

MINUTES
WORK SESSION MEETING OF THE PERRY CITY COUNCIL
AUGUST 7, 2007

1. Call to Order: Mayor James Worrall, Presiding Officer called to order the work session meeting held August 7, 2007 at 5:00 p.m.

2. Roll:

Elected Officials Present: Mayor James Worrall, Presiding, Mayor Pro-Tempore Joe Kusar, Council Members: Brian Bowen, Riley Hunt, Bobby Glover, Phyllis Bynum-Grace, and James Moore.

Staff/Guests/Press: City Manager Lee Gilmour, Director of Administration Brenda King, Gas Supervisor Danny Barfield, and Recording Secretary Annie Warren.

Guests:

Police Department: Chief George Potter, Captain Bill Phelps, Captain Heath Dykes, Lt. Bruce Ham, Lt. James Buck, Lt. Willie Johnson, Lt. Terry Stinson Sgt. Leon Roberts, Sgt. Chris Sutcliff, Sgt. Tony Sellers, Sgt. Ray Jackson, Sgt. Keith Kindle, Sgt. Ken Ezell, Sgt. Mike Hamsley, Sgt. Eric Phillips, Sgt. Daniel Sweat, and Sgt. Jason Jones.

Fire Department: Deputy Chief Joel Gray, Lt. Joe Boone, Lt. Billy Gordon, Lt. Robby Rowell, Sgt. Jessie Riner, Sgt. Jeff Patterson, Sgt. Chris Kersey, Firefighter Devin Roberts, Firefighter Brett Warmack, Firefighter Kenneth Genthner, and Firefighter Jeremy Duncan.

Press: Ms. Charlotte Perkins, Houston Daily Journal and Ms. Natasha Smith, Macon Telegraph.

3. Items of Review/Discussion:

- 3a. Early retirement for Public Safety Personnel:

Retirement: City Manager Lee Gilmour addressed the Council about the Council request to get a cost estimate for normal early retirement plan based on what the City of Warner Robins plan for only positions that are defined as certified by the state as hazardous positions. i.e. Police Officers and Firefighters. The normal early retirement plan for hazardous positions set the age of retirement for those positions at age 55, assuming they have served 25 years of service. Currently in the City of Perry plan an employee is vested

after 5 years can retire early at age 55 or they can retire at the regular age of 65, the City does not provide any health insurance for any retiree. Payroll cost for FY 08 for the hazardous positions is \$2,111,100 for 58 positions at the retirement rate of 8.37% the cost paid by the City would be \$176,700. The City of Perry would pay 100% of the retirement costs. Mayor-Tempore Joe Kusar asked if these estimates was based on an annually basis. City Manager Lee Gilmour stated that all of the estimates are based on an annual basis. The budgeted cost for FY 08 with the same vested, retirement age and post employment benefits is \$2,130,900 for 58 positions at the retirement rate of 8.40% the cost paid by the City would be \$179,000. The amendment to retirement plan authorized by the Council has an employee with 5 years vested could retire early at age 55 or at regular retirement at age 65 with the stipulation that if any age if unable to meet physical/metal perimeters of job classification, then that employee would be able to have a disability retirement. With the disability retirement the City would pay for health insurance up to 18 months. The amendment to retirement plan rate is 8.67% at \$183,000 paid by the City, with the difference from Budget is \$4,000 which the Council will pick up from what they have indicated and the PEBC cost would be \$24,700, of course the City would not know how many employees will be disabled this is an estimate. The amendment to retirement plan to provide alternative Normal Retirement to City plan for hazardous duty personnel has 10 vested, retirement age of 55 and 25 years of service, with health insurance paid until age 65. Payroll cost would be \$2,111,100 with the retirement rate 9.69% for 58 positions would be \$204,700 paid by the City. The difference between the budget would be \$25,700. Mayor Pro-Tempore Joe Kusar asked if any hazardous duty personnel who have worked for the City for less than 10 years they would not be eligible for retirement; and under the current City plan even after 5 years of service you are fully vested in the normal retirement plan and if they leave and work somewhere else they would still collect the pension from the City at the normal retirement age. City Manager Lee Gilmour stated that Mayor Pro-Tempore Joe Kusar was correct, that you are fully vested under the current City plan in 5 years and would receive a pension from the City. Council Member Bobby Glover asked if City Manager Lee Gilmour used the GMA for the retirement for estimating the cost of the retirement plan. City Manager Lee Gilmour stated that the estimate was based on the GMA report and the City of Warner Robins retirement plan. If council members say 'yes' we agree to provide the early retirement of the 55 with 5 years service or the 55 and 25 years of service that would cost the City an additional \$25,700. Mayor Pro-Tempore Joe Kusar asked is the additional

money based on the rate of 9.69% for Public Safety personnel or the 9.07% for all City employees. City Manager Lee Gilmour stated that the \$25,700 is based on a set figure that the City would additionally have to pay.

