



City of Naples

City Council Chambers
735 Eighth Street South
Naples, Florida 33940

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Mayor Putzell called the meeting to order and presided as Chairman.

ROLL CALL:

Present: Edwin J. Putzell, Jr.
Mayor
Kim Anderson-McDonald
John T. Graver
Lyle S. Richardson

Absent: William E. Barnett
William F. Bledsoe
Alden R. Crawford, Jr.

COUNCIL MEMBERS	M O T I O N	S E C O N D	VOTE		A B S E N T
			Y E S	N O	

Also present:
Franklin C. Jones, City Manager
David W. Rynders, City Attorney
Mark W. Wiltsie, Assistant City Manager
Chris Holley, Community Services Director
Jerry Gronvold, Engineering Director
Frank W. Hanley, Finance Director
James Chaffee, Utilities Director
Carl Loveday, Palmer Cablevision
Charlie Andrews
Dave Bennett

DISCUSSION OF PELICAN BAY WATER AGREEMENT ITEM 1

City Manager Jones reviewed the status of the agreement with Pelican Bay. The County Manager and the Chairman, County Commission, met with the Mayor and City Manager Jones to discuss their two major concerns: water pressure in the North Naples area and the County's ability to service Pelican Bay. Basically, the County is satisfied with regard to water pressure and they are confident that they can service Pelican Bay after the 5-year period. It was agreed that the contract would be reworded to indicate a flat 5-year period between Pelican Bay and the City with negotiations to take place between Pelican Bay and the County after this timeframe. Mayor Putzell noted that the 5 year period would not only allow the City to recover costs but also realize a profit. City Attorney Dave Rynders pointed out that Pelican Bay requested that the City hold them harmless should any damages be incurred during this project. It was Council's consensus that this was not possible and Mr. Wiltsie will make this known to Pelican Bay. Park Shore resident Dave Bennett questioned the timeframe for the servicing of Pelican Bay and Utilities Director Jim Chaffee outlined the proposed dates for this project. Pelican Bay will maintain their plant through the peak season and use the City's system as a top-off for their plant. Mr. Jones will attempt to bring the contract along with adjusted provisions and any reactions for next week's meeting.

DISCUSSION OF ACQUISITION OF
ADDITIONAL RIGHT-OF-WAY,
EAST U.S. 41

ITEM 2

Council discussed bringing back the above for action (See Attachment 1). According to Engineering Director Jerry Gronvold the original proposal called for 12' of right-of-way matters and was changed to 13' to insure adequate amount of right-of-way. City Attorney Dave Rynders, who will draft the resolution, stated that it may be necessary to request a special meeting

COUNCIL MEMBERS

NOTICE OF ABSENCE

DISCUSSION OF ACQUISITION OF ADDITIONAL RIGHT-OF-WAY, EAST U.S. 41 (Cont)

ITEM 2 (Cont)

of the Planning Advisory Board in August to discuss the height and right-of-way. Council agreed that this item be placed on the Planning Advisory Board's agenda and that property owners receive notification prior to that meeting.

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DISCUSSION OF MEETING SCHEDULE FOR ANNUAL BUDGET ADOPTION PROCESS

ITEM 3

As a result of the last workshop, City Manager Jones went back and redid the Capital Improvement Project Schedule. The schedule (see Attachment 2) meets the requirements of the Charter and allows for several workshops in August so that Council may review the budget.

Mr. Jones explained the summary (Attachment 3) of the Capital Improvement Project. Based on the suggestions at Council Workshop, the project has been adjusted to reflect a reduction in overall expenditures, along with additions; such as, police services building and bike paths. Funds will be raised over a two year period.

The police administration building design has been modified and was explained by Assistant City Manager Mark Wiltsie. Council requested that Mr. Jones contact the architect, Robert Forsythe, to obtain a law enforcement consultant to review the design of the building. The City Manager will report back at the next workshop.

A news release (see Attachment 4) will be made public today explaining the Parks Improvement Program.

