

New Frederick city staff to have less retirement health care benefits

By Jen Bondeson News-Post Staff | Posted: Friday, August 16, 2013 2:00 am

New hires to the city of Frederick and current employees who retire early will pay more for their health care upon retirement.

The Board of Aldermen approved Thursday a change to the city's retirement health care benefits, meant to address the city's current unfunded liabilities.

The liabilities total more than \$104 million, as of a 2012 valuation.

All aldermen but Karen Young approved the changes. Young abstained, as she receives retirement benefits from the city under the plan of her husband, former Mayor Ron Young.

The city's elected officials have been attempting to tackle the liabilities for a few years, since the Governmental Accounting Standards Board added a new guideline that required municipalities to list the liability on their financial statements.

The aldermen apologized to city employees for making changes to the benefits. The changes, effective Sept. 1, were needed for the future fiscal health of the city, they said.

Alderman Carol Krimm said she does not want employees to think that this is the last revision the city will make.

"It is a big step toward improving our situation, but it is not the final step," Krimm said.

Aldermen also thanked the committee members who researched the changes for the city.

Employees hired before July 2003 now pay no health insurance premium upon retirement, and those hired after that pay 25 percent of their premium.

With the change, the city would contribute \$2,500 annually to a new employee's plan before retirement. That should be enough to pay 60 percent of an employee's health care costs on average after they retire, said Kathryn Nicolato, the city's human resources director.

Current city employees will not see a change in the benefits they have been promised when they retire if they work for the city for more than 25 years or are more than 62 years old and have vested benefits with the city.

Those retiring early will pay between 25 to 50 percent more, depending on when they were hired.

Caidlyn annexation approved

The city of Frederick grew 97 acres Thursday night.

The Board of Aldermen approved Thursday the annexation of the Caidlyn property, west and north of Kemp Lane, near Fort Detrick.

Alderman Michael O'Connor cast the only opposing vote.

The annexation will eventually allow the city to collect \$1 million more in taxes each year.

It also allows for future developers to build both single-family houses and townhouses on the land. The county was allowing only for single-family houses. In their vote, the aldermen limited the amount of units allowed to 456, although the land could fit 778 units.

Some county residents living nearby said before the vote that they were against the annexation, as the water, sewer, schools and roads are not in place to support the amount of development that it would bring.

“We haven’t heard the infrastructure will be put in place before construction begins,” said Pat Campbell, whose property backs up to the land.

The city’s elected officials have been talking about the annexation for months, discussing similar concerns regarding the water and sewer setup it would require and the lack of space for more children in the county’s schools. Those concerns will be studied before development is approved for the land.

In an April workshop, representatives from the Maryland Department of Planning cautioned the mayor and Board of Aldermen to not rush into annexations.

Land-use attorney David Severn said Wayne Smith, the landowner and his client, has been working on his plan for more than 20 years.

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