City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

November 13, 2007

Honorable Nick Licata
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Licata:

I am pleased to transmit the attached proposed Council Bill that designates employees of the Seattle Firefighter's Pension Board as City of Seattle employees, exempt from Civil Service; allows them to participate in the Seattle City Employees' Retirement System; and authorizes a buyback of service credit for past service performed for a period up to ten years from the effective date of this legislation.

The Seattle Firefighter's Pension Board ("Board") was created in 1909 by an act of the Washington State Legislature, and is codified in RCW 41.16.050. Since the time it was established, the Board has operated as a separate entity, receiving City funds to provide employee benefits to City of Seattle firefighters. Because the Board performs a City function, it is appropriate that its employees be designated as City employees and that they be allowed to join the City's employee retirement system with an option to buy back service credits for work already performed. This legislation authorizes such a buy back up to ten years prior to the effective date of this legislation. The Retirement System has determined that these actions will have no effect on the actuarial soundness of the Retirement System. This Bill does not appropriate any funds as the employee's salaries and benefits, are already included in the City's budget.

Thank you for your consideration of this legislation. Should you have questions, please contact Mel Robertson at 615-1424.

Sincerely,

GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

600 Fourth Avenue, 7th Floor, P.O. Box 94749, Seattle, WA 98124-4749
Tel: (206) 684-4000, TDD: (206) 684-8811 Fax: (206) 684-5360, Email: mayors.office@seattle.gov
An equal employment opportunity, affirmative action employer. Accommodations for people with disabilities provided upon request.

CITY CLERK

ORDINANCE 122591

AN ORDINANCE relating to City employment and the Seattle Firefighter's Pension Board (Board) established pursuant to RCW 41.16.020; establishing new exempt City positions; appointing the Board employees to these exempt positions; making the Board an appointing authority for purposes of SMC 4.04.030 (2); allowing exempt employees of the Board an election to join the Seattle City Employees' Retirement System and to purchase credit for prior service; and adding a new section to Chapter 4.36 of the Seattle Municipal Code; all by a two thirds (2/3) vote of the Seattle City Council.

WHEREAS, pursuant to RCW 41.16.050 and Ordinance No. 22164, the Seattle Firefighter's Pension Fund was established to provide benefits for persons eligible for membership; and

WHEREAS, the Seattle Firefighter's Pension Board was established to administer the Seattle Firefighter's Pension Fund with authority to employ such agents, employees and other personnel as the Board may deem necessary for the proper administration of the Fund pursuant to RCW 41.16.040 (5); and

WHEREAS, the Board provides for payment from said fund of necessary expenses of maintenance and administration of the pension system and fund pursuant to RCW 41.16.040 (3); and

WHEREAS, it is fair and equitable to designate employees of the Seattle Firefighter's Pension Board as exempt City employees in the City's personnel system and eligible for membership in the Seattle City Employees' Retirement System, and to allow said employees the option to purchase credit for prior service; and

WHEREAS, the purchase of said credit will have no adverse effect on the actuarial soundness of the Seattle City Employees' Retirement System;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

CITY CLERK

Section 1: To allow for Firefighter's Pension Board (Board) employees to become City employees, the following exempt positions are created and are hereby designated with the titles shown below:

Department	Title	Position #'s	Status	FTE
Seattle Firefighter's Pension	Manager 3, Exempt	10004246	Full Time	1
Seattle Firefighter's Pension	Strategic Advisor 2, Exempt	10004247 10004248	Full Time	2
Seattle Firefighter's Pension	Administrative Specialist III, Exempt	10004249	Full Time	1

Section 2. Employees of the Board that was created pursuant to RCW 41.16.020 are appointed to the exempt positions identified in Section 1 of this Ordinance, and the Board is authorized to act as the Appointing Authority as defined by Section 4.04.030 (2) of the Seattle Municipal Code for these positions. Employees appointed to these exempt City positions by the Board will not lose accrued sick leave or vacation as a result of this appointment and will accrue vacation and sick leave based on time served as Board employees and / or City employees. The Board will treat these positions, and fill future vacancies of these positions, in accordance with the City's Personnel Rules.

