Council Bill No. 1/3988

AN ORDINANCE relating to the City Employees' Retirement System, authorizing the purchase of service credit for prior City service; and amending Chapter 4.36 of the Seattle Municipal Code

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# ORDINANCE 120684

AN ORDINANCE relating to the City Employees' Retirement System; authorizing the purchase of service credit for prior City service; and amending Chapter 4.36 of the Seattle Municipal Code.

#### BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

**Section 1.** Section 4.36.030 of the Seattle Municipal Code is amended as follows to add a new definition and to re-letter the current definitions accordingly:

4.36.030 Definitions - Alphabetical "A" through "B"

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E. "Actuarial present value" means the value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions.

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**Section 2.** Subsections F and G of Section 4.36.100 of the Seattle Municipal Code are amended as follows:

# SMC 4.36.100 Membership in retirement system.

Officers and employees of the City (except those excluded by subsection H of this Section) and of the Seattle Public Library shall become members of the retirement system upon completion of six (6) months' continuous service, as follows, except that six (6) months' continuous service shall not be required for officers and employees to whom subsection L of this Section applies:



7.

- A. Mandatory Membership. Every officer or employee of the City and of the Seattle Public Library, who enters City service on or after June 21, 1986, shall become a member of the retirement system upon completion of six (6) months' continuous service, except:
  - 1. Elective officials exempt under subsection D of this Section;
- 2. Individuals with a statutory right to continuation of their membership in a Washington State or federal government retirement system under subsection E of this Section;
- 3. Certain officers in positions exempt from civil service under subsections C and F of this Section;
  - 4. Employees who are excluded under subsection H4 of this Section; and
- 5. Temporary, interim, intermittent, provisional and part-time workers under Sections 4.36.103 and 4.36.195.
- B. Continuation of Current Membership. All officers and employees of the City and of the Seattle Public Library, who on or after June 21, 1986, are or are required to become members of the retirement system, shall continue their membership or become members upon completion of six (6) months' City service. A member may not withdraw from membership in the system while in City employment.

  C. 1986 Nonmembers. An officer or employee with six (6) months' continuous City service, who on June 21, 1986, held an appointive position exempt from the classified civil service (1) could elect to join or rejoin the retirement system by completing and filing an election form with the Board of Administration on or before December 31, 1986, ("Option (1)"), or (2) after the effective date of this ordinance may elect to join or rejoin the retirement system as authorized by subsection F of this Section ("Option (2)"). Option (1) also extended to officers and employees, who held such position before June 21, 1986, and on or before December 31, 1986, with respect to such a position (a) were recalled from a layoff status; (b) returned from an approved leave; or (c) completed six (6) months' continuous City



service. An officer or employee within Option (1) could, on or before December 31, 1986, contract for credit for "prior service" (creditable service before December 31, 1986) in the retirement system in accord with subsection B of Section 4.36.190. An officer or employee, who failed to exercise his or her option under Option (1) of this subsection in a timely manner by December 31, 1986, may join the retirement system while holding a position exempt from civil service under Option (2) as authorized by subsection F of this Section and may acquire creditable service only for City service performed after the date of his or her membership. This subsection does not apply to officers or employees covered by subsections D, E and G of this Section, or subject to RCW 41.04.120, officers or employees re-entering City service after December 31, 1986.

D. Elective Officials. An elective official may elect to join the retirement system at any time during his or her City service, and may contract for credit for continuous "prior service" in accord with Seattle Municipal Code Section 4.36.190 B, provided that credit for such "prior service" shall not cover any period during which the City made payments to another retirement system on the official's behalf nor after December 31, 1987, shall a contract authorize more than five (5) years' "prior service" credit for prior City service.

E. Election Under Statutory Right. An officer or employee, who has a statutory right to continue his or her membership in a retirement system of the State of Washington or the United States of America during his or her City service may in lieu of membership in the City Employees' Retirement System arrange with the Personnel Director for a deduction from his or her pay and the City's payment for retirement system purposes to be paid directly to his or her other governmental retirement system.

F. Election by Officers Exempt from Civil Service. An officer, who holds a position exempt from the civil service system and is not already a member of the City Employees' Retirement System, may become a member of the system ((upon completion of six (6) months' continuous City service,)) by



filing with the Executive Director of the City Employees' Retirement System his or her election to participate in the system. Such an officer shall receive "creditable service" for retirement system purposes only for City service accruing from and after the date of his or her membership. However, a member may purchase creditable service for City service previously rendered but not credited if the member pays into the retirement fund, at the time of resignation or at retirement, the actuarial present value of the resulting increase in his or her benefit. Terms and conditions of the purchase shall be in accordance with the provisions of SMC 4.36.190(B)(4). If an officer who is a member should leave City service and later return, the officer shall ((within sixty (60) days)) resume his or her membership by making a redeposit as contemplated by Section 4.36.190 or become a member upon ((completion of six (6) months' continuous service on ))his or her returning employment with creditable service accruing thereafter. An officer or employee, who is a member of the retirement system at the time of his or her appointment or election to an exempt position, shall maintain his or her membership.

G. Re-Entry. An officer or employee who withdrew his or her deposit in the retirement system before or upon his or her separation from City service and later re-enters City service, shall either (a) ((within sixty (60) days)) resume his or her membership by making a redeposit as contemplated by Section 4.36.190, or (b) rejoin the retirement system ((upon six (6) months' continuous service after his or her re-entry)) with creditable service accruing thereafter. An officer or employee who is called to active duty in the armed forces of the United States of America or the State of Washington or who is given other military leave prior to completing six (6) months of continuous service may on re-entering City service include his or her active duty time in computing six (6) months of continuous City service for purpose of determining eligibility to join the retirement system. An officer or employee, who maintains his or her deposit in the retirement system during a separation from City service, shall continue his or her membership upon re-entry into City service.



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H. The following employees shall not become members of the retirement system, except as contemplated by RCW 41.04.110:

- 1. Members of the Police Department entitled to the benefits of the Police Relief and Pension Fund under State law;
- 2. Members of the Fire Department entitled to the benefits of the Firemen's Relief and Pension Fund under State law;
- 3. Members of the Police Department and Fire Department entitled to the benefits of the Washington Law Enforcement Officers' and FireFighters' Retirement Fund;
- 4. Employees in positions established primarily to provide training leading to qualification for positions of Police Officer or Firefighter.
- I. The head of each office or department of the City shall give immediate notice in writing to the Board of the change in status of any member of his office or department, resulting from transfer, promotion, leave-of-absence, family and medical leave, resignation, reinstatement, dismissal or death. The head of each office or department shall furnish such other information concerning any member as the Board may require.
- J. Each member shall be subject to all the provisions of this chapter and the rules and regulations of the Board. Should any member be, in the opinion of the Board, permanently separated from City service or should the member die he or she shall thereupon cease to be a member.
- K. Temporary, Interim, Intermittent, Provisional and Part-time Workers. See Sections 4.36.103 and 4.36.195, and for 1989-1990 opportunity, Section 4.36.197.
- L. Membership On and After January 1, 1999. The six (6) months' continuous service requirement shall not apply to any officer or employee, including any part-time employee authorized to become a member pursuant to Section 4.36.103, who would otherwise be obliged or have the option to become a



member of the retirement system upon completion of six (6) months' continuous service, if such officer or employee enters City service on or after January 1, 1999, or has been in City service less than six (6) months as of January 1, 1999. Officers and employees who have been in City service less than six(6) months as of January 1, 1999 may become members as of January 1,1999.

**Section 3**. A new Section 4.36.101 is added to the Seattle Municipal Code as follows:

4.36.101. Use of other Plan funds for purchase of service credit.

A. Direct Transfers. Effective January 1, 2002, the retirement fund possesses the specific authority to enter into direct transfer of assets agreements with the trustees of an eligible plan under Section 457 of the Internal Revenue Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state or from a plan under Section 403(b) of the Internal Revenue Code, for the purchase of creditable service otherwise available pursuant to Chapter 4.36 SMC.

B. Other Rollovers. Effective January 1, 2002, the retirement fund may accept participant rollover contributions and/or direct rollovers of distributions from other retirement plans which are eligible retirement plans described in Internal Revenue Code Section 402(c)(8)(B) to the extent allowed by the Internal Revenue Code. The fund may accept rollovers from such sources and may develop such procedures and rules as it deems necessary or desirable to comply with the requirements and guide its decisions regarding participant rollover contributions and/or direct rollovers of distributions it will accept. Such rollover contributions and direct rollovers may be used for the purchase of service credit otherwise available pursuant to Chapter 4.36 SMC.



**Section 4** A new Section 4.36.124 is added to the Seattle Municipal Code as follows:

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#### 4.36.124 Purchase of creditable service for Military Service.

A member may purchase creditable service for past active duty in the armed forces of the United States of America or the State of Washington, by paying into the Retirement Fund, at the time of resignation from City service or at the time of retirement, the actuarial present value of the resulting increase in his or her benefit. Terms and conditions of purchase shall be in accordance with the provisions of SMC 4.36.190(B)(4). In no instance shall military service in excess of five years be credited under this Chapter. In no instance shall military service be credited to any member who is receiving full military retirement benefits pursuant to Title 10 United States Code.