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DISCUSSION OF THE PUNTA GORDA CANAL MAINTENANCE DISTRICT

ITEM 4

At the request of Councilman Richardson, Punta Gorda's canal and seawall maintenance plan was studied (see Attachment 5). Item #3 on the memorandum is favored by Council. A suggestion was made by City Attorney Rynders that Doctors Pass be included in the district with Moorings, Park Shore and Coquina Sands. Council requested that statistics be presented with regard to the numbers of lots and homes on the waterways as quickly as possible so that a final decision could be made.

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TIMING OF MINUTES

ITEM 5

The Mayor strongly urged that all Minutes of meetings be done as quickly as possible to insure availability before the next scheduled meeting.

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COUNCIL MEMBERS

M O T I O N	S E C O N D	Y E S	N O	A B S E N T
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FORMAL PRESENTATION BY PENSION BOARD
RESCHEDULED

ITEM 6

At the request of Councilwoman Anderson-McDonald, Council agreed to the rescheduling of the Pension Board presentation for the last week in August.

STATUS OF NATURAL RESOURCES MANAGER

ITEM 7

City Manager Jones stated that there has been an exceptional response to this position and a meeting will be arranged with people from The Conservancy to evaluate these candidates. Councilman Anderson-McDonald requested that an interview panel be set up to qualify suggested candidates. Mr. Jones felt that a final decision could be made by the new fiscal year.

ADJOURN: 11:15 a.m.

Edwin J. Putzell, Jr., Mayor

Janet Cason
City Clerk

Carol Stover
Secretary

These minutes of the ~~Meeting~~ ^{AUG 06 1986} City Council approved _____

COLLIER COUNTY
GAS TAX SUMMARY FY ~~85-86~~

86-87

<u>GAS TAX</u>	<u>AGENCY</u>	<u>REVENUE</u>
Federal Gas Tax - 9c	Federal	\$5,220,000
State FDOT Gas Tax-5.5c	State	3,190,000
5 ^{TP} 12 ^B 7 ² Constitutional Gas Tax 2c**	County	900,000
8 ^D County Gas Tax 1c**	County	850,000
9 ⁰ Municipal Gas Tax 1c**	City	\$ 500,000 G.F. 850,000 - -0-
Voted Gas Tax 1c	County/City	* GEN. F.
Option Gas Tax 6c	80% County	2,780,000
	20% City	\$ 200,000 G.F. 700,000 - 5.35,
Total Tax/Gallon: 25.5c Total Revenue:		\$14,490,000

County Share -- \$4,530,000/Miles of Road = 1,400
 City Share -- \$1,550,000/Miles of Road = 100
 State Share -- \$3,190,000/Miles of Road = 350
 Federal Share-- \$5,220,000/Miles of Road = 0

**Allocation by formula of gallons sold, area, and population.
 *\$580,000 used to pay off road bond.

GFA/km
 6/26/86

IMPACT FEE \$ 1.4m. ANNUAL

A RESOLUTION OF THE MAYOR'S AD HOC COMPENSATION COMMITTEE RECOMMENDING PERIODIC ESTABLISHMENT OF A "BLUE RIBBON" COMMITTEE TO STUDY AND MAKE RECOMMENDATIONS TO THE COUNCIL ON THE LEVEL OF COMPENSATION AND BENEFITS FOR THE MAYOR AND COUNCIL MEMBERS; RECOMMENDING AMENDMENT OF THE CITY OF NAPLES GENERAL PENSION ORDINANCE TO MAKE COUNCIL MEMBERS' PARTICIPATION VOLUNTARY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the members of the Mayor's Ad Hoc Compensation Committee recommend periodic establishment of a "Blue Ribbon" Committee to study and make recommendations to the Council on the level of compensation and benefits for the Mayor and Council Members; and

WHEREAS, the members of the Mayor's Ad Hoc Compensation Committee recommend amendment of the City of Naples General Pension Ordinance to provide that participation by any elected official shall be voluntary.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE MAYOR'S AD HOC COMPENSATION COMMITTEE:

SECTION 1. Beginning March 1988 and every three (3) years thereafter, City Council shall appoint an independent, "Blue Ribbon" Committee, consisting of seven Naples residents, for the purpose of studying and making recommendations to the Council on the issue of the level of compensation and benefits for the Mayor and Council Members. If at any time the Council takes action to change the level of compensation, no member sitting on Council at that time may have his or her salary adjusted to the new level during the remainder of the current term of office of that member.

