

Ordinance No. 124 575

Council Bill No. 118200

AN ORDINANCE relating to the Seattle City Employees' Retirement System; clarifying and simplifying the calculations for final compensation and creditable service; amending Sections 4.36.040, 4.36.050, and 4.36.555 of the Seattle Municipal Code.

Related Legislation File: _____

Date Introduced and Referred: <u>9/2/14</u>	To: (committee): <u>Finance and Culture</u>
Date Re-referred:	To: (committee):
Date Re-referred:	To: (committee):
Date of Final Action: <u>9/15/14</u>	Date Presented to Mayor: <u>9/17/14</u>
Date Signed by Mayor: <u>9/19/14</u>	Date Returned to City Clerk: <u>9/19/14</u>
Published by Title Only <input checked="" type="checkbox"/>	Date Vetoed by Mayor:
Published in Full Text _____	
Date Veto Published:	Date Passed Over Veto:
Date Veto Sustained:	Date Returned Without Signature:

The City of Seattle – Legislative Department

Council Bill/Ordinance sponsored by: *Nick Lesch*

Committee Action:

Date	Recommendation	Vote
<u>pass</u>	<u>3-0 NL, JG, TB</u>	<u>9/10/14</u>
		<u>(LH)</u>

This file is complete and ready for presentation to Full Council. _____

Full Council Action:

Date	Decision	Vote
<u>Sept. 15, 2014</u>	<u>Passed as Amended</u>	<u>8-0 (excused: Bagshaw)</u>

CITY OF SEATTLE
ORDINANCE 124575
COUNCIL BILL 118200

AN ORDINANCE relating to the Seattle City Employees' Retirement System; clarifying and simplifying the calculations for final compensation and creditable service; amending Sections 4.36.040, 4.36.050, and 4.36.555 of the Seattle Municipal Code.

WHEREAS, the Seattle Municipal Code ("SMC") Chapter 4.36 includes instructions for calculations of the Final Compensation and Service Credit for a member;

WHEREAS, the outcome of these calculations is used to determine the retirement benefit for retirement system members;

WHEREAS, the current SMC descriptions for some of the calculations may be considered ambiguous or incomplete;

WHEREAS, clarified and simplified methods for calculating Final Compensation and Service Credit will make the process easier for members to understand and improve efficiency;

WHEREAS, the effect of implementing the new calculation methods on retirement benefits will be de minimis; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 4.36.040 of the Seattle Municipal Code, last amended by Ordinance 124392, is amended as follows:

4.36.040 Definitions — Alphabetical "C" through "D"

Unless a different meaning is plainly required by the context, the terms used in this chapter shall have the following meanings:

* * *

~~("Compensation earnable" by a member means the average compensation as determined by the Board of Administration upon the basis of the average period of employment of members in~~



1 the same group or class of employment and at the same rate of pay. Any other provisions of this
2 chapter, particularly subsection 4.36.540.B, insofar as in conflict herewith are hereby
3 superseded.))

4 * * *

5 **Section 2.** Section 4.36.050 of the Seattle Municipal Code, last amended by Ordinance
6 **123871**, is amended as follows:

7
8 **4.36.050 Definitions — Alphabetical "E" through "M"**

9 Unless a different meaning is plainly required by the context, the terms used in this
10 chapter shall have the following meanings:

11 * * *

12
13 "Final compensation" means the average annual compensation (~~earnable by a member during~~
14 ~~his 24 highest consecutive months~~) earned during a member's 52 highest consecutive biweekly
15 pay periods prior to termination of employment with the City. (~~The "final compensation" of a~~
16 ~~member who retires from a temporary, interim, provisional, intermittent or part-time position is~~
17 ~~determined by multiplying the member's average hourly rate during his or her highest~~
18 ~~consecutive 4,176 hours of service by 2,088 hours.~~)

19 * * *

20
21 **Section 3.** Section 4.36.555 of the Seattle Municipal Code, last amended by the
22 Ordinance introduced as Council Bill 118199, is amended as follows:

23 **4.36.555 Determination of creditable service**

24
25 A. A member (~~in an eligible full-time position, with creditable service for every day,)~~ who
26 has served continuously in a full-time position and not realized any time loss will accrue a
27



1 creditable year of service for 12 months' service. No additional credit is given for Leap
2 Year's Day.

