

Jonathan Hayes

From: Allan Branch
Sent: Tuesday, September 22, 2026 9:29 AM
To: Brandy Waldron; Jonathan Hayes
Cc: Leslie Glaze
Subject: Independent Review of City Pension Costs

Jonathan, Brandy & Leslie

I have been reviewing the City's pension programs, and I believe we need an independent evaluation of their long-term cost and sustainability.

The FY2026 budget shows \$6.47 million in pension contributions. However, the Fire pension amount is misleading because the City used a one-time \$1.8 million prepaid contribution toward its FY2026 obligation. Once that is included, the total pension cost attributable to FY2026 was approximately **\$8.27 million**:

- General employee pension: **\$2.1mil**
- Police pension: **\$2.5mil**
- Fire pension, including the prepaid contribution: **\$3.6mil**
- Existing FRS contributions: **\$119,000**
- Supplemental senior management retirement: **\$16,000**

Total: \$8,272,458 (*these numbers were verified by Brandy*)

For perspective, the City collects approximately \$18.5 million annually in property taxes. Our pension costs are therefore equivalent to approximately **45 cents of every property-tax dollar collected**.

I have no doubt that our employees receive an excellent retirement benefit. However, I do not believe we can continue forward with these costs without determining whether the current structure is sustainable and whether lower-cost options are available.

I recommend that the City issue an RFP for a completely independent, employer-side review of every City pension program. The consultant should determine whether our best option is to maintain the current plans while reducing costs, close one or more plans to future employees, consolidate plans where legally possible, or move eligible employee groups into the Florida Retirement System if doing so reduces long-term costs and financial risk.

The RFP should require the consultant to:

1. Explain the benefits, liabilities, funded status, administrative expenses and annual City contributions for every plan.

2. Compare the current plans with FRS, including the Special Risk Class for police and firefighters.
3. Model every option over 5, 10, 20 and 30 years.
4. Separate annual cash costs, unfunded liabilities, administrative expenses and investment risk.
5. Evaluate maintaining the current plans with legally permissible cost reductions.
6. Evaluate freezing existing plans while protecting benefits already earned.
7. Evaluate moving future employees and, where legally possible, current employees into FRS.
8. Address Chapters 175 and 185 revenues, collective bargaining, employee referendums and other legal requirements.
9. Provide specific recommendations, projected savings and an implementation schedule.

The consultant must not administer pension plans, manage pension assets, sell investment or insurance products, receive commissions or referral fees, or be eligible for any follow-on pension administration or investment-management contract. The consultant should report directly to the City Commission.

This review should not begin with the assumption that our existing plans must be preserved or that FRS is automatically better. We need an honest comparison based on total cost, employee benefits, legal requirements and long-term taxpayer risk.

If this needs a vote, please put it on the next meeting (not today's meeting agenda).

Allan Branch
Mayor of Panama City