**Section 5.** Subsection B of Section 4.36.190 of the Seattle Municipal Code is amended as follows:

### 4.36.190 Discontinuance or reentrance of eligible employee - purchase of creditable service.

A. 1. Should the City service of a member not eligible for retirement under the provisions of this chapter, be discontinued, except by death, prior to completion of five (5) years' membership in the retirement system, he shall be paid six (6) months after the date of discontinuance such part of his accumulated contributions as he shall demand; provided, however, that such member may apply to the Board and by unanimous vote the Board may grant a request for immediate withdrawal of contributions. If in the opinion of the Board such member is permanently separated from City service by reason of such discontinuance, he shall be paid forthwith all his accumulated contributions, with interest. Should the City service of an employee not eligible for retirement under subsections A and B of Section 4.36.200 who has been a member of the retirement system for at least five (5) years be discontinued, except by death, he may apply for immediate withdrawal of his accumulated contributions as hereinabove provided, or elect in writing within six (6) months after such termination to leave his accumulated contributions in the retirement fund, and thereafter, upon reaching the required age and



making application therefor, he shall receive a retirement allowance as provided in Section 4.36.200 C; provided, that if discontinuance of City service is caused by intemperance, wilful misconduct or violation of law on the part of the member, of which the Board shall be the judge, the Board, in its discretion, may pay to the member, in one (1) lump sum, his accumulated contributions, in lieu of all other rights, privileges or benefits under this chapter; and such payment shall constitute full satisfaction of all obligations of the City to such member, and upon receipt of such payment he shall cease to be a member of the system.

- 2. Any member eligible for retirement under subsections A and B of Section 4.36.200 whose City service has been discontinued, except by death, and any member whose City service has been discontinued and who has elected to leave his accumulated contributions in the retirement fund, may, in the manner hereinabove provided, apply to the Board for withdrawal of contributions, but in such case the Board may, in its discretion, approve such request or disapprove the same and, if such member then be eligible, authorize his retirement. Upon withdrawal of contributions the full amount deposited by the City in the retirement fund for such member's benefit, plus interest, shall be available to meet the obligations of the City under this chapter.
- B. Redeposit and Purchase of Creditable Service.
- 1. Subject to rules and regulations established by the Board, any member or former member who reenters City service may redeposit in the retirement fund an amount equal to that which he or she previously withdrew therefrom at the last termination of his or her membership, or some part thereof, plus compound interest, at the actuarial assumed rate of investment return, which would have accumulated on the amount, as determined by the Board, between the date of his or her last termination of his or her membership and the date of redeposit ((his or her reinstatement in the system)). ((Such redeposit shall be paid into the retirement fund.)) Within ((thirty (30) days)) two (2) years after his or her re-entry into City service, a



former member must redeposit the entire sum determined to be due to purchase all, or part of, their former creditable service, or sign and file with the Board a redeposit contract in accord with subsection C in order to reestablish all or part of his or her (("prior service" credit)) former creditable service. In the event such redeposit is made by a member, the City shall reinstate all or that part of the former creditable service purchased by the member.

2. 2001-2002 window period. During the period December 1, 2001 through December 31, 2002, a current member may redeposit into the retirement fund an amount equal, or some part thereof, to that which he or she previously withdrew therefrom at the date of his or her last termination of membership plus compound interest, at the actuarial assumed rate of investment return, which would have accumulated on the amount, as determined by the Board, between the date of his or her last termination of membership and the date of redeposit. In the event such redeposit is made by a member, the City shall reinstate all, or part of, the former creditable service purchased by the member.

3. If a member within ((thirty (30) days)) two (2) years after reentering the retirement system after a termination of his or her membership does not make such a redeposit or file a properly executed redeposit contract, he or she may purchase all, or some part of, his or her former creditable service ((eredit for "prior service")) only by paying into the retirement fund the amount, or some part thereof, he or she previously withdrew plus compound interest as determined by the Board. The following provisions apply to redeposits made pursuant to this subsection SMC 4.36.190(B)(3):

a. Determination of applicable interest rates. The interest rate for each year since the date of withdrawal of contributions shall be the greater of the rate the retirement fund has earned, net of fees, as reported by the Retirement System's Investment Performance Consultant, or the interest rate equivalent to the actuarial assumed rate of investment return at the time of executing the redeposit contract.



4.36.110)).

b. Calculation of "accumulated contributions." For purposes of determining a member's accumulated
contributions pursuant to SMC 4.36.030(B), only a portion of the total amount deposited shall be
considered. The portion to be considered as the member's accumulated contributions shall be only the
amount previously withdrawn plus interest calculated at the actuarial assumed rate of investment return.
c. Withdrawal of contributions limited. The total amount deposited for the purchase of said former
creditable service will be available for withdrawal by the member only if the member terminates
employment with the City and withdraws his or her total accumulated contributions prior to retirement or

In the event such redeposit is made by a member, his rate of contribution shall be as determined under Section 4.36.110 A, and the City shall reinstate ((the)) all, or that part of, the former creditable service purchased by the (("prior service" credit for such)) member.

dies and benefits are not payable under subsections 4.36.270(B) and (C) ((shall not be reestablished and the

rate of his or her contributions for future years shall be at the rate provided for in subsection A of Section

4. Unless otherwise stated, members allowed to purchase creditable service pursuant to SMC Chapter 4.36, shall pay as a single lump sum payment at the time of retirement, the actuarial present value of the resulting increase in their benefit as provided in this subsection SMC 4.36.190(B)(4).

a. The actuarial present value shall be calculated by the Retirement Board using the current actuarial assumptions as approved by the Retirement Board.

b. For purposes of determining the member's accumulated contributions pursuant to SMC 4.36.030(B), only a portion of the total amount deposited shall be considered. The portion to be considered as the member's accumulated contributions shall be calculated at the employee's current hourly rate times the current contribution rate times the number of hours to be purchased.



- c. If a member elects to pay at resignation from City service, the actuarial present value will be estimated at the time of resignation and adjusted at retirement for factors existing at the time of retirement, if necessary, according to rules established by the Retirement Board.
- d. In the event such payment is made by a member, the City shall consider such City service previously rendered as creditable service for the member.
- ((2. Any former employee who prior to March 1, 1977, discontinued City service to accept other public employment and who because of such subsequent public employment was permitted to leave his contributions in the retirement fund and retain membership in the retirement system shall be eligible to receive a retirement allowance as provided in Section 4.36.200 C.))
- 5. Unless otherwise stated, the purchase price for the purchase of creditable service must be paid in full to the retirement fund prior to the time of resignation from City service or retirement, whichever occurs first.
- C. Redeposit <u>and Purchase</u> Contracts. These terms and conditions govern redeposit contracts for reentering City officers and employees, ((and)) deposit contracts of officers and employees joining the system under subsections C and E of Section 4.36.110 <u>and the purchase of creditable service for past City service</u>.
- 1. The unpaid balance shall accrue interest at the assumption rate established by the Board for actuarial purposes and in effect at the time the redeposit agreement is signed;
- 2. The redeposit must be completed within ((five (5))) ten (10) years from the date of the member's reentry into City service;
- 3. After deducting any immediate redeposit, the balance shall be payable in approximately equal installments every pay period, computed by amortizing interest over the contract term, unless the Board



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- by rule authorizes redeposit in installments of equal payments of principal with interest computed on declining balances;
- 4. Installment payments shall be deducted from the member's pay during each pay period; and
- 5. Redeposit agreements shall be subject to the approval of the Board.
- The Board of Administration in its discretion may include supplemental terms and conditions by rule or by approving a form of agreement on the following subjects, among others:
- a. A minimum installment payment per pay period;
- b. The deferral of a redeposit of an installment during a member's layoff, military leave, or other approved leave, with catch-up redeposits upon the member's resumption of pay status;
- c. Allocation of payments between interest and principal;
- d. Appropriate arrangements in the event of a member's suspension or separation from City service, including the making of set-offs, acceleration of payments, continuation of payments from other sources during the interim, or adjusting the creditable service being purchased (("prior service" credit)) on a prorata basis;
- e. Other terms and conditions as the Board may deem appropriate.
- The Board may also require the execution of contracts by members, who are redepositing in installments through payroll deductions on August 31, 1986.
- Section 6. Effective December 1 of the year the Retirement Board files with the City Clerk notification that the funding ratio of the retirement fund is ninety-five (95) percent or higher, a new Section 4.36.191 is added to the Seattle Municipal Code as follows:
- 4.36.191 Purchase of creditable service for initial six months of City service.



A. Buy back. Employees who were hired during the period 1988 through 1998 who have not purchased creditable service for the initial six months of employment may purchase said creditable service by paying into the retirement fund, at the time of resignation or retirement from City service, the actuarial present value of the resulting increase in their benefit. The terms and conditions of purchase shall be in accordance with the provisions of SMC 4.36.190(B)(4).

B. One year window. During a window period of one year, beginning on the effective date of this Section, employees who were hired during the period 1988 through 1998 who have not purchased creditable service for the initial six months of City employment may purchase said creditable service by paying the purchase price, as determined by the Board, into the retirement fund, or signing a creditable service purchase contract pursuant to SMC 4.36.190 (C) and filing it with the Retirement Board. The creditable service may be purchased based on the following price formula:

(current hourly rate) x (current member contribution rate) x (amount of hours to be purchased).

C. City matching contributions under section 4.36.191(B). As matching contributions pursuant to SMC 4.36.110(A), each year the employing department shall pay into the retirement fund the matching amount equivalent to any member lump sum payment made pursuant to this Section or, if a member purchased pursuant to a contract under Section 4.36.190(C), the member's current year buy back payments all as billed by the Retirement office.

**Section 7.** A new Section 4.36.192 is added to the Seattle Municipal Code as follows:

# 4.36.192 Purchase of creditable service by past employees.

A. This Section allows members who are City employees on December 1, 2001, to purchase creditable service after termination of City employment.



B. The creditable service purchase provisions established by Council Bill 113988, Ordinance 120684 shall be available to said employees until December 31, 2002 except for the purchase provisions of Section 4.36.191(B) which shall be available to said employees during the entire window period described therein.

C. Creditable service purchased pursuant to this Section must be paid in full by lump sum payment by the earlier of December 31, 2002, or by the date of retirement except purchases made pursuant to 4.36.191(B). Purchases made pursuant to 4.36.191(B) must be paid in full by lump sum payment by the end of the window period established in said subsection or the date of retirement, whichever occurs first.

