



BERLIN MAYOR AND COUNCIL

Work Session Meeting Agenda

**Berlin Town Hall
10 William Street
Monday, February 13, 2023**

6:00 PM WORK SESSION – Council Chambers

Work Session of the Mayor and Council to discuss the Law Enforcement Officers' Pension System (LEOPS).

Work Sessions are open to public attendance, but public participation is at the discretion of the Mayor.

To access the Meeting via Facebook, please click the blue Facebook icon at the top of any page on www.berlinmd.gov, or type @townofberlinmd in the Facebook search bar. QR code links to online packet. Anyone having questions about the meetings mentioned above or needing special accommodations should contact Town Administrator Mary Bohlen at (410) 641-2770. Written materials in alternate formats for persons with disabilities are made available upon request. TTY users dial 7-1-1 in the State of Maryland/outside Maryland dial 1-800-735-2258.





STAFF REPORT

TO: Mayor and Council

FROM: Kelsey Jensen, Human Resources Director

MEETING DATE: February 13, 2023

SUBJECT: Law Enforcement Officers Pension System (LEOPS) Study

SUMMARY:

Town Administrator Mary Bohlen, Police Chief Arnold Downing, and I took part in a call with Maryland State Retirement System (MSRS) representatives Patricia Fitzhugh, Mark Ashland, and Sabeena Sylvester to discuss the results of the LEOPS Study and the requirements if we choose to move forward. Ms. Fitzhugh indicated that we need to formally inform MSRS of our intent to enroll (if so) by March 1, 2023, for it to be effective for FY 2024. Therefore, action should be taken at the February 13th Mayor and Council Meeting to allow sufficient time.

In order to work through any questions the Mayor and Council may have prior to the Regular Session on Monday, February 13th at 7:00 PM, there will be a Work Session of the Mayor and Council on Monday, February 13th at 6:00 PM.

A requirement of MSRS of any agency to be able to join LEOPS is to conduct a formal vote of our sworn officers to determine if a minimum of 60% of active (on the payroll) are in favor of moving to LEOPS. The State will not consider enrollment without that threshold. The Police Department did hold a formal written vote where 100% of active officers voted in favor of becoming participants in LEOPS. Those votes were in writing and include the voting officers' names to avoid any questions later on; they have also been collected and are being kept in my office. Even if the determination is to move forward with enrollment for the organization, active officers will have the option not to enroll if they don't feel that their personal situation would be favorable. However, if active officers decide not to participate in LEOPS and continue with the current retirement system, that decision is irrevocable. Once enrolled all new hires will automatically be enrolled without a choice and the Town will be committed to continue with LEOPS; the Town will not have the ability to unenroll from LEOPS in the future.

Following the Worksession, during the Regular Session immediately following, the Council will consider a written Motion to approve enrollment. Following that vote, the Motion and active officer's votes will then be provided to MSRS where we will discuss the next steps in more detail. MSRS indicated that they will draft a resolution for approval by Berlin if we choose to participate.

FINANCIAL IMPACT:

One notable consideration is that MSRS bills annually. The annual bills are sent in December each year and include the prior fiscal year. If the determination is to move forward with LEOPS on July 1, 2023, we will not see a bill for LEOPS until December 2024, this bill would be for July 1, 2023 through June 30, 2024. This is currently how the billing takes place, so past year one it will become part of our annual budgeted bills. But for the bill we will receive in December 2023, LEOPS will not be a factor as it will include July 1, 2022 to June 30, 2023.

All projections regarding the cost of LEOPS have been attached. These percentages, as are the current Employee's Pension System percentages, are subject to change and typically vary slightly from year to year. I will also include a report showing the ten-year history of the LEOPS percentage costs for reference. The created report assumes there is a two percent salary increase each year and that there are 14 sworn officers.

OPTIONS FOR CONSIDERATION:

Approve enrollment for Town of Berlin sworn law enforcement officers in the LEOPS or continue those personnel in the same MSRS system provided to all other Town employees.

STAFF RECOMMENDATION:

I would recommend that we pursue the LEOPS program for our officers. Public and staff safety is a top priority. This program will allow our officers to retire at an earlier age which will create a safer work environment for them and the agency. It will make us competitive with surrounding agencies and will assist with recruitment and retention efforts, as employees are our number one resource.

ADDITIONAL INFORMATION/ATTACHMENTS:

