

Legacy Cost Committee
10 N Division St Suite 302A
December 17, 2018 3:00pm

Attendees: City Manager Rebecca Fleury, IAFF President Chris Love, Finance Director Linda Morrison, Labor Relations Attorney Nancy Mullett (via conference), SEIU President Penny Hepler, DPW Director Chris Dopp, Sergeant Todd Elliott, Commissioner Susan Baldwin (via conference), The Planning Group's Rick Tsoumas

Also present: Sarah McGinnis, Brandon Fornier

Meeting started at 3:05pm

Police & Fire Pension Discussion:

Rebecca Fleury discussed the options recommended for the Police & Fire Pension. Employee contributions are currently pre-tax and proposed to increase .5% per year over the next five years. Proposed to work towards reducing the pension multiplier. It is currently 3% and there is discussion about reducing to 2.5% for new hires. Work towards elimination of special pays such as longevity, education allowances and all overtime in final average compensation (FAC) calculations. In addition to the bullet points on the handout, it was suggested that there be consideration of elimination of vacation payout upon termination in the FAC. Nancy Mullett stated that Fire overtime has the most impact to pension, more than anything else. Overtime mandates may need to be discussed during the next contract negotiations. Discussed the possibility of hard caps for the percentage of final average compensation for annual pension benefits. Discussed automatically enrolling new employee's in the City's 457 defined contribution to encourage them to supplement their current defined benefit pension plans with discussion of the 2nd tier of Police and Fire to get a match from the City. Police and Fire years of military service time may need to be purchased at the end of a career and not at the beginning. There was discussion about taking it away but it is a benefit the City wants to offer. Currently the City's actuarially determined additional contribution for any military time purchased is rolled into future year's percent contribution. Discussion about making that payment in a more 'up-front' manner by including those costs in the next year's P&F pension millage.

Chris Love gave four handouts to Committee members with pension benefit comparisons of police/fire with non-police/fire plus social security as well as potential savings to the Fire Retiree Health Care plan with changes in health plan options

- The Committee recommended adding the City's cost of military time purchases to the next fiscal year's P&F pension millage (in order to show that amount as a contribution 'up front' rather than over many future years).

Other Post-Employment Benefits (OPEB) Discussion:

Rebecca Fleury discussed the OPEB program options. Possibly set up a qualified medical trust fund for pay as you go stipends that would be designated for retirement health system funding. Create a system to require retirees to use health plans of current employers if available, including spouses. Linda Morrison stated we need an audit of the number of people in each of the different health insurance plans. Phase out all health insurance stipends for all non-police & fire retirees. For active employees the City should strategically eliminate health insurance stipends for non-represented employees effective 7/1/19. Maybe we stop offering the traditional PPO "Cadillac" plan and offer partial HSA or 457 plan contributions fill to soften the change. Possibly work towards elimination of the ability for retirees to purchase health insurance from the City, or only offer the ability to purchase to retirees until they are Medicare eligible. For retirees we should consider directing 401h retirees to purchase Medicare supplement insurance in the marketplace while maintain the subsidy program. We could also consider a buy-out program for the 401h retirees. Eliminate the Community Blue PPO plan from the offerings to employees, find a lower plan.

- The Committee recommended the establishment of a qualified medical trust for funding of non-police and fire health insurance stipends. This trust would be designated only for retirement health system funding.
- The Committee recommended the City ensure there is a system to require retirees to use health plans of current employers if available, and spouses to utilize benefits from their employer, if available. Require an annual statement from City plan participants that they do not have those other plans/benefits available.

Next meeting date: February 13th at 3:00pm Room 302A

Adjourned: 4:30pm