Section 3. Section 4.13.010 of the Seattle Municipal Code is amended as follows:

4.13.010 Exemptions from the Civil Service and Public Safety Civil Service Systems.

In addition to those positions exempted by statute, City Charter, or other ordinance provision (elected officers, officers appointed pursuant to the City Charter, assistant City attorneys, heads of employing units, members of boards and commissions established by the City Charter, members of boards and commissions established by ordinance, positions excluded from

CITY CLERK

the Public Safety Civil Service System pursuant to SMC Section 4.08.060, system-wide exemptions provided for in SMC Section 4.13.020, and library employees), the positions of City employment listed in the subsections of this section requiring a particularly high degree of professional responsiveness and individual accountability, or requiring a confidential or fiduciary relationship with the appointing authority, or being judicial positions requiring insulation as a third branch of government, are hereby declared to be exempt from the Seattle Municipal Code Chapters 4.04, 4.08, and the rules of City Personnel, the Civil Service Commission, and the Public Safety Civil Service Commission regarding examination, selection, discipline, termination, and appeals.

Employment Unit	**Titles of Exempt Positions**
	* * *
28. Seattle Firefighter's Pension Board	All positions of the Seattle Firefighter's Pension Board

Section 4. A new Section 4.36.196 is added to the Seattle Municipal Code as follows:

4.36.196 Special option for purchase of creditable service by employees of the Seattle Firefighter's Pension Fund hired prior to January 1, 2007.

A. An officer or employee of the Seattle Firefighter's Pension Fund who was hired as an employee or officer thereof on or before the effective date of this Ordinance and who thereafter becomes and continues his or her service as an employee of the City may elect to join the City's retirement system and contract to purchase credit for prior service performed for the Seattle Firefighter's Pension Board by completing and filing an election form with the Board, and paying the purchase price, as determined by the Board, into the retirement fund on or before

CITY CLERK

thirty days after the effective date of this ordinance. The creditable service may be purchased based on the following price formula:

(hourly rate) x (current member contribution rate (8.03%)) x (amount of hours to be purchased) x (interest factor as calculated below).

Creditable service shall be based on the employee's or officer's actual hours and salary in the period of time going back no more that 10 years from the effective date of this ordinance. The interest factor applied to the purchase price will be determined by approximating the net investment returns of the retirement fund that occurred during the period of time that relates to the buyback,.with a minimum interest factor no less than the actuarially assumed rate of investment return for the same periods. The purchase price shall be calculated using an annualized interest rate, compounded bi-weekly. Notwithstanding the above purchase price interest factor, the amount credited to the individual member accounts will be calculated by applying an interest rate 5.75% to approximate what the creditable amount would have been had the individual been a contributing member of the retirement system all along. Only the amount credited to the individual member accounts will be included in any benefit calculation or any future withdrawal.

B. An officer or employee subject to this section who fails to exercise his or her option under this subsection on or before thirty days after the effective date of this ordinance, may not thereafter purchase such credit provided, however, that nothing in this section shall affect such an officer or employee's right to elect to join the retirement system or to purchase creditable service earned subsequent to the effective date of this ordinance or at any time thereafter in the manner provided under Section 4.36.100 F of the Seattle Municipal Code.

BNS CITY CLERK

C. The Seattle Firefighter's Pension Fund shall pay into the retirement fund the matching amount equivalent to any member lump sum payment made pursuant to this Section.

Section 5. Any acts consistent with the authority and prior to the effective date of this ordinance are hereby ratified and confirmed.

Section 6. 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 a two-thirds (2/3) vote of all of the members of the City Council the 10th day of December, 2007, and signed by me in open session in authentication of its passage this 10th day of December, 2007.

President _____ of the City Council

Approved by me this 13th day of December, 2007.

Gregory J. Nickels, Mayor

Filed by me this 14th day of December, 2007.

