DROP account in lieu of being paid to

the participant. Upon separation from City employment, the participant will receive the DROP account balance and begin receiving the monthly retirement benefit.

FISCAL IMPACT STATEMENT

Fiscal Impact: Yes No

Budget Amendment Required: Yes No

Estimated Cost or Revenue Impact:

	If the Program is Extended to 6 Years	If the Program is Extended to 7 Years
FY15	\$116,882	\$116,882
FY16	\$327,071	\$443,953
FY17	\$283,189	\$610,261
FY18	\$230,040	\$513,229
FY19	\$226,127	\$456,167
Five-Year Total	\$1,183,309	\$2,140,492

Fiscal Summary: This fiscal impact of extending the DROP program takes those individuals that currently participate in the DROP program, computes their salary and benefits (minus retirement), and compares them to new hires at Police Officer I or Fire Fighter I (salary plus benefits). For supervisors, the assumption was made that they would be replaced by a Police Officer or Firefighter who is in the 66th percentile of salary of all Police Officers and all Fire Fighters. This also assumes that everyone stays the additional one or two years. Richmond City Council included in its amendments for fiscal years 2016 and 2017, the additional funding necessary to increase the participation period of the program. For FY 2016, the funding considered is \$327,071 and for FY17 funding to be considered is \$283,189. As of today, Richmond City Council has to vote on these amendments.

Attachment/s Yes No