



Agenda Item Summary Report

Meeting Date:
February 9, 2026

Submitted by:
Michelle Bailey Hedgepeth, Town Administrator
Vito Tinelli, Town Treasurer
Daniel Frishkorn, Acting Police Chief

Item Title: COUNCIL ACTION | Law Enforcement Officers Retirement Plan (LEOPS) Review | Update February 2025

Law Enforcement Officers Retirement Plan (LEOPS) Review | Update December 2025 (Information Only) – Valuation Report

Work Session Item [X]
Council Meeting Item [X]

Documentation Attached:
Valuation Report November 2025
List of Participating Entities and Maps
PowerPoint

Recommended Action:

The Town Council is being asked to review this information regarding LEOPS, and if desired, will provide staff guidance on next steps to include informing State Retirement of a decision by March 1, 2026

Overview

Staff provided an update to the Mayor and Council, as well as the Bladensburg Police Department leadership team, on the steps taken in **December 2025** to gather additional data related to participation in the **Law Enforcement Officers' Pension System (LEOPS)**. This item was presented for informational purposes to outline the process, financial considerations, and potential next steps for Council consideration. To date, the **Town of Bladensburg does not participate in LEOPS**. Staff has undertaken a preliminary analysis to better understand the costs, benefits, and operational impacts should the Town elect to proceed.

What is LEOPS

The **Law Enforcement Officers' Pension System (LEOPS)** was established in **1990** to address the unique physical, mental, and occupational stressors associated with law enforcement service.

- Available to certified police officers employed by participating state, county, and municipal agencies
- Participation is optional for municipalities
- Provides enhanced retirement, disability, and survivor benefits compared to the Employees' Pension System (EPS)

Current Cost Structure and Fiscal Considerations

- The Town currently contributes approximately **13% of payroll** for all employees participating in the Employees' Combined System (ECS).
- LEOPS participation would represent an **ongoing expense** for the Town.
- While **Traffic Enforcement Funding** could offset a portion of the cost, the balance would require **General Fund support** and potential reallocation from other budget areas.
- LEOPS costs would become a **permanent component of Police Department operating expenses**.

Preliminary Valuation Summary (Effective July 1, 2026)

The attached preliminary valuation report evaluates the transfer of **26 (authorized) sworn law enforcement officers** from ECS to LEOPS.

Key Transfer Details

- 22 sworn officers transferring
- Effective date: **July 1, 2026**
- Partial withdrawal from ECS and entry into LEOPS

Asset Transfer Estimates

- Estimated Market Value of Assets: **\$1,503,472**
- Actuarial Value of Assets: **\$1,488,352**
- Methodology consistent with **Maryland Code, Section 21-305.5**

Employer Cost Rate and New Entrant Liability

- Municipal LEOPS **Basic Employer Cost Rate (FY 2027): 39.56% of payroll**
- New Entrant Unfunded Liability Credit: **\$2,288,796 (as of July 1, 2027)**
- Credit amortized over **25 years**
- Annual amortization amount: **\$186,636**

Actuarial Assumptions

- Investment return assumption: **6.80%**
- Payroll growth assumption: **3.00%**
- Data based on **June 30, 2025 Valuation**
- Transferring members identified from SRA-provided data

Key Differences: EPS vs. LEOPS

Category	EPS	LEOPS
Retirement Eligibility	Rule of 90 or Age 65	25 Years of Service / Age 55
Multiplier	1.5% (higher for pre-2011)	2.0%
Service Credit Cap	No cap	32.5 years
Maximum Benefit	Up to 100% (50+ years average 40-50 %)	65% cap
Benefits	Standard	Enhanced disability & survivor benefits

Impact on Bladensburg Police Officers

Staff highlighted the occupational realities that LEOPS was designed to address, including:

- Daily use of approximately **30 lbs. of gear**
- Physical strain and long-term health impacts
- Exposure to violence and traumatic events
- Work schedules that include holidays and family disruptions
- Ongoing mental health stressors

Legal and Policy Constraints

- State law establishes **mandatory contribution rates**; the Town **cannot require employee cost-sharing** beyond statutory rates.
- LEOPS does **not allow substitution of Social Security contributions**.
- The Town Administrator has requested a legal opinion from the Town Attorney on related questions regarding Social Security.

Required Deadlines if Council Elects to Proceed

- **March 1, 2026** – Town must notify SRA of intent
- **May 1, 2026** – Signed resolution due to SRA
- **May 15, 2026** – Employee enrollment paperwork due
- **June 12, 2026** – Signed participation agreement due
- **July 1, 2026** – Effective transfer date

Staff Recommendations

- Council has received an overview of costs, benefits, and plan comparisons
- Staff will provide **alternative benefit options**, including secondary deferred compensation plans
- If Council defers action, updated cost data can be revisited in future budget cycles

Outlook

The LEOPS Program represents a **significant opportunity** to strengthen officer recruitment and retention by offering competitive retirement benefits. Advancing the discussion now allows for careful fiscal planning and informed decision-making, whether the Council chooses to proceed or defer.

Budgeted Item: Yes No NA
Budgeted Amount: TBD – 39.5% FY 2027
One-Time Cost:
Ongoing Cost: YES

Continued Date:

Council Priority: Yes No

Approved Date: