



Legislation Text

File #: 20-0006, **Version:** 1

Summary

To: Town Commission
From: Stefan Massol, Director of Support Services
Date: 1/21/2020

Subject:

Second Reading of Ordinance 528-Amending Police Officers' Retirement System

Background/Problem Discussion: At the meeting on November 19, 2019 the Town Commission heard and passed Ordinance 528 on first reading. This is the second reading for this same ordinance. The Police Pension Board reviewed these changes on January 15, 2020 recommending they be submitted to Town Commission as provided.

The only substantive difference between the ordinance provided at first reading and the final version is a definitional clarification of "Salary". The Fraternal Order of Police (FOP) and the Town had agreed previously that special duty pay performed for a separate and independent employer should not be included in the calculation of pension benefits. This update to the ordinance would memorialize that change. This addition is shown as "Section 1", and all other section numbers were shifted by one as a result. Changes between versions of the ordinance language are marked in Red and enclosed as an attachment.

Changes to the retirement system must be approved as an ordinance by the Town Commission. This is the second of two readings to enact changes to the pension plan negotiated with the FOP, in addition to new language needed based on changes to IRS code. Those changes are described in an enclosed letter from the previous pension board attorney.

FOP negotiated terms are as follows:

1. For all new officers: A reduction in pension benefit from 3.5% to 3%
2. A 2% increase in required officer contributions from 6% to 8%,
3. A change in normal retirement from 55 years old & 5 years of service to 55 years old and 10 years of service.

An impact statement has been prepared from the pension plan actuary, Patrick Donlan of Foster & Foster. The impact of the ordinance change will be realized gradually over the coming years, but is anticipated to eventually save the town 9.2% of covered payroll per year in the police retirement contribution by the town. Based on the previous year's reported payroll, this 9.2% equates to annual savings of approximately \$109,000. These savings will not be realized all at once, but instead come over time as current officers retire and new officers are hired.

Recommendation: Approval of Ordinance 528-Amending Police Officers' Retirement System as provided on second reading.

Proposed Motion: I move approval of Ordinance 528-Amending Police Officers' Retirement System as provided on second reading.