City Clerk

(Seal)

CITY CLERK

Form revised December 4, 2006

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Seattle Firefighter's Pension	Steven Brown/625-4355	Greg Hill/684-8049

Legislation Title:
AN ORDINANCE relating to City employment and the Seattle Firefighter's Pension Board (Board) established pursuant to RCW 41.16.020; establishing new exempt City positions; appointing the Board employees to these exempt positions; making the Board an appointing authority for purposes of SMC 4.04.030 (2); allowing exempt employees of the Board an election to join the Seattle City Employees' Retirement System and to purchase credit for prior service; and adding a new section to Chapter 4.36 of the Seattle Municipal Code; all by a two thirds (2/3) vote of the Seattle City Council.

- **Summary of the Legislation:**

This ordinance designates employees of the Seattle Firefighter's Pension Board as exempt City of Seattle employees, allows such employees to elect membership in the Seattle City Employees' Retirement System, and allows such employees to exercise a buyback of service credit for past service performed for the Board for a period up to ten years from the effective date of the ordinance.

- **Background:** *(Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):*

The Seattle Firefighter's Pension Board ("Board") was created in 1909 by an act of the Washington State Legislature now codified as RCW 41.16.050. Since the time that it was established, the Board has operated as a separate entity that receives City funds to provide employee benefits to City of Seattle firefighters. Because the Board performs a City function, it is appropriate that its employees be designated as City employees and that they be allowed to join the City's employee retirement system with an option to buy back service credits for work performed for the Board up to ten years prior to the effective date of the ordinance. The Retirement System has determined that membership of these employees and the offering of a buy back option will have no effect on actuarial soundness of the Retirement System. The salaries of the employees will continue to be paid from the Firefighter's Pension Fund.

- *Please check one of the following:*

__x__ **This legislation does not have any financial implications.** (*Stop here and delete the remainder of this document prior to saving and printing.)*

This legislation does not appropriate funds as salaries, benefits, and costs related to this legislation are already included in the City's Budget

CITY CLERK

STATE OF WASHINGTON – KING COUNTY

--ss.

218553 No.
CITY OF SEATTLE,CLERKS OFFICE

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 12th 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:122591 ORDINANCE

was published on

12/18/07

The amount of the fee charged for the foregoing publication is the sum of $ 285.98, which amount has been paid in full.

Subscribed and sworn to before me on

12/18/07

Notary public for the State of Washington,
residing in Seattle

City of Seattle

ORDINANCE 122591

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WHEREAS, it is fair and equitable to designate employees of the Seattle Firefighter's Pension Board as exempt City employees in the City's personnel system and eligible for membership in the Seattle City Employees' Retirement System, and to allow said employees the option to purchase credit for prior service; and

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Seattle Firefighter's Pension -- Strategic Advisor 2, Exempt --10004247

10004248 -- Full Time -- 2

Seattle Firefighter's Pension -- Administrative Specialist III, Exempt -- 10004249 -- Full Time -- 1

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State of Washington, King County

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Employment Unit --Titles of Exempt Positions

* * *

28. Seattle Firefighter's Pension Board -- All positions of the Seattle Firefighter's Pension Board

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(hourly rate) x (current member contribution rate (8.03%)) x (amount of hours to be purchased) x (interest factor as calculated below).

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B. An officer or employee subject to this section who fails to exercise his or her option under this subsection on or before thirty days after the effective date of this ordinance, may not thereafter purchase such credit provided, however, that nothing in this section shall affect such an officer or employee's right to elect to join the retirement system or to purchase creditable service earned subsequent to the effective date of this ordinance or at any time thereafter in the manner provided under Section 4.36.100 F of the Seattle Municipal Code.

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Passed by a two-thirds (2/3) vote of all of the members of the City Council the 10th day of December, 2007, and signed by me in open session in authentication of its passage this 10th day of December, 2007.

Nick Licata

President of the City Council

Approved by me this 13th day of December, 2007.

Gregory J. Nickels, Mayor

Filed by me this 14th day of December, 2007.

(Seal) Judith Pippin

City Clerk

Publication ordered by JUDITH PIPPIN, City Clerk

Date of publication in the Seattle Daily Journal of Commerce, December 18, 2007.

12/18(218553)