**Section 8.** A new Subsection H is added to Section 4.36.195 of the Seattle Municipal Code as follows:

4.36.195 Buy-in of creditable service by temporary, interim, intermittent, provisional and part-time workers.

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H. Members who have otherwise failed to exercise an option to purchase creditable service for prior service previously rendered as a temporary worker, as that term is defined at SMC 4.04.030(30), shall be allowed to purchase creditable service for service previously rendered but not credited as a temporary worker, by paying into the retirement fund, at the time of resignation from City service or at retirement, the actuarial present value of the resulting increase in his or her benefit. The terms and conditions of purchase shall be in accordance with the provisions of SMC 4.36.190(B)(4).

Section 9. Section 4.36.400 of the Seattle Municipal Code is amended as follows:

4.36.400 Election to participate in RCW Chapter 41.54.



A. As authorized by RCW 41.54.061, the City irrevocably elects to participate in the portability of public retirement systems as contemplated by RCW Chapter 41.54, and to pay for the additional cost it may incur as a result of the benefits provided.

<u>B.</u> The eligibility of members for the portability of public retirements benefits, the benefits available thereunder, the limitations(including RCW 41.54.080), and the procedures shall be as set out in RCW Chapter 41.54. A member may aggregate service credit in two (2) or more retirement systems for the purpose of determining the percentage factor to be used in calculating a service retirement allowance pursuant to SMC Section 4.36.210 B.

C. During the period December 1, 2001 through December 31, 2002, an active dual member, as defined at RCW 41.54.010(4), who has failed to restore creditable service pursuant to RCW 41.54.020(2), may redeposit in the retirement fund an amount equal to that which he or she previously withdrew therefrom at the date of his or her last termination of membership plus compound interest, at the actuarial assumed rate of investment return, which would have accumulated on the amount as determined by the Board, between the date of his or her last termination of his or her membership and the date of redeposit.

D. Beginning January 1, 2003, a dual member, as defined at RCW 41.54.010(4), who has failed to restore creditable service pursuant to RCW 41.54.020(2), or subsection C of this Section, may redeposit in the retirement fund an amount equal to that which he or she previously withdrew therefrom at the date of his or her last termination of membership plus compound interest as determined by the Board. The terms and conditions of purchase shall be in accordance with the provisions of subsection 4.36.190(B)(3).

**Section 10.** Any acts consistent with the authority and prior to the effective date of this ordinance are hereby ratified and confirmed.



**Section 11.** This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 10th day of December, 2001, and signed by me in open session in authentication of its passage this 10th day of December, 2001.

President of the City Council

Approved by me this 14th day of DECEMBER , 2001.

Mayor Sully

Filed by me this 14th day of December, 2001.

lith & Flync City Clerk

(Seal)

#### **FISCAL NOTE**

Department:	Contact Person/Phone:	Central Staff Analyst/Phone:
Employee Retirement	Norman Ruggles 615-1423	Mary Denzel 684-8158

#### Legislation Title:

AN ORDINANCE relating to the City Employees' Retirement System; authorizing the purchase of service credit for prior City service; and amending Chapter 4.36 of the Seattle Municipal Code.

#### Summary of the Legislation:

This legislation authorizes current and previous City employees, under specific conditions, to buy service credit in the City Retirement System for time they worked as a City employee but were not part of the retirement system, or to buy back previous credit in the system that they lost when they left City employment for a time and cashed out their retirement contributions at the time they left. In most cases the employee must pay their own contributions plus what would have been the City's contribution (had they been in the system), actuarially "corrected" to account for what the money would have earned had it been contributed at the time of such employment, and earned a return in all the intervening years. The one exception is employees hired between 1988 and 1998, who were not allowed to join the retirement system for the first six months of their employment. The ordinance allows these employees to buy the six months of credit at their current hourly rate times the current member contribution rate times the amount of time to be purchased. In this case alone the City will pay the City's match.

# Background (Include justification for the legislation and funding history, if applicable):

This ordinance implements a temporary agreement negotiated with the Coalition of City Unions in the bargaining process about to be completed.

Public Private Partnership Review Status: N/A

Is this legislation subject to public hearing requirements? No

Fiscal Sustainability Issues (related to grant awards): N/A



# **Estimated Expenditure Impacts:**

FUND (List # and/or Account)	2001	2002	2003
Various funds, depending on which employees opt to buy back the six months of credit where the City will match their contribution.	None	None	Potential \$4.5M if every eligible employee participates and pays in one lump sum in 2003. The City would have to match the funds when the employee pays the
			employee share.

# **Estimated Revenue Impacts:**

FUND (List # and/or Account)	2001	2002	2003
City Employee Retirement			Potential \$9M if every eligible employee participates and pays in one lump sum during 2003

Estimated FTE Impacts: N/A

FUND (List # and/or Account)	2001	2002	2003



ORDINANCE	
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AN ORDINANCE relating to the City Employees' Retirement System; authorizing the purchase of service credit for prior City service; and amending Chapter 4.36 of the Seattle Municipal Code.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 4.36.030 of the Seattle Municipal Code is amended as follows:

4.36.030 Definitions - Alphabetical "A" through "B"

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"Actuarial present value" means the value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions.

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Section 2. Section 4.36.100 of the Seattle Municipal Code is amended as follows:

SMC 4.36.100 Membership in retirement system.

Officers and employees of the City (except those excluded by subsection H of this section) and of the Seattle Public Library shall become members of the retirement system upon completion of six (6) months' continuous service, as follows, except that six (6)months' continuous service shall not be required for officers and employees to whom subsection L of this section applies:

A. Mandatory Membership. Every officer or employee of the City and of the Seattle Public Library, who enters City service on or after June 21, 1986, shall become a member of the retirement system upon completion of six (6) months' continuous service, except:

1. Elective officials exempt under subsection D of this section;



federal government retirement system under subsection E of this section;

3. Certain officers in positions exempt from civil service under subsections C and F of this section;

2. Individuals with a statutory right to continuation of their membership in a Washington State or

- 4. Employees who are excluded under subsection H4 of this section; and
- 5. Temporary, interim, intermittent, provisional and part-time workers under Sections 4.36.103 and 4.36.195.
- B. Continuation of Current Membership. All officers and employees of the City and of the Seattle Public Library, who on or after June 21, 1986, are or are required to become members of the retirement system, shall continue their membership or become members upon completion of six (6) months' City service. A member may not withdraw from membership in the system while in City employment.

C. 1986 Nonmembers. An officer or employee with six (6) months' continuous City service, who on

June 21, 1986, held an appointive position exempt from the classified civil service (1) could elect to join or rejoin the retirement system by completing and filing an election form with the Board of Administration on or before December 31, 1986, ("Option (1)"), or (2) after the effective date of this ordinance may elect to join or rejoin the retirement system as authorized by subsection F of this section ("Option (2)"). Option (1) also extended to officers and employees, who held such position before June 21, 1986, and on or before December 31, 1986, with respect to such a position (a) were recalled from a layoff status; (b) returned from an approved leave; or (c) completed six (6) months' continuous City service. An officer or employee within Option (1) could, on or before December 31, 1986, contract for credit for "prior service" (creditable service before December 31, 1986) in the retirement system in accord with subsection B of Section 4.36.190. An officer or employee, who failed to exercise his or her option under Option (1) of this sub-section in a timely manner by December 31, 1986, may join the



retirement system while holding a position exempt from civil service under Option (2) as authorized by subsection F of this section and may acquire creditable service only for City service performed after the date of his or her membership. This subsection does not apply to officers or employees covered by subsections D, E and G of this section, or subject to RCW 41.04.120, officers or employees re-entering City service after December 31, 1986.

- D. Elective Officials. An elective official may elect to join the retirement system at any time during his or her City service, and may contract for credit for continuous "prior service" in accord with Seattle Municipal Code Section 4.36.190 B, provided that credit for such "prior service" shall not cover any period during which the City made payments to another retirement system on the official's behalf nor after December 31, 1987, shall a contract authorize more than five (5) years' "prior service" credit for prior City service.
- E. Election Under Statutory Right. An officer or employee, who has a statutory right to continue his or her membership in a retirement system of the State of Washington or the United States of America during his or her City service may in lieu of membership in the City Employees' Retirement System arrange with the Personnel Director for a deduction from his or her pay and the City's payment for retirement system purposes to be paid directly to his or her other governmental retirement system.
- F. Election by Officers Exempt from Civil Service. An officer, who holds a position exempt from the civil service system and is not already a member of the City Employees' Retirement System, may become a member of the system upon completion of six (6) months' continuous City service, by filing with the Executive Director of the City Employees' Retirement System his or her election to participate in the system. Such an officer shall receive "creditable service" for retirement system purposes only for City service accruing from and after the date of his or her membership except that a member may purchase service credit for service previously rendered but not credited if the member pays into the



retirement fund, at the time of resignation or retirement, whichever occurs first, the actuarial present value of the resulting increase in his or her benefit as calculated by the Retirement Board's actuary using the current actuarial assumptions as approved by the Retirement Board pursuant to SMC 4.36.190(B)(4) or if the member signs and files with the Board a service credit purchase contract for said entire sum due pursuant to SMC 4.36.190(C). In the event such redeposit is made by a member, the City shall reinstate the prior service credit for such member. If an officer who is a member should leave City service and later return, the officer shall ((within sixty (60) days)) resume his or her membership by making a redeposit as contemplated by Section 4.36.190 or become a member upon ((completion of six (6) months' continuous service on ))his or her returning employment with creditable service accruing thereafter. An officer or employee, who is a member of the retirement system at the time of his or her appointment or election to an exempt position, shall maintain his or her membership.

