400 S. Federal Hwy
Hallandale Beach, FL 33009
07162025

City of Hallandale Beach
City Commission Agenda Cover Memo

Meeting Date:	File No.:	Item Type:		1st Reading	2nd Reading
8/5/2026	**26-215**	☒ **Resolution** ☐ **Ordinance** ☐ **Other**	Ordinance Reading	**N/A**	**N/A**
			Public Hearing	☐	☐
			Advertising Required	☐	☐
			Quasi-Judicial:	☐	☐

Fiscal Impact ($):	Account Balance ($):	Funding Source:	Project Number:
$193,372.80	**Salary Savings**	**512000**	**N/A**

Contract Required:		P.O. Required:		RFP/RFQ/Bid Number:	Sponsor Name:	Department:
☐Yes	☒No	☐Yes	☒No	**N/A**	**Radu Dodea, Director of Human Resources/Risk Management**	**Human Resources/Risk Management**

Strategic Plan Focus Areas:				
☒ **Fiscal Stability**	☐ **Resident Services**	☐ **Public Safety**	☐ **Infrastructure & Mobility**	☐ **Economic Development & Affordable Housing**

Implementation Timeline:	
Estimated Start Date: 8/5/2026	Estimated End Date: 9/30/2026

SHORT TITLE:

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF HALLANDALE BEACH, FLORIDA, AUTHORIZING ESTABLISHMENT OF A RETIREMENT HEALTH SAVINGS ACCOUNT PROGRAM FOR CLASSIFICATION OF POLICE CHIEF AND ONE-TIME CITY CONTRIBUTION; AND PROVIDING AN EFFECTIVE DATE.

STAFF SUMMARY:

Summary:

The proposed Resolution amends Retirement Health Savings ("RHS") Plan No. 800544 to include the classification of Police Chief and authorizes a one-time City contribution of $193,372.80, representing the estimated cost of retiree double health insurance coverage for ten (10) years.

This recommendation is the culmination of the City's comprehensive review of retirement benefits and pension programs across all employee groups. Over the past year, the City has implemented retirement benefit enhancements for members of the Police bargaining unit, General Employees, and Not-Represented employees. These initiatives were designed to improve retirement benefits, support employee recruitment and retention, address workforce transition planning, and provide the City with greater flexibility in managing long-term retirement obligations and pension-related liabilities.

Following implementation of these initiatives, staff identified a remaining retirement benefit disparity affecting the Police Chief classification due to statutory pension compensation limitations and the position's ineligibility for overtime compensation. The proposed RHS amendment is intended to address that disparity while further advancing the Commission's goals of promoting retirement benefit sustainability, reducing future financial exposure, and creating predictable retirement-related costs. Similar to the pension window opportunities recently approved for General Employees and Not-Represented Employees, this recommendation supports the City's broader strategy of managing long-term pension obligations by creating retirement pathways that may encourage earlier separation from service and limit future liability growth.

Background:

Over the past year, the City has undertaken a comprehensive evaluation of retirement benefits and pension programs across all employee groups. As part of this effort, the City approved pension enhancements for members of the Police bargaining unit, including an increase to the Tier 2 pension multiplier, revisions to the Final Average Compensation calculation, and an extension of participation in the Deferred Retirement Option Program (DROP) from five (5) years to eight (8) years. These enhancements were implemented following a review of actuarial impacts and consideration of the City's long-term fiscal stability.

During the same period, the City approved retirement benefit enhancements for General Employees and Not-Represented Employees, including the establishment of pension window opportunities intended to support workforce transition, succession planning, and long-term pension sustainability. In evaluating those initiatives, the City considered opportunities to reduce future pension liabilities, generate long-term savings, improve predictability of retirement-related costs, and provide flexibility in managing future workforce needs. A primary objective of these initiatives was to provide eligible employees participating in legacy defined benefit pension plans with opportunities to retire/enter the Deferred Retirement Option Plan (DROP) earlier than they otherwise may have, thereby limiting the continued growth of pension liabilities associated with additional years of service, salary increases, and future benefit accruals. The City Commission supported these initiatives as part of a broader effort to responsibly manage long-term retirement obligations while maintaining competitive retirement benefits for employees.

