

Memorandum

To: Members of City Council
Mayor Elinor Carbone

From: Jaime M. LaMere, Personnel Director

Date: March 17, 2022

Re: DROP negotiations with Local 442 (PD)

Background:

The Personnel Department has been engaged in negotiations with Local 442 (PD union) regarding the implementation of a Deferred Retirement Option Plan (DROP) to address employee retention concerns at the Police Department. Along with municipalities across the State of Connecticut and nationwide, the City of Torrington is experiencing difficulty in recruiting and retaining police officers. See attached article *The State of Recruitment: A Crisis for Law Enforcement* published by the International Association of Chiefs of Police and news article *Police departments struggle to recruit into 'difficult profession'*.

What is DROP?:

A Deferred Retirement Option Plan provides employees who are retirement eligible to keep working for a specified period of time. Instead of collecting their monthly pension, the employer sets aside the monthly pension payment as long as the employee continues to work. Upon separation from City service upon the completion of the DROP period, the employee receives the lump sum of the pension amount set aside.

DROP Example:

Officer John Doe is eligible to retire on 6/30/2022 after 25 years of service. Officer Doe wants to continue to work for the TPD, but he has maxed out his pension benefit under the terms of the collective bargaining agreement at year 25. Under a DROP, Officer Doe can elect to retire and will be considered retired for purposes of freezing his pension calculation. No further pension benefits will accrue after entering into DROP-- Officer Doe and the City would no longer contribute to his pension. However, under the terms of a DROP, Officer Doe can continue to work in his same capacity in the Department as when he retired for a period of 3-5 additional years. During the DROP, Officer Doe will earn his regular pay from his work as an officer in the Police Department. Meanwhile, the pension payment Officer Doe would have received each month had he not continued to work would be set aside for Officer Doe in the pension

plan account and would be payable to him in a lump sum plus interest (minus an administrative fee) within 30 days after the completion of his DROP period.

Benefits of DROP:

- City retains seasoned employees with institutional knowledge for an additional 3-5 years.
- City retains certified officers in a time when it is difficult to recruit and retain officers.
- City has longer period of time to plan for succession upon retirement of seasoned employees.
- Stability in the Police Department.

Other municipalities with DROP:

- Norwalk
- East Hartford
- Enfield

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement ("Agreement") is entered into by and between the City of Torrington ("City") and Torrington Police Union ("Local 442, Council 4, AFSCME, AFL-CIO", "Union").

WHEREAS the City and the Union are parties to a Collective Bargaining Agreement covering the period of July 1, 2021, through June 30, 2023 ("Collective Bargaining Agreement"); and

WHEREAS the parties wish to memorialize their understanding of the terms and conditions of the implementation of a Deferred Retirement Option Plan (hereinafter "DROP") intended to provide an alternative retirement option to all current employees who are eligible to retire under the terms of the collective bargaining agreement between the City of Torrington and Torrington Police Union Local #442 and Council #4, AFSCME, AFL-CIO;

NOW THEREFORE, the parties hereby agree as follows:

Deferred Retirement Option Plan

The **Deferred Retirement Option Plan** (hereinafter "DROP") is intended to provide an alternative retirement option to all current employees who are eligible to retire under the terms of the collective bargaining agreement between the City of Torrington and Torrington Police Union Local #442 and Council #4, AFSCME, AFL-CIO.

DROP Period:

The DROP Period is defined as the time after the member has elected the DROP, commencing on the date the first amount is credited to the designated DROP account, through the date that the employee separates from City Service.

The DROP Period must begin on the first day of a calendar month and end on the last day of a calendar month.

Eligibility Requirements:

Any employee who is POST certified and who shall have completed ten (10) years of service and upon attaining age 55 or regardless of age, upon reaching his/her twenty-fifth (25th) anniversary from date of hire, shall be entitled to elect the DROP retirement option.

Any employee/participant who has accumulated sick leave or compensatory time to his/her credit, may use this time in accordance with the current collective bargaining agreement to extend the period of employment represented by the amount of sick leave or compensatory time paid to calculate his/her length of service.

Any time which is used to extend length of service will be paid out to the employee/participant as follows: 50% at the start of the DROP period and 50% at the completion of the DROP period. Any additional time which remains shall be carried forward into the DROP period.

Length of DROP:

The DROP Period shall be a minimum of two (2) years to a maximum of five (5) years in length and shall be in increments of years. When the employee/participant elects the DROP they shall identify the length of time, in years, they plan on participating. The employee/participant shall provide written notice, at least 90 days prior to the end of the selected DROP term, to the City of his/her intention to renew their DROP for an additional year or whether they will be separating from service.

Any member who has elected the DROP may separate from City service at any time during the DROP period and such separation will mark the termination of the DROP period and the commencement of normal pension benefits at 100%. The employee/participant shall provide written notice, at least 90 days prior to such separation if possible.