SECTION 2. The City of Naples General Pension Ordinance should be amended to provide that participation by any elected official shall be voluntary.

SECTION 3. This resolution shall take effect immediately upon adoption.

PASSED IN OPEN AND REGULAR SESSION OF THE MAYOR'S AD HOC COMPENSATION COMMITTEE THIS 20th DAY OF May, 1986.

Joe B. Cox

Joe B. Cox, Chairman

ATTEST:

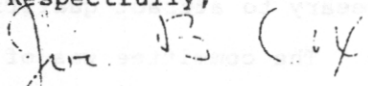
Janet Cason
City Clerk

APPROVED AS TO FORM AND LEGALITY BY _____
David W. Rynders
City Attorney

compensation during the current term. If the Mayor or council members are re-elected, their change in compensation has, in effect, been ratified and approved, and the members of council would then deservedly be entitled to the changed compensation.

The input was unanimous as to Section 2 of the resolution in that the Pension Ordinance be amended to provide that participation be voluntary rather than mandatory.

Respectfully,



Joe B. Cox
Chairman

the above three received significant support from the committee members or from the public.

It was the consensus of the committee that the formula was too arbitrary and did not take into consideration the flexibility that might be needed in setting appropriate and fair compensation for the Mayor and City Council.

The referendum approach was rejected because it was the consensus of the committee that it would be very difficult for a referendum to set salaries at a level which would be necessary to attract qualified individuals.

The committee was of the opinion that the voters desired some change in the current manner of setting compensation. A combination of what a significant percentage of the voters requested is reflected in this resolution. The resolution combines the independence of a Blue Ribbon committee that can conduct public hearings and receive public input and then make a recommendation. This recommendation should have considerable credibility when presented to the City Council and should only be overturned or significantly changed upon presentation of meaningful justification. However, the buck still stops with the City Council in setting their compensation. A significant majority of the public input indicated the buck should stop there. However, if the citizens feel the compensation change to be inappropriate, they, in effect, have their opportunity for a referendum by voting the members of the council out of office at the next election.

Additionally, to avoid increasing one's own compensation while in office, the resolution contains the provision that no member of the council may increase his or her

REPORT TO THE MAYOR AND CITY COUNCIL
OF THE RESULTS OF THE
AD HOC COMPENSATION COMMITTEE

On the 19th day of February, 1986, the City Council of Naples appointed the following individuals as members of the Mayor's Ad Hoc Compensation Committee:

Joe B. Cox, Chairman
Willie S. Anthony
Edward H. Beekman
David S. Bennett
Richard J. Cavallero
John R. Deupree, Jr.
Kathleen Passidomo
Jay V. Strong, Jr.
Lloyd zum Felde

The committee held five meetings, all of which were open to the public. Meetings were held March 11, March 25, April 1, April 15 and May 20. The April 1st meeting was held in the evening and specifically invited public input.

Input was sought from Property Owners' Associations located within the City, the President's Council, consisting of the presidents of the Property Owners' Associations, the Naples Civic Association and numerous other interested parties. As a result of the meetings, the public hearing and input from the various organizations, the Mayor's Ad Hoc Compensation Committee reached a decision which is the resolution attached hereto and made a part of this report.

There was much spirited discussion and debate concerning the various methods of setting compensation. In addition to the approach recommended in the attached resolution, the committee discussed in great detail, public referendum, a formula and an independent committee's having sole power to control the setting of compensation. None of

JOE B. COX
J. DUDLEY GOODLETTE
KENNETH D. ERIER
LAWRENCE A. FARISE

G. CARSON McEACHERN
GEORGE A. WILSON
STEVEN P. KUSHNER
CHARLES M. KELLY, JR.
STEPHEN M. KLIMACEK

CUMMINGS & LOCKWOOD

ATTORNEYS AT LAW

5001 TAMiami TRAIL, NORTH

NAPLES, FLORIDA 33940

(813) 266-8011

TELECOPIER (813) 260-0703

Attachment

TEN STAMFORD VILLAGE
STAMFORD, CT 06904
TWO GREENWICH PLAZA
GREENWICH, CT 06830
885 MAIN STREET
BRIDGEPORT, CT 06601
30 MAIN STREET
DANBURT, CT 06810
250 ROYAL PALM WAY
PALM BEACH, FLORIDA 33480
CITYPLACE
HARTFORD, CT 06103