- LEOPS PROJECTIONS REPORT
- TEN-YEAR HISTORY OF FUNDING PROGRESS

LEOPS-Town of Berlin

Updated: 01.25.2023

| <u>Current Payroll w/vacancies</u> | <u>FY24</u> | <u>FY25</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> | <u>FY31</u> | <u>FY32</u> | <u>FY33</u> |
|------------------------------------|--------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| \$929,166.68 | \$947,750.01 | \$966,705.01 | \$986,039.11 | \$1,005,759.90 | \$1,025,875.09 | \$1,046,392.60 | \$1,067,320.45 | \$1,088,666.86 | \$1,110,440.19 | \$1,132,649.00 |
| <u>Cost for current retirement</u> | | | | | | | | | | |
| \$101,651 | \$103,684 | \$105,758 | \$107,873 | \$110,030 | \$112,231 | \$114,475 | \$116,765 | \$119,100 | \$121,482 | \$123,912 |
| <u>Cost for LEOPS</u> | | | | | | | | | | |
| \$342,955.42 | \$349,814.53 | \$356,810.82 | \$363,947.04 | \$371,225.98 | \$378,650.50 | \$386,223.51 | \$393,947.98 | \$401,826.94 | \$409,863.48 | \$418,060.75 |
| <u>Credit</u> | | | | | | | | | | |
| -10,515 | -10,515 | -10,515 | -10,515 | -10,515 | -10,515 | -10,515 | -10,515 | -10,515 | -10,515 | -10,515 |
| <u>Net/Adjusted Cost</u> | | | | | | | | | | |
| \$332,440 | \$339,300 | \$346,296 | \$353,432 | \$360,711 | \$368,135 | \$375,709 | \$383,433 | \$391,312 | \$399,348 | \$407,546 |

DIFFERENCE Between Employee System and LEOPS

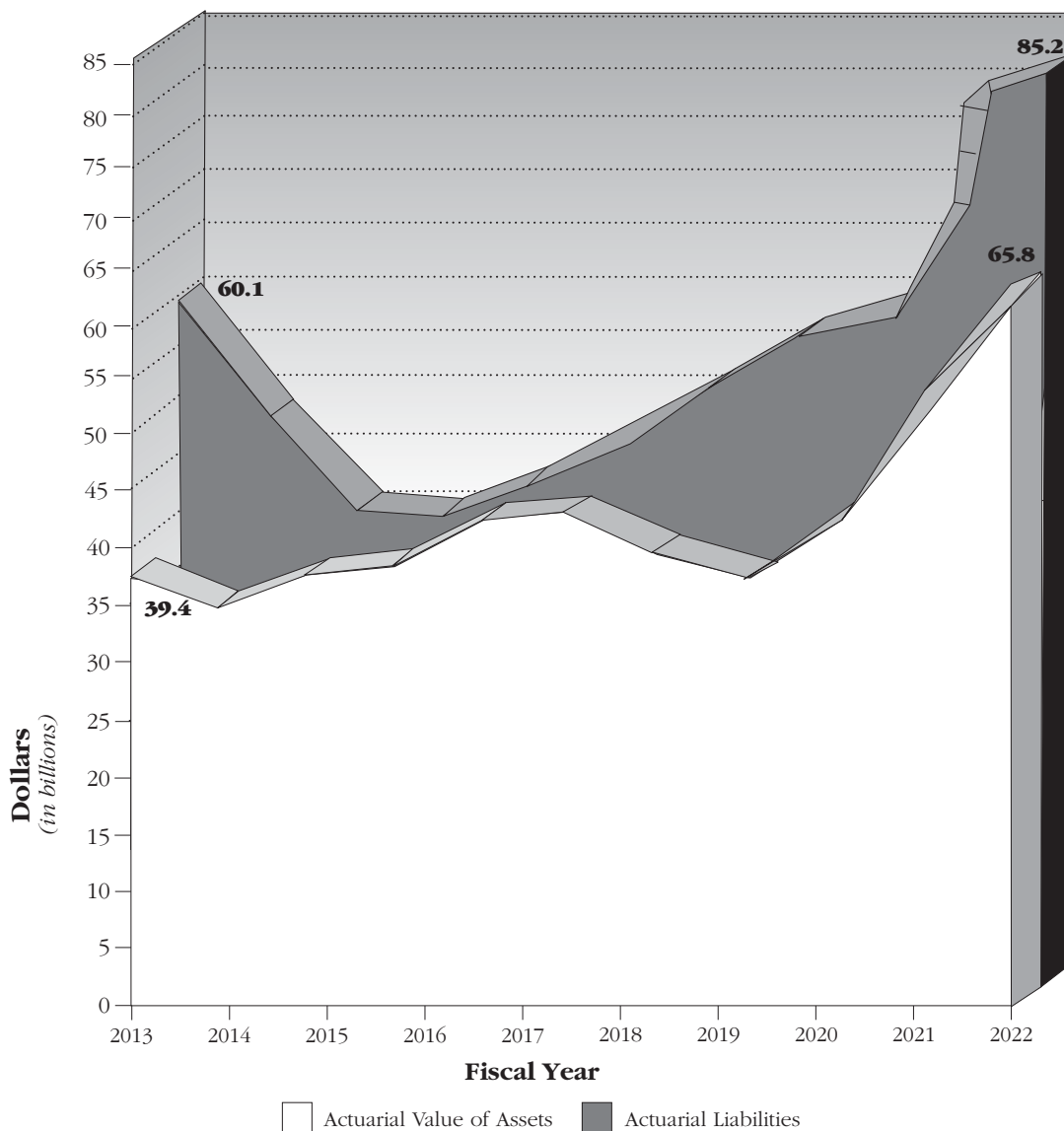
| | | | | | | | | | | |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| \$230,790 | \$235,616 | \$240,538 | \$245,559 | \$250,681 | \$255,905 | \$261,233 | \$266,668 | \$272,212 | \$277,866 | \$283,634 |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