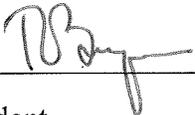
3 B. For ~~((a member in a temporary, intermittent or part-time position, eight hours constitutes one~~
4 ~~day; and))~~ all other members, a creditable year of service is measured as ~~((261 credited days~~
5 ~~or))~~ 2,088 hours of compensated service at straight-time pay.

6 * * *

7
8 **Section 4.** This ordinance is curative and remedial and any act consistent with the
9 authority of this ordinance taken prior to its effective date is ratified and confirmed.

10
11 **Section 5.** This ordinance shall take effect and be in force 30 days after its approval by
12 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
13 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

14
15 Passed by the City Council the 15th day of September, 2014, and
16 signed by me in open session in authentication of its passage this
17 15th day of September, 2014.

18
19 
20 President _____ of the City Council

21
22 Approved by me this 14th day of September, 2014.

23
24 
25 Edward B. Murray, Mayor



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Filed by me this 19th day of September, 2014.



Monica Martinez Simmons, City Clerk

(Seal)



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Retirement	Tim Morrison/684-0117	Jessica Wang/615-1759

Legislation Title:

AN ORDINANCE relating to the Seattle City Employees' Retirement System; clarifying and simplifying the calculations for final compensation and creditable service; amending Sections 4.36.040, 4.36.050, and 4.36.555 of the Seattle Municipal Code.

Summary of the Legislation:

Final compensation and service credit are central elements in the calculation the retirement allowance for a member of the system. The ordinance removes ambiguities and gaps in the code regarding the definition of these terms, and clarifies how they should be applied in the benefit calculation.

The effect of implementing the new calculation methods on retirement benefits will be de minimis.

Background:

Currently the code describes two methods for calculating final compensation: one method for members retiring from temporary, intermittent or part-time positions, and the other method for all other members. The latter method uses the concept of "compensation earnable" which is not well-defined in the code. The ordinance removes the term "compensation earnable" from the code, and specifies a single method of calculating final average salary. The method gives essentially the same result as the current methods for almost all employees. For a small group – part-time employees who earn differential or premium pay – the new method will result in a slightly higher final average salary. The resulting benefit increase is actuarially insignificant, i.e. it has no impact on the fund's valuation.

As with the calculation of final compensation, the code describes two methods for calculating service credit: one for members in temporary, intermittent or part-time positions, and another for members in regular full-time positions. The code's descriptions of the two methods are clear although not entirely complete, i.e. there are frequently cases for which the code does not give direction on how to calculate service credit. The most common case is full-time employees who have had some time loss during their service. The ordinance modifies the method for calculating service credit for members in temporary, intermittent or part-time positions and extends the application of the method to members in full-time positions who have time loss. The result will be a calculation that is simpler for the system to execute and easier for members to understand. The differences between the results using the old and new methods will be insignificant.

Please check one of the following:



X This legislation does not have any financial implications.

(Please skip to "Other Implications" section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)

— This legislation has financial implications.

(If the legislation has direct fiscal impacts (e.g., appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" Section. Please delete the instructions provided in parentheses at the end of each title and question.)

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**

No

- b) **What is the financial cost of not implementing the legislation?**

None

- c) **Does this legislation affect any departments besides the originating department?**

The legislation will be of help to retirement system members and to the HR staff that support them, in that it will make the retirement calculation simpler to understand.

- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

The objective of the ordinance is to simplify and clarify the calculation of the retirement allowance. This cannot be done without an ordinance

- e) **Is a public hearing required for this legislation?**

No

- f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No

- g) **Does this legislation affect a piece of property?**

No

- h) **Other Issues:**

None

List attachments to the fiscal note below:

No attachments

1 ~~the same group or class of employment and at the same rate of pay. Any other provisions of this~~
2 ~~chapter, particularly subsection 4.36.540.B, insofar as in conflict herewith are hereby~~
3 ~~superseded.))~~

4 * * *

5 **Section 2.** Section 4.36.050 of the Seattle Municipal Code, last amended by Ordinance
6 **123871**, is amended as follows:

7
8 **4.36.050 Definitions — Alphabetical "E" through "M"**

9 Unless a different meaning is plainly required by the context, the terms used in this
10 chapter shall have the following meanings:

11 * * *

12
13 "Final compensation" means the average annual compensation (~~earnable by a member during~~
14 ~~his 24 highest consecutive months~~) earned during a member's 52 highest consecutive biweekly
15 pay periods prior to termination of employment with the City. (~~The "final compensation" of a~~
16 ~~member who retires from a temporary, interim, provisional, intermittent or part-time position is~~
17 ~~determined by multiplying the member's average hourly rate during his or her highest~~
18 ~~consecutive 4,176 hours of service by 2,088 hours.~~)

19 * * *

20
21 **Section 3.** Section 4.36.555 of the Seattle Municipal Code, last amended by the
22 Ordinance introduced as Council Bill _____, is amended as follows:

23 **4.36.555 Determination of creditable service**

24
25 A. A member (~~in an eligible full-time position, with creditable service for every day,~~) who
26 has served continuously in a full-time position and not realized any time loss will accrue a
27

THIS VERSION IS NOT ADOTTED



STATE OF WASHINGTON -- KING COUNTY

--SS.

316341

No. 124575,576,577,578

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: TITLE ONLY ORDINANCES

was published on

10/09/14

The amount of the fee charged for the foregoing publication is the sum of \$89.70 which amount has been paid in full.



[Signature]
Subscribed and sworn to before me on
10/09/2014
[Signature]

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle Title Only Ordinances

The full text of the following legislation, passed by the City Council on September 15, 2014, and published below by title only, will be mailed upon request, or can be accessed at <http://clerk.seattle.gov>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Contact: Office of the City Clerk at (206) 684-8344.

ORDINANCE NO. 124575

AN ORDINANCE relating to the Seattle City Employees' Retirement System; clarifying and simplifying the calculations for final compensation and creditable service; amending Sections 4.36.040, 4.36.050, and 4.36.555 of the Seattle Municipal Code.

ORDINANCE NO. 124576

AN ORDINANCE relating to the SR 520, I-5 to Medina Bridge Replacement and HOV Project; authorizing the execution and delivery of an amendment to the Bryant Site Real Estate Purchase and Sale Agreement between the University of Washington and the City of Seattle; authorizing the execution and delivery of a deed of access rights to the Washington State Department of Transportation ("WSDOT"); authorizing execution and delivery of a correction deed and amended temporary easement in connection with the conveyance to WSDOT of certain City property under Ordinance 124247 and superseding said ordinance insofar as in conflict herewith; and ratifying and confirming prior acts.

ORDINANCE NO. 124577

AN ORDINANCE granting 2001 Sixth LLC permission to maintain and operate a skybridge and utility connection over and across the alley between 5th and 6th Avenues, north of Virginia Street, for a ten-year term, renewable for two successive ten-year terms; specifying the conditions under which this permit is granted; providing for the acceptance of the permit and conditions; and ratifying and confirming certain prior acts.

ORDINANCE NO. 124578

AN ORDINANCE relating to the City Light Department; replacing the Department's requirement for a letter of credit or cash deposit for new or enlarged services with an amp fee; and amending Seattle Municipal Code Section 21.49.110.X in connection therewith.

Date of publication in the Seattle Daily Journal of Commerce, October 9, 2014.
10/9(316341)