July 3, 1986



The Honorable Edwin J. Putzell
City of Naples
735 Eighth Street South
Naples, Florida 33940

Dear Mayor Putzell:

Enclosed is the Mayor's Ad Hoc Committee on Compensation Report to yourself and the City Council. It was certainly a pleasure to work with the fine individuals you had appointed. I must commend them on their diligence, insight and attendance. If you or the Council have any questions on this report, please feel free to contact either myself or the committee members. I certainly appreciate the opportunity to have been of service.

Very truly yours,

Joe B. Cox
Joe B. Cox

JBC:cja

CITY OF NAPLES
COMPARATIVE PLAN OUTLINES
POLICE AND FIREMEN

	<u>Naples Police & Firemen</u>	<u>Sarasota Police & Firemen</u>	<u>Fl. Hyers Police & Firemen</u>	<u>State of Florida (Special Risk)</u>
<u>Benefit Formula</u>	2% x FAE3 x C.S. up to 30 + (.5% x FAE3 x C.S. up to 30 payable from age 55 to age 62)	2.5% x FAE3 x C.S.	2% x FAE5 x C.S. (Not to exceed 75% for Firemen)	2% x FAE3 x C.S. (Ser. from 10/1/74 to 9/30/78 earned 3% per yr.-)
<u>Normal Retirement Age</u>	Age 55 with 5 years service	Age 55 w/10 yrs. ser. or Age 50 w/25 yrs. ser.	Age 55	Age 55 w/10 yrs. ser. or Age 52 w/25 yrs.ser. or 25 yrs. continuous ser.
<u>Normal Form of Benefit</u>	10 year certain and life	Joint and 2/3 Survivor	10 Year certain and life	Straight life
<u>Employee Contrib.</u>	6% of pay	8% of pay	5% of pay	None
<u>Death Benefit</u>	Acc. bene. (actuarially reduced for early commencement) payable to beneficiary for 10 yrs. 5 yrs. to qualify.	1.67% of FAE3 for each yr. of ser. (min. 25 if line of duty) payable to spouse <u>Plus</u> 5% of pay for each child.	Spouse's ben. of 50% of projected pen. for firemen and 50% of acc. benefit for police.	ERISA type J&S (100%) after 10 yrs. ser. If line of duty, then 50% of pay to spouse or children under 18.
<u>Termination Benefit</u>	Acc. ben. payable at age 55. 5 yrs. ser. to qualify.	Acc. ben. payable at age 55. 10 yrs. ser. to qualify.	Acc. ben. payable at age 55. 10 yrs. ser. to qualify.	Acc. ben. payable at age 55. 10 yrs. ser. to qualify.
<u>Disability Benefit</u>	Unreduced acc. ben. payable immediately.	2.5% of FAE3 for each yr. of ser. (min. 25 if line of duty) plus 5% of pay for each child. (limit 1 child if not line of duty.)	Police only: 40% of FAE3 plus additional 2% per year for service over 20.	Acc. ben. payable immediately min. of 25% of FAE3; 10 yr. elig. If line of duty: min. 42% of FAE3; no elig. requirement.
<u>Post Retirement Increases</u>	No regular formula adjustment.	Adjusted with increases in Cpl.	None	Adjusted with CPI up to 3% per year.