G. Re-Entry. An officer or employee who withdrew his or her deposit in the retirement system before or upon his or her separation from City service and later re-enters City service, shall either (a) ((within sixty (60) days)) resume his or her membership by making a redeposit as contemplated by Section 4.36.190, or (b) rejoin the retirement system ((upon six (6) months' continuous service after his or her re-entry)) with creditable service accruing thereafter. An officer or employee who is called to active duty in the armed forces of the United States of America or the State of Washington or who is given other military leave prior to completing six (6) months of continuous service may on re-entering City service include his or her active duty time in computing six (6) months of continuous City service for purpose of determining eligibility to join the retirement system.

An officer or employee, who maintains his or her deposit in the retirement system during a separation from City service, shall continue his or her membership upon re-entry into City service.



- H. The following employees shall not become members of the retirement system, except as contemplated by RCW 41.04.110:
- 1. Members of the Police Department entitled to the benefits of the Police Relief and Pension Fund under State law;
- 2. Members of the Fire Department entitled to the benefits of the Firemen's Relief and Pension Fund under State law;
- 3. Members of the Police Department and Fire Department entitled to the benefits of the Washington Law Enforcement Officers' and FireFighters' Retirement Fund;
- 4. Employees in positions established primarily to provide training leading to qualification for positions of Police Officer or Firefighter.
- I. The head of each office or department of the City shall give immediate notice in writing to the Board of the change in status of any member of his office or department, resulting from transfer, promotion, leave-of-absence, family and medical leave, resignation, reinstatement, dismissal or death. The head of each office or department shall furnish such other information concerning any member as the Board may require.
- J. Each member shall be subject to all the provisions of this chapter and the rules and regulations of the Board. Should any member be, in the opinion of the Board, permanently separated from City service or should the member die he or she shall thereupon cease to be a member.
- K. Temporary, Interim, Intermittent, Provisional and Part-time Workers. See Sections 4.36.103 and 4.36.195, and for 1989-1990 opportunity, Section 4.36.197.
- L. Membership/On and After January 1, 1999. The six (6) months' continuous service requirement shall not apply to any officer or employee, including any part-time employee authorized to become a member pursuant to Section 4.36.103, who would otherwise be obliged or have the option to become a



member of the retirement system upon completion of six (6) months' continuous service, if such officer or employee enters City service on or after January 1, 1999, or has been in City service less than six (6) months as of January 1, 1999. Officers and employees who have been in City service less than six(6) months as of January 1, 1999 may become members as of January 1,1999.

Section 3. A new Section 4.36.101 is added to the Seattle Municipal Code as follows:

4.36.101. Use of Deferred Compensation Plan funds for purchase of service credit.

Effective January 1, 2002, the retirement fund will accept, for the purchase of service credit otherwise available pursuant to Chapter 4.36 SMC, a trustee-to-trustee transfer from an eligible plan under Section 457 of the Internal Revenue Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

**Section 4.** A new Subsection H is added to Section 4.36.195 of the Seattle Municipal Code as follows:

4.36.195 Membership -- Temporary, interim, intermittent and part-time workers.

H. Members who have otherwise failed to exercise an option to purchase service credit for prior service previously rendered as a temporary worker, as that term is defined at SMC 4.04.030(30), shall be allowed to purchase service credit for service previously rendered but not credited as a temporary worker by paying into the retirement fund the actuarial present value of the resulting increase in his or her benefit pursuant to SMC 4.36.190(B)(4) and (C). Such payment shall be made at the time of resignation from City service or retirement, whichever occurs first.



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#### 4.36.124 Purchase of service credit for Military Service.

A member may purchase service credit for past active uniformed military service by paying into the Retirement Fund the actuarial present value of the resulting increase in his or her benefit pursuant to SMC 4.36.190(B)(4) and (C). Such payment shall be made at the time of resignation from City service or retirement, whichever occurs first. In no instance shall military service in excess of five years be credited under this Chapter. In no instance shall military service be credited to any member who is receiving full military retirement benefits pursuant to Title 10 United States Code.

Section 6. Subsection B of Section 4.36.190 of the Seattle Municipal Code is amended as follows:

# 4.36.190 Discontinuance or reentrance of eligible employee - purchase of service credit.

A. 1. Should the City service of a member not eligible for retirement under the provisions of this chapter, be discontinued, except by death, prior to completion of five (5) years' membership in the retirement system, he shall be paid six (6) months after the date of discontinuance such part of his accumulated contributions as he shall demand; provided, however, that such member may apply to the Board and by unanimous vote the Board may grant a request for immediate withdrawal of contributions. If in the opinion of the Board such member is permanently separated from City service by reason of such discontinuance, he shall be paid forthwith all his accumulated contributions, with interest. Should the City service of an employee not eligible for retirement under subsections A and B of Section 4.36.200 who has been a member of the retirement system for at least five (5) years be discontinued, except by death, he may apply for immediate withdrawal of his accumulated contributions as hereinabove provided, or elect in writing within six (6) months after such termination to leave his accumulated contributions in the retirement fund, and thereafter, upon reaching the required age and



making application therefor, he shall receive a retirement allowance as provided in Section 4.36.200 C; provided, that if discontinuance of City service is caused by intemperance, wilful misconduct or violation of law on the part of the member, of which the Board shall be the judge, the Board, in its discretion, may pay to the member, in one (1) lump sum, his accumulated contributions, in lieu of all other rights, privileges or benefits under this chapter; and such payment shall constitute full satisfaction of all obligations of the City to such member, and upon receipt of such payment he shall cease to be a member of the system.

- 2. Any member eligible for retirement under subsections A and B of Section 4.36.200 whose City service has been discontinued, except by death, and any member whose City service has been discontinued and who has elected to leave his accumulated contributions in the retirement fund, may, in the manner hereinabove provided, apply to the Board for withdrawal of contributions, but in such case the Board may, in its discretion, approve such request or disapprove the same and, if such member then be eligible, authorize his retirement. Upon withdrawal of contributions the full amount deposited by the City in the retirement fund for such member's benefit, plus interest, shall be available to meet the obligations of the City under this chapter.
- B. Redeposit and Purchase of Service Credit.
- 1. Subject to rules and regulations established by the Board, any member or former member who reenters City service may redeposit in the retirement fund an amount equal to that which he or she previously withdrew therefrom at the last termination of his or her membership, or some part thereof, plus compound interest, at the actuarial assumed rate of investment return, which would have accumulated on the amount, as determined by the Board, between the last termination of his or her membership and his or her reinstatement in the system. Such redeposit shall be paid into the retirement fund. Within ((thirty (30) days)) two (2) years after his or her re-entry into City service, a former member must redeposit the entire



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future years shall be at the rate provided for in subsection A of Section 4.36.110)). In the event such

sum determined to be due to purchase all or part of service credit for prior service, or sign and file with the Board a redeposit contract in accord with subsection C in order to reestablish all or part of his or her "prior service" credit. In the event such redeposit is made by a member, the City shall reinstate all or that part of the prior service credit purchased by such member. 2. 2001-2002 window period. During the period December 1, 2001 through December 31, 2002, a current employee may redeposit into the retirement fund an amount equal to that which he or she previously withdrew therefrom at the last termination of his or her membership plus compound interest, at the actuarial

assumed rate of investment return, which would have accumulated on the amount, as determined by the Board, between the last termination of his or her membership and the date of redeposit. In the event such redeposit is made by a member, the City shall reinstate the prior service credit purchased by such member. 3. If a member within ((thirty (30) days)) two (2) years after reentering the retirement system after a

termination of his or her membership does not make such a redeposit or file a properly executed redeposit contract, he may purchase his or her credit for "prior service" only by paying into the retirement fund the amount he or she previously withdrew plus compound interest at a rate equivalent to the return the retirement fund has earned, net of fees, as reported by the Retirement System's Investment Performance Consultant, with a minimum interest rate equivalent to the actuarial assumed rate of investment return. For purposes of determining/a member's accumulated contributions pursuant to SMC 4.36.210(A), member contributions shall be considered to be the amount previously withdrawn plus interest calculated at the actuarial assumed rate of investment return and will be available to be withdrawn under SMC 4.36.260, "Option G." The total amount deposited for the purchase of said service credit will be available for withdrawal by the member only if the member terminates employment with the City and withdraws his or her contributions prior to retirement. ((shall not be reestablished and the rate of his or her contributions for

redeposit is made by a member, his rate of contribution shall be as determined under Section 4.36.110 A, and the City shall reinstate the "prior service" credit for such member.

- 4. Members allowed to purchase service credit pursuant to SMC Chapter 4.36, shall pay, unless otherwise stated, the actuarial present value of the resulting increase in their benefit. The actuarial present value will be estimated at the time of resignation and adjusted at retirement for factors existing at the time of retirement, if necessary, according to rules established by the Retirement Board. The Retirement System's actuary shall divide the actuarial present value paid by a member to purchase service credit, into employee and employer contributions for purposes of calculating benefits pursuant to SMC 4.36.210(A). The employee portion will be credited as a member's accumulated contributions and will be available to be withdrawn under SMC 4.36.260 "Option G." The remainder will remain with the Retirement System and will not be eligible for withdrawal, nor will the employer's portion be included in any benefit calculations.
- 5. Payment for service credit for service previously rendered or restoration of service credit destroyed must be completed prior to termination of City service or retirement, whichever occurs first.
- ((2. Any former employee who prior to March 1, 1977, discontinued City service to accept other public employment and who because of such subsequent public employment was permitted to leave his contributions in the retirement fund and retain membership in the retirement system shall be eligible to receive a retirement allowance as provided in Section 4.36.200 C.))
- C. Redeposit <u>and Purchase Contracts</u>. These terms and conditions govern redeposit contracts for reentering City officers and employees, ((and)) deposit contracts of officers and employees joining the system under subsections C and E of Section 4.36.110 <u>and the purchase of service credit for past City service</u>.
- 1. The unpaid balance shall accrue interest at the assumption rate established by the Board for actuarial purposes and in effect at the time the redeposit agreement is signed;



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- 2. The redeposit must be completed within ((five (5))) ten (10) years from the date of the member's reentry into City service;
- 3. After deducting any immediate redeposit, the balance shall be payable in approximately equal installments every pay period, computed by amortizing interest over the contract term, unless the Board by rule authorizes redeposit in installments of equal payments of principal with interest computed on declining balances;
- 4. Installment payments shall be deducted from the member's pay during each pay period; and
- 5. Redeposit agreements shall be subject to the approval of the Board.
- The Board of Administration in its discretion may include supplemental terms and conditions by rule or by approving a form of agreement on the following subjects, among others:
- a. A minimum installment payment per pay period;
- b. The deferral of a redeposit of an installment during a member's layoff, military leave, or other approved leave, with catch-up redeposits upon the member's resumption of pay status;
- c. Allocation of payments between interest and principal;
- d. Appropriate arrangements in the event of a member's suspension or separation from City service, including the making of set-offs, acceleration of payments, continuation of payments from other sources during the interim, or adjusting "prior service" credit on a pro-rata basis;
- e. Other terms and conditions as the Board may deem appropriate.
- The Board may also require the execution of contracts by members, who are redepositing in installments through payroll deductions on August 31, 1986.