Written Notice of Intent to DROP:

Any member meeting the requirements at the date of the execution of this agreement shall provide at least 90 days written notice to the City of his/her intention to elect the DROP Option. Said written notice shall include the necessary employee/member information, date to commence DROP, and the term/length of the elected DROP Period.

DROP Benefits:

Any employee electing the DROP will be considered retired with respect to the Pension Plan calculation but will not have separated from City service. Notwithstanding any other provision within the pension plan to the contrary, a member does not need to leave City service to qualify for pension benefits if that member had elected the DROP. The employees who have elected the DROP may remain in City service at their current rank, with all the benefits of the Collective Bargaining Agreement, (i.e., accrue and receive vacation, sick, and holiday time), through and including the completion of their DROP period, except there shall be no tuition reimbursement available pursuant to Article XXIII, Section 3 of the collective bargaining agreement. There shall only be promotional opportunities for these employees per agreement with the Union and the City.

During the elected DROP period, the employee/participant's monthly pension amount that would have been payable had the member elected to retire will be credited to the recordkeeping account of the member within the Police Pension fund. Such amounts shall be credited with interest as follows: At the end of the DROP period, these funds, with interest accrued at the rate of the two-year average T-bill, adjusted annually, to a maximum of five percent (5%) per annum, on each year's balance, shall be paid in a lump sum to the employee/participant. Payment shall be made within thirty (30) days of the member's separation from service.

During the DROP period, the monthly pension payment will be 90% of the monthly pension amount the employee was entitled to receive had the member retired without electing DROP.

Completion of DROP:

Upon the completion of the DROP Period the employee/participant will be considered retired. No employee/participant will be allowed to continue working for the City of Torrington (in their capacity as a police officer) after the completion of their respective DROP period. This would not affect an employee/participant's ability to become a Supernumerary Officer if such position were to exist in the City.

When the employee/participant completes the DROP period, the accrued sick time and compensatory time he/she has remaining will be paid out when they separate from City service. The amount of sick time and compensatory time which can be paid shall be in accordance with the current collective bargaining agreement. These funds will be paid to the employee in a lump sum with fifty percent (50%) paid at the start of the DROP period and fifty percent (50%) paid at the completion of the DROP period. Payment for sick leave shall never exceed the maximum allowed under the current collective bargaining agreement. If the employee/participant used any of this time to extend their length of service, the amount of time used will be subtracted from their total available amount as per the current collective bargaining agreement.

The retired employee shall be entitled to full ownership of one hundred percent (100%) of the DROP account balance, with accrued interest herein describe, within thirty (30) days of his/her separation from service. Upon completion of the DROP Period, the retired employee shall commence receiving monthly pension benefits (i.e., 100% of his/her normal retirement benefits determined as of the DROP effective date).

Insurance Benefit:

Participants who elect the DROP shall participate in the then current police contract medical and dental plans and contribute the same premium cost share as active employees/participants during their elected DROP Period. Except for premium cost shares to be paid during the DROP period as mentioned above, all other medical insurance benefits for DROP participants shall be frozen based upon the terms of the collective bargaining agreement in place at the time the participant entered DROP. Upon completion of the DROP, the employee's cost share will revert to the cost share the employee paid upon retirement and any increases will be subject to ARTICLE XXIV Section 11.

Injury and/or Death During DROP:

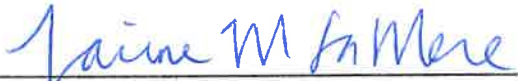
Employee/participant members that are in their elected DROP Period who sustain injury shall be entitled to all Workers Compensation Benefits as if an active employee/participant. If the employee/participant becomes disabled while in the DROP Period, said employee/participant shall discontinue the DROP and receive their normal pension.

If the employee/participant dies, in accordance with the terms of the Police Pension Fund, during the DROP Period, his/her beneficiary/beneficiaries will receive payment equal to 100% of the amount of the pension payments accrued during the DROP Period up until the date of death. This payment will be made by the City within sixty (60) calendar days of the date of death. Thereafter, pension payments will be made in accordance with the terms of the Fund.

Survivorship options:

If a DROP participant dies during his or her participation period, all funds in that participant's account shall be disbursed to the participant's beneficiary or beneficiaries listed in the DROP contract. Upon death of a DROP participant, either during or following his or her DROP terms, the death and survivor benefits will be payable by the pension plan in accordance with the collective bargaining agreement with the stipulation that the monthly pension benefit upon which survivorship calculations are determined shall be that amount determined by division of the retirement rate.

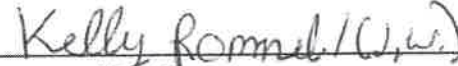
The parties have reached this Agreement as of this 15th day of April 2022.



Jaime LaMere
Personnel Director
City of Torrington



Gregory Wityak
Union President
Local 442, Council 4, AFSCME, AFL-CIO



Attorney Kelly Rommel
Union Attorney
Council 4, AFSCME, AFL-CIO