CITY OF NAPLES
COMPARATIVE PLAN OUTLINES
GENERAL EMPLOYEES

	<u>Naples General Employees</u>	<u>Sarasota General Employees</u>	<u>Homestead General Employees</u>	<u>Ft. Myers General Employees</u>	<u>State of Florida (Regular Membership)</u>
<u>Benefit Formula</u>	1.5% x Cred. Ser. x FAE3	1.65% x c.s. x FAE3 but not greater than (85% x FAE3 - Soc. Sec.)	12% of 1st 20 yrs. C.S + 1% of next 20 yrs. C.S.] x FAE3 less 1.25% of Soc. Sec. x 1st 20 yrs. C.S.	1.9% x C.S. x FAE3 - 1.25% x C.S. x Soc. Sec.	1.6% x C.S. x FAE3
<u>Normal Retirement Age</u>	60 with 5 yrs. Ser.	65	65	65	62 w/10 yrs. ser. or 30 yrs. ser.
<u>Normal Form of Benefit</u>	Cash Refund Annuity	Cash refund annuity	Cash refund annuity	Straight Life	Straight Life
<u>Employee Contrl.</u>	3% of Pay	5% of Pay	2% below Wage Base, 4% over Wage Base	None	None
<u>Death Benefit</u>	Return of Contrl. w/interest. If 5 yrs. ser., 75% of Acc. Pen. to Spouse (or 50% to children under 18 if no spouse)	Return of Contrl. w/interest. If 10 yrs., then Lump sum of 20% of value of pension increasing 3% per year.	ERISA type J & S ben. (100%) after Age 55	50% of Acc Ben. payable to spouse if age plus Ser. equals 65.	ERISA type J & S ben. (100%) after 10 yrs. ser. 50% of pay to spouse if if line of duty.
<u>Termination Benefit</u>	Acc. ben. payable at age 60; 100% vested after 5 yrs.	Acc. ben. payable at 65; 100% vested after 10 yrs.	Acc. ben. payable @ 65 if age 45 w/10 yrs. ser. at termina.	Acc. ben. payable @ 65 after 10 yrs. ser.	Acc. ben. payable at 62 after 10 yrs. ser.
<u>Disability Benefit</u>	Acc. ben. payable without reduc. for early comm.; 5-yrs. ser. to qualify.	Acc. ben. payable immed.; 10 yrs. to qualify	None	Acc. ben. payable immediately	Acc. ben. payable immed.; 10 yrs. to qualify if not in line of duty. Min. ben. 25% of FAE3 (42% if line of duty)
<u>Post Retirement Increases</u>	One time increases. Last one was 3% per yr. from Ret. to 1/1/84.	Increase each yr. w/CPI up to 4% per yr.	None	None	Increase each yr. w/CPI not more than 3% per yr.

Replacement Ratio Illustrations for
 Retirement at Age 65 on December 31, 1986
 Naples Employees Retirement System and Social Security

<u>1986 Pay</u>	<u>Years of City Service</u>	<u>Retirement System (1)</u>	<u>Social Security(2)</u>	<u>Total</u>	<u>Percent of 1986 Pay</u>
\$ 17,000 (15,912 FAC)	35	\$ 9,746	\$6,908	\$16,654	98.0%
	30	8,353	6,908	15,261	89.8
	25	6,961	6,908	13,869	81.6
	20	5,569	6,908	12,477	73.4
	15	4,176	6,908	11,084	65.2
	10	2,784	6,908	9,692	57.0
\$ 42,000 (39,312 FAC)	35	24,078	9,121	33,199	79.0
	30	20,638	9,121	29,759	70.9
	25	17,199	9,121	26,320	62.7
	20	13,759	9,121	22,880	54.5
	15	10,319	9,121	19,440	46.3
	10	6,879	9,121	16,000	38.1

(1) Based on 1.75% benefit factor and 7% annual pay increases over last 3 years.

(2) Based on Social Security coverage since 1956; average Social Security earnings (approx. \$17,000 in 1986); and, maximum Social Security earnings (\$42,000 in 1986). Note that Social Security Old Age benefit is 20% less if taken at age 62.

Replacement Ratio Illustrations for
 Retirement at Age 65 on December 31, 1986
 Naples Employees Retirement System and Social Security

<u>1986 Pay</u>	<u>Years of City Service</u>	<u>Retirement System (1)</u>	<u>Social Security(2)</u>	<u>Total</u>	<u>Percent of 1986 Pay</u>
\$ 17,000 (15,912 FAC)	35	\$ 8,353	\$6,908	\$15,261	89.8%
	30	7,160	6,908	14,068	82.8
	25	5,967	6,908	12,875	75.7
	20	4,773	6,908	11,681	68.7
	15	3,580	6,908	10,488	62.0
	10	2,386	6,908	9,294	54.7
\$ 42,000 (39,312 FAC)	35	20,638	9,121	29,759	70.9
	30	17,690	9,121	26,811	63.8
	25	14,742	9,121	23,863	56.8
	20	11,793	9,121	20,914	49.8
	15	8,845	9,121	17,966	42.8
	10	5,896	9,121	15,017	35.8

(1) Based on 1.5% benefit factor and 7% annual pay increases over last 3 years.

(2) Based on Social Security coverage since 1956; average Social Security earnings (approx. \$17,000 in 1986); and, maximum Social Security earnings (\$42,000 in 1986). Amounts do not include any spouse benefit. Note that Social Security Old Age benefit is 20% less if taken at age 62.

RETIREMENT INCOME TO MAINTAIN PRERETIREMENT STANDARD OF LIVING SINGLE PERSONS PRERIRING IN 1980 FOR SELECTED INCOME LEVELS

GROSS PRE- RETIREMENT INCOME	PRERETIREMENT TAXES		DISPOSABLE INCOME	REDUCTION IN EXPENSES AT RETIREMENT		NET PRE- RETIREMENT INCOME	POST RETIREMENT TAXES*		EQUIVALENT RETIREMENT INCOME DOLLARS	RATIO
	FEDERAL ¹	STATE & LOCAL ²		WORK RELATED EXPENSES ³	SAVINGS & INVESTMENTS		FEDERAL INCOME	STATE & LOCAL ²		
\$ 6,500	\$ 906	\$ 97	\$ 5,497	\$ 330	0%	\$ 5,167	\$ 0	\$ 0	\$ 5,167	.79
10,000	1,785	223	7,992	480	3	7,272	0	0	7,272	.73
15,000	3,259	444	11,297	678	6	9,941	0	0	9,941	.66
20,000	5,055	728	14,217	853	9	12,084	166	32	12,282	.61
30,000	8,926	1,429	19,645	1,179	12	16,109	1,077	205	17,391	.58
50,000	18,921	3,328	27,751	1,665	15	21,923	3,153	599	25,675	.51

1. Federal income and social security (OASDIIII) taxes.
2. Based on state and local 1978 income tax receipts which were 19% of federal income tax receipts. Does not include property taxes.
3. Estimated as 6% of disposable income.
4. Post retirement taxes are on income in excess of social security benefits which are non-taxable. Retirees without social security benefits would need higher replacement ratios.

Source: Preston C. Bassett, Consulting Actuary, President's Commission on Pension Policy, 1980.

TABLE V

RETIREMENT INCOME TO MAINTAIN PRERETIREMENT STANDARD OF LIVING MARRIED COUPLES RETIRING IN 1980 FOR SELECTED INCOME LEVELS

GROSS PRE-RETIREMENT INCOME	PRERETIREMENT TAXES		DISPOSABLE INCOME	REDUCTION IN EXPENSES AT RETIREMENT		NET PRE-RETIREMENT INCOME	POST RETIREMENT TAXES ¹		EQUIVALENT RETIREMENT INCOME	
	FEDERAL ¹	STATE & LOCAL ¹		WORK RELATED EXPENSES ¹	SAVINGS & INVESTMENTS		FEDERAL INCOME	STATE & LOCAL ¹	DOLLARS	RATIO
\$ 6,500	\$ 549	\$ 29	\$ 5,922	\$ 355	0%	\$ 0	\$ 0	\$ 0	\$ 5,567	.86
10,000	1,311	133	8,556	513	3	257	0	0	7,786	.78
15,000	2,550	310	12,140	728	6	728	0	0	10,684	.71
20,000	3,968	520	15,512	911	9	1,396	0	0	13,185	.66
30,000	6,986	1,061	21,950	1,317	12	2,634	53	10	18,062	.60
50,000	15,202	2,622	32,176	1,931	15	4,826	1,651	314	27,384	.55

1. Federal income and social security (OASDIII) taxes.
2. Based on state and local 1978 income tax receipts which were 19% of federal income tax receipts. Does not include property tax.
3. Estimated as 6% of disposable income.
4. Post retirement taxes are on income in excess of social security benefits which are non-taxable. Retirees without social security benefits would need higher replacement ratios.

Source: Preston C. Bassett, consulting Actuary, President's Commission on Pension Policy, 1980.

TABLE VI

Here's how your pension plan compares with national average

HOW does your pension compare to those of the average employee that retired at about the same age and after about the same number of years on the job?

A new study on 832 pension plans in the 1984 Bureau of Labor Statistics' survey of employee benefits helps to answer that question. It was published recently in the Monthly Labor Review.

The survey itself covers private firms employing at least 50 workers in the continental United States and was designed to statistically represent 21 million employees in 45,000 establishments.

According to this survey, 82 percent of the active workers in medium and large firms were covered by private retirement pension funds which were financed wholly or in part by their employers.

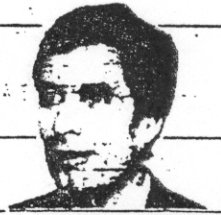
Average monthly private pension payments for various years of service and for final years' earnings ranging from \$15,000 to \$40,000 per year are shown in Table 1 (below). The figures assume the worker retired at age 65 with a total working career of 40 years.

As you can see, an employee with 25 years of service with the average employer would have a monthly pension of \$325 if he was earning \$15,000 during his final year of work, ranging up to \$760 per month if the final year's earnings were \$40,000.

Many experts prefer to evaluate pension benefits not in terms of dollars but as percentages of preretirement incomes. This facilitates examining the degree to which the pension permits maintaining the retiree's standard of living. After retirement, consumption patterns, personal savings rates, and tax liabilities usually change so a lower income is required to maintain about the same standard of living as you had before you retired.

The final report of the President's Commission on Pension Policy estimated that for married couples retiring in 1980, 86 percent of gross preretirement income was needed to maintain living standards at a \$6,500 level of preretirement income while 55 percent was needed at a \$50,000 preretirement income level. The corresponding figures for single persons were 79 percent and 51 percent.

Gary Dessler



However, keep in mind that the percentage of your preretirement income that you'll actually require to maintain living standards will vary depending on your savings and spending patterns.

In any case, Table 2 (below) presents the monthly pension payments shown in Table 1 (plus Social Security) as percentages of final years of work. You'll notice that the average "replacement rate" is, generally, less than 30 percent even after 40 years of service. This means that the typical employee with a final year's earnings of, say, \$35,000 who retires after 30 years of service can expect his employer's pension to represent only about 26.5 percent of his final year's earnings.

In practice, the difference between the 55 percent (or thereabouts) of final year earnings that the person needs to maintain preretirement standards of living and the 26.5 percent the private pension supplies is made up by Social Security.

Retirement income is usually thought of as a "three-legged stool." The person's private retirement pension should combine with Social Security and individual savings to provide a decent pension that maintains the person's preretirement way of life.

To the extent that the firm you work for does not supply an adequate pension plan, you had better begin now to compensate for that deficiency through additional savings for your retirement.

Gary Dessler is a professor of business administration at Florida International University. Send questions in care of BusinessMonday, The Miami Herald, 1 Herald Plaza, Miami, Fla. 33101.

Table 1

Average monthly private pension payments at normal retirement age, final year's earnings and length of service for medium- and large-size firms, 1984

Final year's earnings	Years of service						
	10	15	20	25	30	35	40
All participants							
\$15,000	\$137	\$201	\$263	\$325	\$385	\$438	\$486
20,000	165	240	314	386	456	516	571
25,000	202	296	384	472	555	625	682
30,000	242	355	462	569	652	743	814
35,000	283	418	547	674	772	883	942
40,000	328	476	620	760	886	988	1,075

SOURCE: Monthly Labor Review

Table 2

Percent of preretirement income of private pensions and Social Security retirement income combined, by final year's earnings and length of service for medium- and large-size firms, 1984

Final year's earnings	Years of service						
	10	15	20	25	30	35	40
All participants							
\$15,000	33.8%	50.0%	64.6%	79.3%	73.8%	78.8%	81.8%
20,000	41.2%	60.0%	78.0%	96.5%	89.3%	95.1%	98.0%
25,000	50.4%	72.0%	94.4%	115.0%	105.5%	112.7%	116.0%
30,000	60.8%	88.3%	116.3%	143.1%	130.3%	139.5%	144.0%
35,000	72.8%	106.4%	141.7%	175.6%	158.6%	169.7%	176.4%
40,000	81.6%	119.5%	156.3%	195.0%	177.7%	190.7%	198.8%

SOURCE: Monthly Labor Review

The following table represents a comparison of the average monthly pension benefits of 45,000 businesses and 21 million employees with our General and Police and Fire Pension. This is based on Final Average Compensation and normal retirement. The supplement for Police & Fire is also included. This presentation reflects that our benefits are substantially higher than the average plan. The average benefit numbers were compiled by a 1984 Bureau of Labor Statistics survey.