Section 7. Effective December 1 of the year the Retirement Board files with the City Clerk notification that the funding ratio of the retirement fund is ninety-five (95) percent or higher, a new Section 44.36.191 is added to the Seattle Municipal Code as follows:

#### 4.36.191 Purchase of service credit for initial six months of City service.

A. Employees hired during the period 1988 through 1998 who have not purchased service credit for the initial six months of employment may purchase said service credit by paying into the retirement fund, at the time of resignation or retirement from City service whichever occurs first, the actuarial present value of the resulting increase in their benefit pursuant to SMC 4.36.190(B)(4) and (C).

B. One year window. During a window period of one year, beginning on the effective date of this Section, employees hired during the period 1988 through 1998 who have not purchased service credit for the initial six months of City employment may purchase said service credit by paying the purchase price, as determined by the Board, into the retirement fund, or signing a service credit purchase contract pursuant to SMC 4.36.190 (C) and filing it with the Retirement Board. The service credit may be purchased based on the following price formula:

(current hourly rate) x (current contribution rate) x (amount of hours to be purchased).

C. Each year the employing department shall pay into the retirement fund the matching amount equivalent to the member's current year buy back payments as billed by the Retirement office.

Section 8. Section 4.36. 400 of the Seattle Municipal Code is amended as follows:

# 4.36.400 Election to participate in RCW Chapter 41.54.

A. As authorized by RCW 41.54.061, the City irrevocably elects to participate in the portability of public retirement systems as contemplated by RCW Chapter 41.54, and to pay for the additional cost it may incur as a result of the benefits provided.



<u>B.</u> The eligibility of members for the portability of public retirements benefits, the benefits available thereunder, the limitations(including RCW 41.54.080), and the procedures shall be as set out in RCW Chapter 41.54. A member may aggregate service credit in two (2)or more retirement systems for the purpose of determining the percentage factor to be used in calculating a service retirement allowance pursuant to SMC Section 4.36.210 B.

C. During the period December 1, 2001 through December 31, 2002, a dual member, as defined at RCW 41.54.010(4), who has failed to restore service credit pursuant to RCW 41.54.020(2), may redeposit in the retirement fund an amount equal to that which he or she previously withdrew therefrom at the last termination of his or her membership plus compound interest, at the actuarial assumed rate of investment return, which would have accumulated on the amount, between the last termination of his or her membership and the date of redeposit of said funds.

D. Beginning January 1, 2003, a dual member, as defined at RCW 41.54.010(4), who has failed to restore service credit pursuant to RCW 41.54.020(2), or Section C, may redeposit in the retirement fund an amount equal to that which he or she previously withdrew therefrom at the last termination of his or her membership plus compound interest at a rate equivalent to the return the retirement fund has earned, net of fees, as reported by the Retirement System's Investment Performance Consultant, with a minimum interest rate equivalent to the actuarial assumed rate of investment return. For purposes of determining a member's accumulated contributions pursuant to SMC 4.36.210(A), member contributions shall be considered to be the amount previously withdrawn plus interest calculated at the actuarial assumed rate of investment return and will be available to be withdrawn under SMC 4.36.260, "Option G." The total amount deposited for the purchase of said service credit will be available for withdrawal by the member only if the member terminates employment with the City and withdraws his or her contributions prior to



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	11/26/01 4.36 buy back amendment ord.doc (Ver. 2)
1	retirement. In the event such redeposit is made by a member, the City shall reinstate the prior service
2	credit for such member.
3	Section 9. Any acts consistent with the authority and prior to the effective date of this ordinance are
4	hereby ratified and confirmed.
5	Section 10. This ordinance shall take effect and be in force thirty (30) days from and after its
6	approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after
7	presentation, it shall take effect as provided by Municipal Code Section 1.04.020.
8	Passed by the City Council the day of, 2001, and signed by me in open
9	session in authentication of its passage thisday of, 2001.
	session in authentication of its passage unis, day of, 2001.
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11	President of the City Council
12	Approved by me this day of, 2001.
13	
14	Mayor
15	iviayoi
16	Filed by me this, 2001.
17	
18	City Clerk
19	(Seal)
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Mkd/md 12/04/01 v 5 amended, corrected retirement buy back ord (Ver. 5) ORDINANCE AN ORDINANCE relating to the City Employees' Retirement System; authorizing the purchase of service credit for prior City service; and amending Chapter 4.36 of the Seattle Municipal Code. BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS: Section 1. Section 4.36.030 of the Seattle Municipal Code is amended as follows to add a new definition and to re-letter the current definitions accordingly: 4.36.030 Definitions - Alphabetical "A" through "B" \*\*\* E. "Actuarial present value" means the value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions. \*\*\* Section 2. Subsections F and G of Section 4.36.100 of the Seattle Municipal Code are amended as follows: SMC 4.36.100 Membership in retirement system. Officers and employees of the City (except those excluded by subsection H of this Section) and of the Seattle Public Library shall become members of the retirement system upon completion of six (6) months' continuous service, as follows, except that six (6) months' continuous service shall not be

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required for officers and employees to whom subsection L of this Section applies:

- A. Mandatory Membership. Every officer or employee of the City and of the Seattle Public Library, who enters City service on or after June 21, 1986, shall become a member of the retirement system upon completion of six (6) months' continuous service, except:
  - 1. Elective officials exempt under subsection D of this Section;
- 2. Individuals with a statutory right to continuation of their membership in a Washington State or federal government retirement system under subsection E of this Section;
- 3. Certain officers in positions exempt from civil service under subsections C and F of this Section;
  - 4. Employees who are excluded under subsection H4 of this Section; and
- 5. Temporary, interim, intermittent, provisional and part-time workers under Sections 4.36.103 and 4.36.195.
- B. Continuation of Current Membership. All officers and employees of the City and of the Seattle Public Library, who on or after June 21, 1986, are or are required to become members of the retirement system, shall continue their membership or become members upon completion of six (6) months' City service. A member may not withdraw from membership in the system while in City employment.
- C. 1986 Nonmembers. An officer or employee with six (6) months' continuous City service, who on June 21, 1986, held an appointive position exempt from the classified civil service (1) could elect to join or rejoin the retirement system by completing and filing an election form with the Board of Administration on or before December 31, 1986, ("Option (1)"), or (2) after the effective date of this ordinance may elect to join or rejoin the retirement system as authorized by subsection F of this Section ("Option (2)"). Option (1) also extended to officers and employees, who held such position before June 21, 1986, and on or before December 31, 1986, with respect to such a position (a) were recalled from a layoff status; (b) returned from an approved leave; or (c) completed six (6) months' continuous City



service. An officer or employee within Option (1) could, on or before December 31, 1986, contract for credit for "prior service" (creditable service before December 31, 1986) in the retirement system in accord with subsection B of Section 4.36.190. An officer or employee, who failed to exercise his or her option under Option (1) of this subsection in a timely manner by December 31, 1986, may join the retirement system while holding a position exempt from civil service under Option (2) as authorized by subsection F of this Section and may acquire creditable service only for City service performed after the date of his or her membership. This subsection does not apply to officers or employees covered by subsections D, E and G of this Section, or subject to RCW 41.04.120, officers or employees re-entering City service after December 31, 1986.

D. Elective Officials. An elective official may elect to join the retirement system at any time during his or her City service, and may contract for credit for continuous "prior service" in accord with Seattle Municipal Code Section 4.36.190 B, provided that credit for such "prior service" shall not cover any period during which the City made payments to another retirement system on the official's behalf nor after December 31, 1987, shall a contract authorize more than five (5) years' "prior service" credit for prior City service.

E. Election Under Statutory Right. An officer or employee, who has a statutory right to continue his or her membership in a retirement system of the State of Washington or the United States of America during his or her City service may in lieu of membership in the City Employees' Retirement System arrange with the Personnel Director for a deduction from his or her pay and the City's payment for retirement system purposes to be paid directly to his or her other governmental retirement system.

F. Election by Officers Exempt from Civil Service. An officer, who holds a position exempt from the civil service system and is not already a member of the City Employees' Retirement System, may become a member of the system ((upon completion of six (6) months' continuous City service,)) by



filing with the Executive Director of the City Employees' Retirement System his or her election to participate in the system. Such an officer shall receive "creditable service" for retirement system purposes only for City service accruing from and after the date of his or her membership. However, that member may purchase creditable service for City service previously rendered but not credited if the member pays into the retirement fund, at the time of resignation or at retirement, the actuarial present value of the resulting increase in his or her benefit. Terms and conditions of the purchase shall be in accordance with the provisions of SMC 4.36.190(B)(4). If an officer who is a member should leave City service and later return, the officer shall ((within sixty (60) days)) resume his or her membership by making a redeposit as contemplated by Section 4.36.190 or become a member upon ((completion of six (6) months' continuous service on ))his or her returning employment with creditable service accruing thereafter. An officer or employee, who is a member of the retirement system at the time of his or her appointment or election to an exempt position, shall maintain his or her membership.

