



## MEMORANDUM

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Date: October 9, 2025

To: Honorable Mayor and Commissioners

Via: Brian L. Barroso  
City Manager

From: Christina Bervaldi  
Director of Finance

Subject: **25-4194 Proposed Ordinance to Implement Changes to the City of Key West General Employees' Pension Retirement Plan**

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### **Introduction**

The City Commission has been asked to approve an Ordinance amending Chapter 46, Section 107 of the Code of Ordinances for members of the General Employees' Retirement Plan to provide for an increase in the monthly benefit to \$1,000 for all retirees' who retired with 20 or more years of service and do not currently receive a monthly benefit of \$1,000, as well as a one-time, ad-hoc 2% annual cost of living adjustment (COLA) for retirees; authorizing the City Manager to execute all necessary documents upon consent of the City Attorney; providing for an effective date.

### **Background**

The City of Key West has a defined benefit plan which is administered by a five-member Board of Trustees. The benefits that an employee receives after retirement are calculated to be a percentage of the employee's salary multiplied by the years of service with the City of Key West. The funding required for this Plan are contributed to the Plan by employees and the City of Key West. Currently, active employees contribute 6% of their earnable compensation to the Plan. The City's contribution is determined each year by an actuarial valuation; however, the current City contribution equates to 11.1% of employees' total payroll. These funds are then invested to ensure that there will be adequate funding in the Plan to pay out future benefits.

A request has been made to implement changes to the General Employees' Retirement Plan by the City of Key West Employees' Retirement Plan Board. These changes consist of the following:

- The implementation of a provision which would identify current retirees who have retired with twenty (20) or more years of credited service, who are currently receiving a monthly benefit less than \$1,000, with an increase of their monthly benefit to equal \$1,000.
- Providing current and future retirees' annual automatic 2% COLA payable each January 1<sup>st</sup>, beginning January 1, 2026, or following the receipt of benefits for five (5) years.

This request provided for an automatic COLA increase for retirees, regardless of the financial position of the City and could potentially be a financial burden for the City to sustain in the future given the current and future economic environment and administration.

After some discussion with the Pension Board, City staff is proposing that the Ordinance language be changed to provide for the following:

- The implementation of a provision which would identify current retirees who have retired with twenty (20) or more years of credited service, who are currently receiving a monthly benefit less than \$1,000, with an increase of their monthly benefit to equal \$1,000.
- An ad-hoc, one-time, 2% COLA increase for all retirees who have retired from the City of Key West with more than 20 years of service, including disability retirees, and joint pensioners or beneficiaries who are receiving benefits as of January 1, 2026.

### **Procurement**

Approval of the new proposal to General Employees' Retirement Plan to provide for an increase in the monthly benefit to \$1,000 for all retirees' who retired with 20 or more years of service and do not currently receive a monthly benefit of \$1,000, and to provide for a one-time, ad-hoc 2% annual cost of living adjustment (COLA) for retirees who are receiving benefits as of January 1, 2026 will cost the City \$61,718, which has been budgeted in the FY2025-2026 General Fund budget.

### **Recommendation**

City Staff recommends the City Commission approve the proposed Ordinance changes to the General Employees' Retirement Plan to provide for an increase in the monthly benefit to \$1,000 for all retirees' who retired with 20 or more years of service and do not currently receive a monthly benefit of \$1,000, and to provide for a one-time, ad-hoc 2% annual cost of living adjustment (COLA) for retirees who are receiving benefits as of January 1, 2026.