FAC	10 Years			15 Years			20 Years			25 Years			30 Years		
	AVG	GEN	P&F	AVG	GEN	P&F	AVG	GEN	P&F	AVG	GEN	P&F	AVG	GEN	P&F
\$15,000	\$137	\$188	\$313	\$201	\$281	\$469	\$263	\$375	\$625	\$325	\$469	\$781	\$385	\$563	\$938
\$20,000	165	250	416	240	375	625	314	500	834	386	625	1041	456	750	1250
\$25,000	202	313	521	295	469	781	384	625	1041	472	781	1302	555	938	1510
\$30,000	242	375	625	355	563	938	462	750	1250	565	938	1563	662	1125	1875
\$35,000	283	438	729	416	656	1094	542	875	1459	661	1094	1823	772	1313	2188
\$40,000	326	500	834	479	750	1250	623	1000	1666	760	1250	2084	886	1500	2500

Mayor and Council

July 1, 1986

Page 2

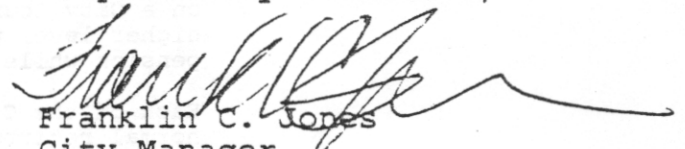
To demonstrate how our plans compare with the national average, attached is a table showing the average pension plan benefits and benefits available from our plans. (Figures were supplied by a Bureau of Labor Statistics survey of 832 plans which represented 21-million employees and 45,000 businesses.) Our plans exceed the average in every case.

Other attachments show "replacement ratios" which reflect the amount of income needed at retirement to replace the amount earned when fully employed. These ratios were developed by the President's Commission on Pension Policy and illustrate that our plans exceed these requirements.

In addition, the City has made a deferred pension plan available to all employees on a voluntary basis through the International City Management Association. This allows an employee to enhance pension benefits by contributing up to \$7,500 per year into a tax deferred plan. Upon retirement, the employee has total control over how this benefit is paid.

If you have any questions prior to our discussion or would like additional information, please give me a call. We anticipate that the workshop discussion will take place on Wednesday, July 23.

Respectfully submitted,



Franklin C. Jones
City Manager

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encs.



City of Naples

MEMO

MAJOR FILE CODE <i>City Mgr - Council 16/20/86</i>	
CROSS REFERENCE	
BY <i>CA</i>	DATE <i>7/1/86</i>
CITY MANAGER'S OFFICE	

TO: HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: CITY MANAGER FRANKLIN C. JONES

SUBJECT: INFORMATION ON CITY PENSION PLANS

DATE: JULY 1, 1986

Prior to our workshop discussion of City pension plans I have prepared a summary outlining various aspects of the plans and our general philosophy with reference to pensions.

With few exceptions, all permanent and full time employees are required to participate in one of the City's three pension plans: General, Police or Fire. The only full time employees exempt from participation are some executive level people who participate exclusively in the International City Management Association Deferred Compensation Plan. This exclusion is based on a City Council determination that employees holding certain higher level positions should be able to maintain a stable pension while making career moves within their professions.

Each of the City's three pension plans are designed to provide a normal retirement benefit to the career employee of 20 years or more which, along with Social Security, will allow a pre-retirement standard of living.

Our plans have been designed around the philosophy that if pension and Social Security benefits, to which the City also contributes, provide a career employee with an equivalent retirement income, then the plan is adequate and no major benefit enhancements are necessary, no matter what the cost or funding source.

Each plan requires employee contributions and City participation as determined by our actuaries. At the present time all plans are overfunded due to our actual experience being more favorable than anticipated demand for benefits. One key factor is the fact that City contributions remain in the plan when terminating employees withdraw their contributions.