



March 4, 2014

The Honorable Peggy Wilson
State Capitol, Room 406
Juneau, AK 999801

Dear Representative Wilson:

RE: House Bill No. 152

The City of Ketchikan supports the effort to remove the PERS termination requirements from Alaska Statutes. Several years ago, the City discontinued operations at Gateway Center for Human Services, a mental health and substance abuse treatment clinic, when it was determined that it was no longer financially feasible for the City to operate the clinic. At the time the operations were discontinued, Gateway had 13 employees who were participating in the PERS.

Under current statutes, the City was required to engage and pay for a termination study, pay a termination fee, and must continue to pay for the past service liability associated with the 13 employees whose employment with the City was terminated when the City stopped operating Gateway Center for Human Services. The cost of termination study totaled \$5,000. The termination fee was \$13,000 and the City continues to pay \$176,000 annually for the past service liability associated with the 13 employees.

Any changes to the statutes that would allow municipalities to manage their personnel cost in an efficient and cost effective manner with the optimal goal of minimizing the cost of government services and keeping taxes low would be appreciated by the City of Ketchikan. Such changes would also permit municipalities to accept grants to fund services that are important to the communities such as public health without having to incur PERS termination costs in the event that grant funding is no longer available and positions must be terminated.

The City of Ketchikan appreciates your willingness to listen to the concerns of local municipalities and work towards an alternative to the current PERS termination requirements that is fair and equitable and still preserves the original intent of Senate Bill No. 125.

Sincerely,

Karl R. Amylon
City Manager

cc: Robert E. Newell, Jr., Finance Director
Ray Matishowski, City Lobbyist