As part of this broader review, staff evaluated the retirement benefits available to executive-level positions and identified a remaining disparity affecting the Police Chief classification.

The City currently maintains Retirement Health Savings (“RHS”) Plan No. 800544 for eligible classifications, including the classification of Mayor. RHS plans provide a tax-advantaged mechanism to assist eligible retirees with post-employment healthcare expenses through employer contributions in accordance with applicable federal regulations and plan provisions.

The proposed amendment expands participation in the existing plan to include the classification of Police Chief.

This amendment is being recommended in consideration of pension equity concerns resulting from statutory pension compensation limitations applicable to the Police Chief position. Due to the pensionable earnings cap, Police Chief Michel has been significantly impacted in his ability to realize retirement benefits proportionate to his years of service and level of responsibility. Unlike other members of the Police Department, the Police Chief classification is exempt and not eligible for overtime compensation opportunities that may otherwise increase pensionable earnings for sworn personnel.

As a result, the proposed Retirement Health Savings contribution is intended to provide an equitable supplemental retirement healthcare benefit that partially offsets the financial impact associated with the pension cap limitations and the absence of overtime eligibility. The proposed one-time contribution reflects the estimated cost of retiree double coverage health insurance for a ten-year period and supports the City's commitment to equitable executive compensation and retention practices.

Current Situation:

The City desires to amend RHS Plan No. 800544 to include the classification of Police Chief and authorize funding associated with the retiree health benefit obligation through a one-time contribution.

The proposed contribution amount of $193,372.80 reflects the estimated cost of retiree double coverage health insurance for a ten-year period.

Why Action is Necessary:

Approval of this item is necessary to formally amend the existing RHS Plan and authorize the associated contribution for the Police Chief classification in accordance with the City's retirement and benefit planning objectives.

Cost Benefit:

The proposed one-time contribution of $193,372.80 provides the City with a fully funded and predictable retirement-related cost while addressing a retirement benefit disparity affecting the Police Chief classification. By funding the benefit upfront, the City avoids future actuarial cost escalation that could otherwise result from additional pension-based enhancements.

In addition, the recommendation is consistent with recent retirement initiatives approved by the City Commission that were designed to reduce the long-term growth of pension liabilities by providing employees participating in legacy pension plans with opportunities to retire or enter DROP earlier. Similar to those initiatives, the proposed RHS benefit creates an alternative retirement planning vehicle that may facilitate future workforce transitions while helping the City avoid additional retirement costs.

This approach is consistent with prior Commission discussions regarding retirement benefit alternatives that provide employees with meaningful retirement security while reducing long-term liability growth and creating greater predictability in future retirement-related costs.

Consistent with the retirement strategies recently approved for Police employees, General Employees, and Not-Represented Employees, this recommendation supports the City's long-term financial objectives by utilizing an alternative retirement benefit structure that does not create an additional ongoing pension liability. Rather than increasing future pension obligations, the proposed RHS contribution is funded upfront and establishes a fixed and known cost.

Similar to the pension window strategies previously approved by the City Commission, this approach provides flexibility in managing future retirement obligations, supports workforce and succession planning initiatives, and reduces the City's exposure to future retirement-related cost escalation. The recommendation is therefore consistent with the Commission's previously expressed goals of promoting retirement benefit sustainability while maintaining competitive compensation and retention practices.

PROPOSED ACTION:

Staff recommends approval of the attached Resolution.

ATTACHMENT(S):

Exhibit 1 – Resolution
Exhibit 2 – Amendment to RHS Plan 800544

Prepared By: *Radu Dodea*
Radu Dodea
Human Resources/Risk Management Director

Reviewed By: *Noemy Sandoval*
Noemy Sandoval
Assistant City Manager