*Assumption is a 2% pay increase every year and that we employ 14 sworn officers

**The cost of LEOPS will vary from year to year - I have attached a 10 year sheet to show the changes over time

***State Retirement is billed annually in December - if we join in July 2023, we will not see a bill until December 2024. They close the year out and bill based on fiscal year

TEN-YEAR HISTORY OF FUNDING PROGRESS



TEN-YEAR HISTORY OF EMPLOYER CONTRIBUTION RATES BY PLAN

| State | | | | | | | Participating Governmental Units (PGU) | | |
|-------------|---------------------|-------------------------|--------------------------|--------------------|-------------------------|-----------------------------------|--|--------------------------|-----------------------------------|
| Fiscal Year | Combined State Rate | Teachers' Combined Rate | Employees' Combined Rate | Judges' Retirement | State Police Retirement | Law Enforcement Officers' Pension | Law Enforcement Officers' Pension | Employees' Combined Rate | Correctional Officers' Retirement |
| 2013 | 13.85% | 13.29% | 12.29% | 61.18% | 61.21% | 46.81% | 28.71% | 5.46% | 7.96% |
| 2014 | 15.43 | 14.71 | 14.05 | 50.92 | 66.71 | 52.47 | 31.76 | 6.47 | 9.41 |
| 2015 | 16.41 | 15.47 | 15.53 | 42.74 | 83.06 | 41.37 | 30.45 | 6.20 | 11.43 |
| 2016 | 16.83 | 15.71 | 16.38 | 40.70 | 78.91 | 39.77 | 31.94 | 5.00 | 10.43 |
| 2017 | 17.58 | 15.79 | 18.28 | 46.56 | 81.40 | 39.60 | 31.18 | 4.64 | 9.81 |
| 2018 | 17.60 | 15.71 | 18.56 | 46.45 | 80.29 | 39.69 | 30.75 | 5.03 | 9.53 |
| 2019 | 17.42 | 15.43 | 18.58 | 44.53 | 78.41 | 39.78 | 31.43 | 5.47 | 9.85 |
| 2020 | 17.82 | 15.59 | 19.56 | 44.44 | 79.58 | 41.37 | 32.22 | 5.85 | 10.26 |
| 2021 | 17.85 | 14.96 | 20.71 | 40.27 | 78.09 | 42.96 | 34.93 | 6.71 | 9.67 |
| 2022 | 17.50 | 14.67 | 20.50 | 41.92 | 75.30 | 42.28 | 34.21 | 7.04 | 11.06 |

Does not include reduction of \$120 Million in contributions for State Systems due to 2011 General Assembly reforms.



MEMO

TO: Council

FROM: Mayor Zack Tyndall

MEETING DATE: Wednesday, February 8, 2023

SUBJECT: LDC Multi-Year Planning Work Session

SUMMARY

Each September, the Worcester County Local Development Council (LDC) requests line-item details regarding the use of local impact grant funds that were expended for the fiscal year. In September of 2022, the Town of Berlin's Finance department completed the Local Impact Grant Itemization Sheet provided by Worcester County. During this time, we informed the LDC that the Town of Berlin had completed the repayment to the general fund for the construction of the Berlin Police Department on Decatur Street. The LDC has requested that the Town of Berlin submit a new multi-year plan regarding the future use of casino revenues.

FINANCIAL IMPACT

The Town of Berlin has received the findings from the LEOPS study and projects the following expenditures between fiscal year 2024 and fiscal year 2026.

| | |
|--------|-----------|
| FY2024 | \$236,000 |
| FY2025 | \$241,000 |
| FY2026 | \$246,000 |

During those same fiscal years, the Town of Berlin projects casino revenues to be \$418,142 in FY2024, \$458,284 in FY2025, and \$502,279 in FY2026.

RECOMMENDATION

Due to the potential uncertainty regarding the exact amount of casino revenues the Town of Berlin will receive in a fiscal year and understanding that once the Town of Berlin commits to entering into LEOPS this commitment will continue in perpetuity. We recommend establishing a LEOPS Stabilization Fund in the amount of \$300,000 with the understanding that the future balance of this stabilization fund will need to be reevaluated in FY2033. The LEOPS Stabilization

Fund will provide the Mayor and Council with a full year of LEOPS payments in the event casino revenues fall below our projections.

After the creation of a LEOPS Stabilization Fund, the Town of Berlin is projected to have a balance of \$81,517 to allocate toward other projects within the legislation for FY2023.

In FY2024, FY2025, and FY2026, the recommendation is to use casino funds first to cover the difference in cost between the existing state retirement system and the cost of providing LEOPS. After covering the cost of LEOPS each year, the Town of Berlin is projected to have a balance of \$182,142 in FY2024, \$217,284 in FY2025, and \$256,279 in FY2026.

ADDITIONAL INFORMATION/ATTACHMENTS