



CREVE COEUR POLICE DEPARTMENT INTEROFFICE MEMO

DATE: January 20, 2017

TO: Mark Perkins, City Administrator

FROM: Glenn Eidman, Chief of Police

SUBJECT: Defined Benefit Plan

The Police Department has recently experienced receiving several resignations of police officers wherein their primary reason for seeking employment has been because other law enforcement agencies offer a defined benefit retirement program. Additionally, our current recruitment efforts have yielded very few candidates with experience, the current pool of applicants are college graduates who do not have the academy, and do not have any experience in law enforcement. We have received at least a dozen calls from experienced officers who have stated the reason they won't apply is the lack of a defined benefit plan. While I truly do believe that the City and the PD have worked hard to be an employer of choice, the reality of the situation lies in the fact that a defined benefit pension plan would make the police department more competitive and "even the playing field" in retaining and recruiting the top law enforcement candidates in this area. During the last two hiring cycles, our department experienced trouble attracting Police Officers with experience. On at least two occasions, our recruiter was asked by potential candidates why we had three different pension plans and why we didn't have a defined benefit plan. The PD is experiencing a shortage of experienced police officers that are submitting applications.

This, I feel is in part to our overall compensation package. The majority of Police agencies looking for Police officers with experience- have a defined benefit plan (including Federal Agencies who are aggressively looking for Agents, DEA, FBI, Secret Service, and the ATF). When making the comparison to agencies for employment, the retirement portion of the package is scrutinized by the veteran Police officers to ensure that our agency is the one that they want to choose.

Police Officers are conservative by nature and somewhat cynical when viewing the market volatility and overall lackluster performance of the stock market over the last 16 years, making a defined benefit plan much more appealing. Additionally, Police officers are not comfortable with making financial decisions and managing investments for their retirements.

In today's employment market, defined benefit plans are not commonly used for two reasons: costs and longevity. Many employers do not want the responsibility for long range planning for employees, and are concerned about the cost factors involved with defined

benefit plans. The PD, and the City, is unusual in the fact that we strive for longevity, and up to this point have accomplished that for the many of our personnel. The future for the Police department is at a crossroads without a better balance of organizational tensions in today's law enforcement market we will continue to see opportunities for turnover, a loss of intellectual capital, a causal link between tenure, performance and citizen satisfaction. While I understand that in the business world, a defined benefit program isn't necessary to create a competitive package, in the Law Enforcement arena, the defined benefit is increasingly becoming the norm.

To complicate the process for replacing an officer who resigns; when the Police department opens a hiring process, it is usually a two-three month process from the start until a conditional offer of employment is made. If the applicant does not have experience, they will be required to attend the Police Academy which is approximately six months long. Once they have graduated from the Police Academy, they will participate in 12 weeks of field training with an experienced officer, making the time frame from start to finish, at almost one full year. The lost knowledge from experienced officers resignations, and other work that doesn't get done while management is forced to focus on filling those slots and replacements cause morale problems, as well as causing problems for current employees who can't get time off because of the shortages.

The solution for this current situation should be tangible to the employee, yet economically feasible for the City. It could be accomplished by changing from the current DC plan to a DB plan with LAGERS.

- LAGERS continues to be a recognized leader amongst public defined benefit plans and, to accomplish this task, I would suggest we opt for a cost factor for L-12 (1.75% multiplier)
- LAGERS will eliminate the need for independent audits, annual actuarial reports, and the time staff must spend managing all the various documentation, meetings, RFP's, etc.
- LAGERS caps the annual cost to increases at 1%. The City's current DB Plan has no cap on the annual increase and City contributions has seen annual increases over 10% in years past.
- LAGERS is well managed, with an average annual return of 7.80% for the last 20 years. In comparison, the City's current DB plan average for 20 years was 5.6%.

DATE OF HIRE	RESIGNATION DATE	REASON FOR RESIGNING
December 14 th , 2010	January 27 th , 2017	Officer stated he was leaving for 2 reasons, the first was the lack of a DB plan; "I have been watching the discussion from the city council, They are not taking this issue seriously. I set a time line of 12 months, and there is still no change, thus I began looking for other options. Additionally, he wants a larger department as he feels he would have more opportunities.
June 20 th , 2014	January 24 th , 2017	Leaving to work for a federal agency, more pay, better benefits, and opportunities.
August 22 nd 2011	October 3 rd , 2016	Two female officers left law enforcement to start their own businesses, citing for several reasons. Shift work causing issues with the spouse, a lack of a defined benefit plan, a DB would allow them to the focus to on the job, and not worry about having a pension and an investment strategy. Both also cited the present dangers and threats of being shot-which officers have been facing during the last year. Those circumstances have prompted them to make the move to a different job.
November 28 th , 2005	August 5 th , 2016	
April 9 th , 2012	June 9 th , 2016	One officer adamantly stating that he wanted a defined benefit pension plan. (LAGERS is the plan that the agency currently has. That agency changed from a defined contribution plan to a defined benefit plan, effective July 1, 2013). In addition he wanted to work 12 hours shifts.
July 16 th , 2012	April 5 th , 2016	One officer adamantly stating that he wanted a defined benefit pension plan. (LAGERS is the plan that the agency currently has. In addition he wanted to work 12 hours shifts.
June 2 nd , 2012	October 23 rd , 2014	One officer resigned to go to another law enforcement agency, citing specifically the agency has a defined benefit pension plan (LAGERS), more opportunities with a larger department and closer to home.

DATE OF HIRE	IN OTHER AGENCIES APPLICATION PROCESS
March 20 th , 2009	The primary reason cited for leaving is because the other agencies he has applied with have defined benefit plans.
June 17 th , 2011	

I have included a summary of other cities, their pension plan, employee contribution, level of benefit and the pension type. The Defined Contribution is a minority in the benefit packages for police and city government in this area. Thus, a retention and recruiting tool is somewhat limited by our current package. Our police officers are some of the best, brightest, and efficient in their field. This is one of the reasons for so much of our success. However, if they chose to go to another law enforcement agency, the demand for good law enforcement officers is high, and the supply of that caliber is very low, thus making them a very marketable and desirable employee to other agencies. A Defined Benefit Plan provides employees with a dignified exit from the workforce, keeps lines of promotion open, attracts and retains quality workers.

Ferguson, and Senate Bill 5, and the more recent attacks and murders of officers across the nation, have brought about a lot of changes to the law enforcement arena, specifically a

level of accountability exclusively in St. Louis County, which is not equal in other counties. Many agencies realize that they need to be competitive in the market to attract good law enforcement officers.

Recently, the paradigm has been to rejuvenate the employment packages for law enforcement officers. Many Cities have greatly enhanced their current package by increasing the starting salaries, mid-range and top salaries; while offering a DB plan. This brings about a great challenge for our police department as our Defined Contribution does not measure up to the same plans offered by many cities.

A handwritten signature in black ink, reading "Chief Dan Eickman". The signature is written in a cursive, flowing style.