G. Re-Entry. An officer or employee who withdrew his or her deposit in the retirement system before or upon his or her separation from City service and later re-enters City service, shall either (a) ((within sixty (60) days)) resume his or her membership by making a redeposit as contemplated by Section 4.36.190, or (b) rejoin the retirement system ((upon six (6) months' continuous service after his or her re-entry)) with creditable service accruing thereafter. An officer or employee who is called to active duty in the armed forces of the United States of America or the State of Washington or who is given other military leave prior to completing six (6) months of continuous service may on re-entering City service include his or her active duty time in computing six (6) months of continuous City service for purpose of determining eligibility to join the retirement system. An officer or employee, who maintains his or her deposit in the retirement system during a separation from City service, shall continue his or her membership upon re-entry into City service.



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- H. The following employees shall not become members of the retirement system, except as contemplated by RCW 41.04.110:
- 1. Members of the Police Department entitled to the benefits of the Police Relief and Pension Fund under State law;
- 2. Members of the Fire Department entitled to the benefits of the Firemen's Relief and Pension Fund under State law;
- 3. Members of the Police Department and Fire Department entitled to the benefits of the Washington Law Enforcement Officers' and FireFighters' Retirement Fund;
- 4. Employees in positions established primarily to provide training leading to qualification for positions of Police Officer or Firefighter.
- I. The head of each office or department of the City shall give immediate notice in writing to the Board of the change in status of any member of his office or department, resulting from transfer, promotion, leave-of-absence, family and medical leave, resignation, reinstatement, dismissal or death. The head of each office or department shall farnish such other information concerning any member as the Board may require.
- J. Each member shall be subject to all the provisions of this chapter and the rules and regulations of the Board. Should any member be, in the opinion of the Board, permanently separated from City service or should the member die he or she shall thereupon cease to be a member.
- K. Temporary, Interim, Intermittent, Provisional and Part-time Workers. See Sections 4.36.103 and 4.36.195, and for 1989-1990 opportunity, Section 4.36.197.
- L. Membership On and After January 1, 1999. The six (6) months' continuous service requirement shall not apply to any officer or employee, including any part-time employee authorized to become a member pursuant to Section 4.36.103, who would otherwise be obliged or have the option to become a



member of the retirement system upon completion of six (6) months' continuous service, if such officer or employee enters City service on or after January 1, 1999, or has been in City service less than six (6) months as of January 1, 1999. Officers and employees who have been in City service less than six(6) months as of January 1, 1999 may become members as of January 1,1999.

Section 3. A new Section 4.36.101 is added to the Seattle Manicipal Code as follows:

# 4.36.101. Use of other Plan funds for purchase of service credit.

Direct Transfers. Effective January 1, 2002, the retirement fund possesses the specific authority to enter into direct transfer of assets agreements with the trustees of an eligible plan under Section 457 of the Internal Revenue Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state or from a plan under Section 403(b) of the Internal Revenue Code, for the purchase of creditable service otherwise available pursuant to Chapter 4.36 SMC.

Section 4 A new Section 4.36.124 is added to the Seattle Municipal Code as follows:

# 4.36.124 Purchase of creditable service for Military Service.

A member may purchase of ditable service for past active duty in the armed forces of the United States of America or the State of Washington, by paying into the Retirement Fund, at the time of resignation from City service or at the time of retirement, the actuarial present value of the resulting increase in his or her benefit. Terms and conditions of purchase shall be in accordance with the provisions of SMC 4.36.190(B)(4). In no instance shall military service in excess of five years be credited under this Chapter. In no instance shall military service be credited to any member who is receiving full military retirement benefits pursuant to Title 10 United States Code.



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Section 5. Subsection B of Section 4.36.190 of the Seattle Municipal Code is amended as follows:

4.36.190 Discontinuance or reentrance of eligible employee - purchase of creditable service.

A. 1. Should the City service of a member not eligible for retirement under the provisions of this chapter, be discontinued, except by death, prior to completion of five (5) years' membership in the retirement system, he shall be paid six (6) months after the date of discontinuance such part of his accumulated contributions as he shall demand; provided, however, that such member may apply to the Board and by unanimous vote the Board may grant a request for immediate withdrawal of contributions. If in the opinion of the Board such member is permanently separated from City service by reason of such discontinuance, he shall be paid forthwith all his accumulated contributions, with interest. Should the City service of an employee not eligible for retirement under subsections A and B of Section 4.36.200 who has been a member of the retirement system for at least five (5) years be discontinued, except by death, he may apply for immediate withdrawal of his accumulated contributions as hereinabove provided, or elect in writing within six (6) months after such termination to leave his accumulated contributions in the retirement fund, and thereafter, upon reaching the required age and making application therefor, he shall receive a retirement allowance as provided in Section 4.36.200 C; provided, that if discontinuance of City service is caused by intemperance, wilful misconduct or violation of law on the part of the member, of which the Board shall be the judge, the Board, in its discretion, may pay to the member, in one (1) lump sum, his accumulated contributions, in lieu of all other rights/privileges or benefits under this chapter; and such payment shall constitute full satisfaction of all obligations of the City to such member, and upon receipt of such payment he shall cease to be a member of the system.

2. Any member eligible for retirement under subsections A and B of Section 4.36.200 whose City service has been discontinued, except by death, and any member whose City service has been



discontinued and who has elected to leave his accumulated contributions in the retirement fund, may, in the manner hereinabove provided, apply to the Board for withdrawal of contributions, but in such case the Board may, in its discretion, approve such request or disapprove the same and, if such member then be eligible, authorize his retirement. Upon withdrawal of contributions the full amount deposited by the City in the retirement fund for such member's benefit, plus interest, shall be available to meet the obligations of the City under this chapter.

B. Redeposit and Purchase of Creditable Service.

1. Subject to rules and regulations established by the Board, any member or former member who reenters City service may redeposit in the retirement fund an amount equal to that which he or she previously withdrew therefrom at the last termination of his or her membership, or some part thereof, plus compound interest, at the actuarial assumed rate of investment return, which would have accumulated on the amount, as determined by the Board, between the date of his or her last termination of his or her membership and the date of redeposit ((his or her reinstatement in the system)). ((Such redeposit shall be paid into the retirement fund.)) Within ((thirty (30) days)) two (2) years after his or her re-entry into City service, a former member must redeposit the entire sum determined to be due to purchase all, or part of, their former creditable service, or sign and file with the Board a redeposit contract in accord with subsection C in order to reestablish all or part of his or her (("prior service" credit)) former creditable service. In the event such redeposit is made by a member, the City shall reinstate all or that part of the former creditable service purchased by the member.

2. 2001-2002 window period. During the period December 1, 2001 through December 31, 2002, a current member may redeposit into the retirement fund an amount equal, or some part thereof, to that which he or she previously withdrew therefrom at the date of his or her last termination of membership plus compound interest, at the actuarial assumed rate of investment return, which would have accumulated on the amount,



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as determined by the Board, between the date of his or her last termination of membership and the date of redeposit. In the event such redeposit is made by a member, the City shall reinstate all, or part of, the former creditable service purchased by the member.

- 3. If a member within ((thirty (30) days)) two (2) years after reentering the retirement system after a termination of his or her membership does not make such a redeposit or file a properly executed redeposit contract, he or she may purchase all, or some part of, his or her former creditable service (("credit for prior service")) only by paying into the retirement fund the amount, or some part thereof, he or she previously withdrew plus compound interest as determined by the Board. The following provisions apply to redeposits made pursuant to this subsection SMC 4.36.190(B)(3):
- a. Determination of applicable interest rates. The interest rate for each year since the date of withdrawal of contributions shall be the greater of the rate the retirement fund has earned, net of fees, as reported by the Retirement System's Investment Performance Consultant, or the interest rate equivalent to the actuarial assumed rate of investment return at the time of executing the redeposit contract.
- b. Calculation of "accumulated contributions." For purposes of determining a member's accumulated contributions pursuant to SMC 4.36.030(B), only a portion of the total amount deposited shall be considered. The portion to be considered as the member's accumulated contributions shall be only the amount previously withdrawn plus interest calculated at the actuarial assumed rate of investment return.
- c. Withdrawal of contributions limited. The total amount deposited for the purchase of said former creditable service will be available for withdrawal by the member only if the member terminates employment with the City and withdraws his or her total accumulated contributions prior to retirement or dies and benefits are not payable under subsections 4.36.270(B) and (C) ((shall not be reestablished and the rate of his or her contributions for future years shall be at the rate provided for in subsection A of Section 4.36.110)).



