

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY OF KEY WEST, FLORIDA,  
AMENDING CHAPTER 46, SECTION 113 OF THE CODE  
OF ORDINANCES TO EXTEND THE DROP  
PARTICIPATION PERIOD FROM FIVE YEARS TO EIGHT  
YEARS FOR MEMBERS OF THE EMPLOYEES'  
RETIREMENT FUND; PROVIDING FOR SEVERABILITY;  
PROVIDING FOR REPEAL OF INCONSISTENT  
PROVISIONS; PROVIDING FOR AN EFFECTIVE DATE.**

WHEREAS, the Board of Trustees of the Key West Employees' Retirement Fund has recommended extending the current Deferred Retirement Option Plan ("DROP") participation period from five years to eight years;

WHEREAS, the City Commission finds that this ordinance will best serve the interests of the citizens of Key West.

NOW, THEREFORE, BE IT ORDAINED by the City of Key West, Florida:

**Section 1:** That Section 46-113 of the Code of Ordinances is hereby amended to read as follows:

**Section 46-113. – Deferred Retirement Option Plan.**

- (a) A deferred retirement option plan (DROP) is hereby created.
- (b) Eligibility to participate in the DROP is based upon eligibility for service retirement or early retirement in the plan.
- (c) Participation in the DROP must be exercised within the first 30 years of employment; provided, however, that participation in the DROP, when combined with participation in the plan as an active member may not exceed 30 years. The maximum period of participation in the DROP is five years. **Notwithstanding the foregoing, effective (INSERT DATE), participation in the DROP must be exercised within the first 33 years of employment; provided, however, that participation in the DROP, when combined with participation in the retirement plan as an active member, may not exceed 33 years. The maximum period of participation in the deferred retirement option plan is eight years.**
- (d) Upon exercising the right to participate in the DROP, an employee's creditable service, accrued benefits and final monthly compensation shall be frozen and 60 highest months of the 120 months immediately preceding participation in the DROP shall be utilized as the compensation basis.
- (e) Payment shall be made into the employee's DROP account as if the employee had terminated employment in the city in an amount determined by the employee's selection of Options 1 and 2 as enumerated in section 46-107(j).
- (f) An employee's account in the DROP program shall earn or lose interest based upon the actual earnings of the plan for the preceding year.
- (g) An employee shall terminate service with the city at the conclusion of five years in the DROP. **Notwithstanding the foregoing, effective (INSERT DATE) an employee shall terminate service with the city at the conclusion of eight years in the DROP.**
- (h) All interest shall be credited to the employee's DROP account at the end of the DROP period.

- (i) Upon termination with the city, an employee shall receive payment within 45 days of the member's request for payment.
- (j) Payments from the DROP may be received as a lump sum, or by rollover to an eligible retirement plan; provided, however, that at all times, the DROP shall be subject to the provisions of the Internal Revenue Code.
- (k) No payment may be made from the DROP until the employee actually separates from service with the city.
- (l) If an employee dies during participation in the DROP, the employee shall be treated as any other vested member in the plan who dies prior to retirement.
- (m) Upon commencement of participation in the DROP, the member shall no longer be eligible for disability retirement from the plan. If a member becomes disabled during the DROP period, the member shall be treated as if he/she retired on the day prior to the date of disability.
- (n) **Employees who are currently in the DROP as of (INSERT DATE) may elect in writing to extend their DROP participation time to eight years total from the date they entered into DROP. Employees who are currently in the DROP must elect to participate in the extension before the end of their initial DROP period. Receipt of the normal service retirement pension shall be deferred for employees opting to extend their participation in DROP until such time as they terminate their employment with the City, but not to exceed eight years from initial entry into the DROP.**

**Section 2:** It is the intention of the City Commission, and it is hereby ordained that the provisions of this Ordinance shall become and be made a part of the Code of the City of Key West, that the sections of the Ordinance may be renumbered or relettered to accomplish such intentions; and that the word “Ordinance” shall be changed to “Section” or other appropriate word.

**Section 3:** If any clause, section, or other part or application of this Ordinance shall be held in any court of competent jurisdiction to be unconstitutional or invalid, such unconstitutional or invalid part or application shall be considered as eliminated and shall not affect the validity of the remaining portions or applications which shall remain in full force and effect.

**Section 4:** All ordinances or parts of ordinances, resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

**Section 5:** This Ordinance shall be effective as of \_\_\_\_\_, 2024.

Read and passed on first reading at a regular meeting held this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

Read and passed on final reading at a regular meeting held this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

Authenticated by the presiding officers and the Clerk of this Commission on this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

Filed with the Clerk on this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

---

TERI JOHNSTON, MAYOR

ATTEST:

---

KERI O'BRIEN, CITY CLERK