Health insurance costs- City Manager Lee Gilmour stated that there has been a significant change on the national level that stipulates that all governments over the course of next 3 years depending on the size of government entity would have to account for on their books what their potential liability is for post employment benefits. Potential cost for FY 08 for health insurance program that is currently in place would be \$4,524,300. Unlike the retirement plan every year employee has the option to join or not participate in the health insurance program. Council Member Bobby Glover asked if an employee has to show proof of his eligibility for the health insurance such as any preexisting conditions. City Manger Lee Gilmour stated that generally for eligibility for the health insurance it is open enrollment and that most employees who do not have health insurance simply can not afford to retire. Most employees as they reach the retirement age will enroll in the health insurance program. To fund the \$4,524,300 for health insurance coverage 2 to 10 years the millage rate would go from 13.05 mills to 13.35 mills. Eligible persons in the next 10 years are 10 from the police services and 0 from the fire services. This is based on the City's lifetime cost increase in health coverage 6.39%.

Matters to Consider: City Manager Lee Gilmour stated that these are positions from the City Manager. Hazardous duty personnel unable to perform may be better serviced with the disability option. The high cost particularly for health insurance, must be accounted for even through many hazardous duty personnel will not collect due to leaving service for other reasons. The issue will be raised about reviewing other employee's classifications that may have data supporting as dangerous duty i.e. sanitation workers. Recent experience shows that retirement rate will increase over time as will the health contributions increasing geometrically the City's costs. Hazardous duty personnel will expand by a significant amount in the next 5 years, i.e. fire services from 19 to 25 greatly impacting the costs of both direct costs and benefits. Currently the employees participating in the deferred compensation is 23.88%. Retirement benefits are determined by the five (5) highest years of income, years of service, number of beneficiaries, the condition of the economy. Mayor James Worrall thanked City Manager Lee Gilmour for compiling all the data to present to the Council and asked if any council member had any questions. Mayor Pro-

Tempore Joe Kusar asked if there was an actuary study for the health insurance estimates, City Manager Lee Gilmour stated that not at this time but in recent days have found out from county officials about an actuary who could do the work. Council Members all generally agreed that they wanted an actuary findings on the cost of the healthcare benefits. Chief George Potter, who noted that he would not be eligible for the early retirement option, (He would be 72 by the time he reached 25 years with the City) suggested that the council plan on voting on the pension benefit while waiting for further information on the health insurance costs. Council Member Phyllis Bynum-Grace agreed with Chief Potter about separating the pension plan and the health insurance plan by a separate vote. Council Member Brian Bowen preferred to vote on the full package at one time instead of separating them out. Mayor James Worrall said that there was some interest in pursuing an actuary, the minimum fee is about \$1,400. Council Member James Moore said he would like to see what the costs would be for an actuary study. City Manager Lee Gilmour stated that it's a good idea to get an actuary, but stated an actuary would have about the same figure that has been presented to the Council on health insurance. Council Member Brain Bowman stated that an outside source of cost estimates for the health insurance would be a better for the City. City Manager Lee Gilmour asked the Council if they wanted to separate the retirement pension from the health insurance plan, and decide if these plans should be for just Public Safety or all City employees. At the time of the next work session City Manager Lee Gilmour will present Council with the name of an actuary to do the work and time frame for having a report, and costs involved. Capt. Heath Dykes told the Council that because the City did not offer pension benefits to the police department until 1987, there were three long-term officers, Willie B. Johnson, Ray Jackson, and Bruce Ham who would not be eligible now, despite having put in 31 years, 25 years, and 34 years respectively, and all three being over 55. Unless there is some type of provision made for veteran officers they would be ineligible for the pension. City Manager Lee Gilmour stated that this is a totally separate issue relative to whether you go with the early retirement of 55 or not, it impacts certain employees but is a separate issue for the Council to decide what they want to do for those employees that are impacted by that and the major issue is does the Council think that its appropriate to change our retirement plan to allow for full retirement at age 55. Mayor James Worrall, stated that Council Member Riley Hunt suggested that Council give City Manager Lee Gilmour more time to come back and present to Council, and members concurred. Mayor James Worrall, thanked all personnel

that came and participate in the meeting and assured them that the Council was working hard to resolve this issue.

4. Other Items as needed: None

5. Adjournment: There being no further business to come before the Council at the work session meeting held August 7, 2007, the meeting was adjourned at 6:10 p.m.