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In the event such redeposit is made by a member, his rate of contribution shall be as determined under

- Section 4.36.110 A, and the City shall reinstate ((the)) all, or that part of, the former creditable service
- purchased by the (("prior service" credit for such)) member.
- 4 4. Unless otherwise stated, members allowed to purchase creditable service pursuant to SMC Chapter 4.36,
- 5 shall pay as a single lump sum payment at the time of retirement, the actuarial present value of the resulting
  - increase in their benefit as provided in this subsection SMC 4.36.190(B)(4).
  - a. The actuarial present value shall be calculated by the Retirement Board using the current actuarial
- 8 assumptions as approved by the Retirement Board.
- b. For purposes of determining the member's accumulated contributions pursuant to SMC 4.36.030(B),
- 10 only a portion of the total amount deposited shall be considered. The portion to be considered as the
- 11 member's accumulated contributions shall be calculated at the employee's current hourly rate times the
- 12 current contribution rate times the number of hours to be purchased.
- c. If a member elects to pay at resignation from City service, the actuarial present value will be estimated at
- 14 the time of resignation and adjusted at retirement for factors existing at the time of retirement, if necessary,
- according to rules established by the Retirement Board.
- d. In the event such payment is made by a member, the City shall consider such City service previously
- 17 rendered as creditable service for the member.
- 18 ((2. Any former employee who prior to March 1, 1977, discontinued City service to accept other public
- 19 employment and who because of such subsequent public employment was permitted to leave his
- 20 contributions in the retirement fund and retain membership in the retirement system shall be eligible to
- 21 receive a retirement allowance as provided in Section 4.36.200 C.))
- 22 C. Redeposit and Purchase Contracts. These terms and conditions govern redeposit contracts for
- 23 reentering City officers and employees, ((and)) deposit contracts of officers and employees joining the



system under subsections C and E of Section 4.36.110 and the purchase of creditable service for past

2 City service.

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1. The unpaid balance shall accrue interest at the assumption rate established by the Board for actuarial

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purposes and in effect at the time the redeposit agreement is signed;

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2. The redeposit must be completed within ((five (5))) ten (10) years from the date of the member's re-

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entry into City service;

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3. After deducting any immediate redeposit, the balance shall be payable in approximately equal

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installments every pay period, computed by amortizing interest over the contract term, unless the Board

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by rule authorizes redeposit in installments of equal payments of principal with interest computed on

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declining balances;

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4. Installment payments shall be deducted from the member's pay during each pay period; and

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5. Redeposit agreements shall be subject to the approval of the Board.

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The Board of Administration in its discretion may include supplemental terms and conditions by rule or

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by approving a form of agreement on the following subjects, among others:

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a. A minimum installment payment per pay period;

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b. The deferral of a redeposit of an installment during a member's layoff, military leave, or other approved leave, with catch-up redeposits upon the member's resumption of pay status;

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c. Allocation of payments between interest and principal;

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d. Appropriate arrangements in the event of a member's suspension or separation from City service,

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including the making of set-offs, acceleration of payments, continuation of payments from other sources

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during the interim, or adjusting the creditable service being purchased (("prior service" credit)) on a pro-

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rata basis;

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e. Other terms and conditions as the Board may deem appropriate.





through payroll deductions on August 31, 1986.

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Section 6. Effective December 1 of the year the Retirement Board files with the City Clerk

The Board may also require the execution of contracts by members, who are redepositing in installments

notification that the funding ratio of the retirement fund is ninety-five (95) percent or higher, a new Section 44.36.191 is added to the Seattle Municipal Code as follows:

## 4.36.191 Purchase of creditable service for initial six months of City service.

A. Buy back. Employees who were hired during the period 1988 through 1998 who have not purchased creditable service for the initial six months of employment may purchase said creditable service by paying into the retirement fund, at the time of resignation or retirement from City service, the actuarial present value of the resulting increase in their benefit. The terms and conditions of purchase shall be in accordance with the provisions of SMC 4.36.190(B)(4).

B. One year window. During a window period of one year, beginning on the effective date of this Section, employees who were hired during the period 1988 through 1998 who have not purchased creditable service for the initial six months of City employment may purchase said creditable service by paying the purchase price, as determined by the Board, into the retirement fund, or signing a creditable service purchase contract pursuant to SMC 4.36.190 (C) and filing it with the Retirement Board. The creditable service may be purchased based on the following price formula:

(current hourly rate) x (current member contribution rate) x (amount of hours to be purchased). C. City matching contributions. As matching contributions pursuant to SMC 4.36.110(A), each year the employing department shall pay into the retirement fund the matching amount equivalent to any member lump sum payment made pursuant to this Section or, if a member purchased pursuant to a contract under Section 4.36.190(C), the member's current year buy back payments all as billed by the Retirement office.



Section 7. A new Section 4.36.192 is added to the Seattle Municipal Code as follows:

A. This Section allows members who are City employees on December 1, 2001, to purchase creditable

# 4.36.192 Purchase of creditable service by past employees.

service after termination of City employment.

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B. The creditable service purchase provisions established by Council Bill 113988, Ordinance \_\_\_\_\_\_, shall be available to said employees until December 31, 2002 except for the purchase provisions of Section 4.36.191(B) which shall be available to said employees during the entire window period described therein.

C. Creditable service purchased pursuant to this Section must be paid in full by lump sum payment by the earlier of December 31, 2002, or by the date of retirement except purchases made pursuant to 4.36.191(B). Purchases made pursuant to 4.36.191(B) must be paid in full by lump sum payment by the end of the window period established in said subsection or the date of retirement, whichever occurs first.

**Section 8.** A new Subsection H is added to Section 4.36.195 of the Seattle Municipal Code as follows:

4.36.195 Buy-in of creditable service by temporary, interim, intermittent, provisional and part-time workers.

H. Members who have otherwise failed to exercise an option to purchase creditable service for prior service previously rendered as a temporary worker, as that term is defined at SMC 4.04.030(30), shall be allowed to purchase creditable service for service previously rendered but not credited as a temporary worker, by paying into the retirement fund, at the time of resignation from City service or at retirement, the



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actuarial present value of the resulting increase in his or her benefit. The terms and conditions of purchase shall be in accordance with the provisions of SMC 4.36.190(B)(4).

Section 9. Section 4.36.400 of the Seattle Municipal Code is amended as follows:

# 4.36.400 Election to participate in RCW Chapter 41.54.

A. As authorized by RCW 41.54.061, the City irrevocably elects to participate in the portability of public retirement systems as contemplated by RCW Chapter 41.54, and to pay for the additional cost it may incur as a result of the benefits provided.

B. The eligibility of members for the portability of public retirements benefits, the benefits available thereunder, the limitations (including RCW 41.54.080), and the procedures shall be as set out in RCW Chapter 41.54. A member may aggregate service credit in two (2) or more retirement systems for the purpose of determining the percentage factor to be used in calculating a service retirement allowance pursuant to SMC Section 4.36.210 B.

C. During the period December 1, 2001 through December 31, 2002, an active dual member, as defined at RCW 41.54.010(4), who has failed to restore creditable service pursuant to RCW 41.54.020(2), may redeposit in the retirement fund an amount equal to that which he or she previously withdrew therefrom at the date of his or her last termination of membership plus compound interest, at the actuarial assumed rate of investment return, which would have accumulated on the amount as determined by the Board, between the date of his or her last termination of his or her membership and the date of redeposit.

D. Beginning January 1, 2003, a dual member, as defined at RCW 41.54.010(4), who has failed to restore creditable service pursuant to RCW 41.54.020(2), or subsection C of this Section, may redeposit in the retirement fund an amount equal to that which he or she previously withdrew therefrom at the date of his or her last termination of membership plus compound interest as determined by the Board. The



	12/04/01 v 5 amended, corrected retirement buy back ord (Ver. 5)
1	terms and conditions of purchase shall be in accordance with the provisions of subsection
2	4.36.190(B)(3).
3	Section 10. Any acts consistent with the authority and prior to the effective date of this ordinance
4	are hereby ratified and confirmed.
5	Section 11. This ordinance shall take effect and be in force thirty (30) days from and after its
6	approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after
7	presentation, it shall take effect as provided by Municipal Code Section 1.04.020.
8	Passed by the City Council the 10th day of December, 2001, and signed by me in open
9	session in authentication of its passage this 10th day of December, 2001.
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1	President of the City Council
12	2001
13	Approved by me this day of, 2001.
14	Market 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
15	Mayor
16	Filed by me this day of, 2001.
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18	City Clerk
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## STATE OF WASHINGTON - KING COUNTY

139517 City of Seattle, Clerk's Office No. ORDINANCE IN FULL

## **Affidavit of Publication**

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12<sup>th</sup> day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:120684 ORD. IN FULL

was published on

12/21/2001

Subscribed and sworm to before

12/21/2001

Notary public for the State of Washington residing in Seattle

Affidavit of Publication

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# STATE OF WASHINGTON - KING COUNTY

--SS.

139522 PUBLICATION City of Seattle, Clerk's Office No. TITLE-ONLY

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The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12<sup>th</sup> day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

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Notary public for the State of Washington,

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Affidavit of Publication

# State of Washington, King County

# City of Seattle

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AN ORDINANCE NO. 120688

AN ORDINANCE NO. 120669

AN ORDINANCE NO. 120669

AN ORDINANCE relating to the Police
Department; authorizing the execution of an agreement with the U.S. Department of Justice, Bureau of Justice Assistance for financial assistance to continue the development of technologies and automated systems that will assist state and the individual providing payment there.

ORDINANCE NO. 120669

AN ORDINANCE authorizing an expenditure from the Judgment/Claims Fund to settle the claim of Esther Wolf (C-67345), all by a two-thirds vote of the City Council.

#### ORDINANCE NO. 120871

AN ORDINANCE relating to the Police
Department, authorizing an agreement
with Safe Horizon, a victim assistance
program, for financial assistance in support of a study surrounding victim needs
and help-seeking behavior; and increasing
the 2001 Budget of the Police Department
by making a reimbursable appropriation
therefor; all by a three-fourths vote of the
City Council. City Council.

#### ORDINANCE NO. 120672

AN ORDINANCE relating to the Police AN ORDINANCE relating to the Police Department; authorizing an agreement with Todd Pasific Shippards Corporation for the Seattle Police Department to help ensure the security of United States Navy vessels in dry-dock by providing marine patrol law enforcement services in Elliott Bay; accepting the money when received; increasing the 2001 Budget of the Police Department by making a reimbursable appropriation therefor; and ratifying and confirming prior acts; all by a three-fourths vote of the City Council.

#### ORDINANCE NO. 120673

AN ORDINANCE relating to the Light Fund and the Department of Finance, au-thorizing the loan of funds from the City's Consolidated (Residual) Cash Portfolio to the Light Fund.

## ORDINANCE NO: 120874

AN ORDINANCE assigning jurisdiction of certain real property referred to as the Belliown Cottage property to the Department of Parks and Recreation for park and open space purposes.

#### ORDINANCE NO. 120675

AN ORDINANCE relating to 2000 Conservation Futures Levy proceeds allocated to The City of Seattle for the acquisition of property located at 10 Broad Street, authorizing the Mayor to amend the Interlocal Cooperation Agreement between The City of Seattle and King County authorized by Ordinance 114978, authorizing deposit of Conservation Futures Levy proceeds received from King County in the Conservation Futures Levy proceeds received from King County in the Conservation Futures Fund; making an appropriation from the Conservation Futures Fund; and reimburging the Cumulative Reserve Subfund Unrestricted Submiccount.

and agencies from various City funds to provide for costs and expenses not provided for in the 2001 Budget; authorizing the acceptance of certain monies; appropriating and transferring money from various City funds and subfunds; all by a three-fourths vote of the City Council.

of Justice, Bureau of Justice Assistance for financial assistance to continue the development of technologies and automated systems that will assist state and local state and local law enforcement agencies in investigating and responding to crime (Technology and responding to crime (Technology Earmark II); accepting the money when received; and increasing the 2001 budgets of various departments by making rein bursable appropriations; all by a three-fourths vote of the City Council.

ORDINANCE NO. 120670

AN ORDINANCE NO. 120670

AN ORDINANCE authorizing and provide wage adjustments and conditions of employment as contained in the existing agreement, effective through December 31, 2001, superseding inconsistent ordinances and providing payment therefore.

#### ORDINANCE NO. 120690

AN ORDINANCE appropriating money to pay certain audited claims and order-ing the payment thereof.

Page 2 of affidavit

#### ORDINANCE NO. 120676

AN ORDINANCE adopting updated administrative procedures relating to the Denny Triangle Amenity Credit Fund and superceding certain Sections of Ordinance 119729; and increasing the expenditure authority of the Seattle Transportation department; all by a three-fourths vote of the City Council.

#### ORDINANCE NO. 120677

AN ORDINANCE NO. 120677

AN ORDINANCE relating to economic development; authorizing acceptance of a grant from King County under the Brownfields Showcase Community Program; appropriating the grant funds for purposes of environmental studies; authorizing the Director of the Office of Economic Development to enter into such agreements as shall be necessary and appropriate; and ratifying and confirming prior acts.

#### ORDINANCE NO. 120678

AN ORDINANCE authorizing an expenditure from the Judgment/Claims Fund to settle the claim of Stefani Bjornsen (C-68254), all by a two-thirds vote of the City Council.

#### ORDINANCE NO. 120679

AN ORDINANCE authorizing an expenditure from the Judgment/Claims Fund to be reimbursed by the Solid Waste Fund to settle the claims of Bruce Appleberry (C-66439), all by a two-thirds vote of the City Council.

#### ORDINANCE NO. 120680

AN ORDINANCE authorizing an expenditure from the Judgment/Claims Fund to be reimbursed by the Light Fund to settle the claims of Carl C. Stebbins (C-64901), all by a two-thirds vote of the City Council.

#### ORDINANCE NO. 120681

AN ORDINANCE relating to the Department of Parks and Recreation, authorizing the transfer of property located at 10 Broad Street in the City of Seattle to the Museum Development Authority.

#### ORDINANCE NO. 120682

AN ORDINANCE authorizing the Personnel Director to continue health care coverage for employees who are mobilized by the United States Armed Forces for active military service for "Operation Enduring Freedom" between September 11, 2001 and December 31, 2002

#### ORDINANCE NO. 120683

AN ORDINANCE relating to the Department of Parks and Recreation; su-thorizing execution of a lease agreement together with an option to purchase property at 4201 West Marginal Way Southwest.

#### ORDINANCE NO. 120684

AN ORDINANCE relating to the City Employees' Retirement System; authoriz-ing the purchase of service credit for prior City Service; and amending Chapter 4.36 of the Seattle Municipal Code.

#### ORDINANCE NO. 120685

AN ORDINANCE relating to the Seattle City Employees Retirement System; providing for cost of living benefit adjustments effective only upon certain events; and amending Chapter 4.36 of the Seattle Municipal Code.

### ORDINANCE NO. 120686

AN ORDINANCE authorizing execu AN ORDINANCE authorizing execu-tion of a Collective Bargaining Agreement between the City of Seattle and Interna-tional Federation of Professional and Technical Engineers, Local 17, Informa-tion Technology Professional Unit, effec-tive through December 31, 2004, and providing payment therefore.

### ORDINANCE NO. 120687

AN ORDINANCE revising the 2001 annual budget and accounts by increasing certain, expenditure allowances in the 2001 budgets of various City departments

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# State of Washington, King Count

# City of Seattle

### <u>ORDIN'</u>NCE 120684

AN ORDINANCE relating to the City Employees' Retirement System; authorizing the purchase of service credit for prior City service; and amending Chapter 4.36 of the Seattle Municipal Code

# BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 4.36.030 of the Seattle Municipal Code is amended as follows to add a new definition and to re-letter the current definitions accordingly:

4.36.030 Definitions - Alphabetical "A" through "B"

6. "Actuarial present value" means the value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions;

Section 2. Subsections F and G of Section 4.36.100 of the Seattle Municipal Code are amended at

### follows: SMC 4.36.100 Membership in retirement system.

Officers and employees of the City (except those excluded by subsection H of this Section) and of the Seattle Public Library shall become members of the retirement system upon completion of six (6) months' continuous service, as follows, except that six (6) months' continuous service shall not be required for officers and employees to whom subsection L of this Section applies:

A. Mandatory Membership. Every officer or employee of the City and of the Seattle Public Library, who enters City service on or after June 21, 1986, shall become a member of the retirement system upon completion of six (6) menths continuous service, except.

- 1. Elective officials exempt under subsection D of this Section;
- Individuals with a standary right to continuation of their membership in a Washington State or federal government retirement system under subsection E of this Section;
- Certain officers in positions exempt from civil service under subsections C and F of this
  - 4. Employees who are excluded under subsection H4 of this Section; and
- Temporary, interim, intermittent, provisional and part-time workers under Sections 4.36.103
   and 4.36.195.

B. Continuation of Current Membership. All officers and employees of the City and of the Seattle
Public Library, who on or after June 21, 1986, are or are required to become members of the retirement
system, shall continue their membership or become members upon completion of six (6) months' City
service. A member may not withdraw from membership in the system while in City employment.

C. 1986 Nonmembers. An officer or employee with six (6) months' continuous City service, who on
June 21, 1986, held an appointive position exempt from the classified civil service (1) could elect to join
or rejoin the retirement system by completing and filing an election form with the Board of
Administration on or before December 31, 1986, ("Option (1)"), or (2) after the effective date of this
ordinance may elect to join or rejoin the retirement system as authorized by subsection F of this Seattlet
("Option (2)"). Option (1) also extended to officers and employees, who held such position before June
21, 1986, and on or before December 31, 1986, with respect to such a position (a) were recalled from a

each office or department shall furnish such other information concerning any

1. Each member shall be subject to all the provisions of this chapter and the Board. Should any member be, in the opinion of the Board, permanently sepshould the member die he or she shall thereupon cease to be a member.

K. Temporary, Interim, Intermittent, Provisional and Part-time Workers. Se 4.36.195, and for 1989-1990 opportunity, Section 4.36.197.

L. Membership On and After January 1, 1999. The six (6) months' continues shall not apply to any officer or employee, including any part-time employee member pursuant to Section 4.36.103, who would otherwise be obliged or I member of the retirement system upon completion of six (6) months' continue or employee enters City service on or after January 1, 1999, or has been in months as of January 1, 1999. Officers and employees who have been in C months as of January 1, 1999 may become members as of January 1, 1999.

Section 3. A new Section 4.36.101 is added to the Seattle Municip 4.36.101. Use of other Plan funds for purchase of service credit.

A. Direct Transfers. Effective January 1, 2002, the retirement fund possesenter into direct transfer of assets agreements with the trustees of an eligible Internal Revenue Code which is maintained by a state, political subdivor instrumentality of a state or political subdivision of a state or from a plainternal Revenue Code, for the purchase of creditable service otherwise a

B. Other Rollovers. Effective January 1, 2002, the retirement fund may a contributions and/or direct rollovers of distributions from other retirement retirement plans described in Internal Revenue Code Section 402(c)(R)/E Internal Revenue Code. The fund may accept rollovers from such source procedures and rules as it deems necessary or destrable to comply with the decisions regarding participant rollover contributions and/or direct rollover accept. Such rollover contributions and direct rollovers may be used for otherwise available pursuant to Chapter 4.36 SMC.

Section 4 A new Section 4.36.124 is added to the Seattle Municip
4.36.124 Purchase of creditable service for Military Service.

A member may purchase creditable service for past active duty in the act America or the State of Washington, by paying into the Retirement Fun City service or at the time of retirement, the actuated present value of a benefit. Terms and conditions of purchase shall be in accordance 4.36.190(B)(4). In no instance shall military service in excess of five ye in no instance shall military service be credited to any member who a benefits pursuant to Title 16 United States Code.

Section 5. Subsection B of Section 4.36.190 of the Seattle Munical 4.36.190 Discontinuance or resutrance of eligible employee - purchas A. 1. Should the City service of a member not eligible for retirement a chapter, be discontinued, except by death, prior to completion of five (retirement system, he shall be paid six (6) months after the date of discontinued contributions as he shall demand; provided, however, the