

BEFORE THE METRO COUNCIL

A RESOLUTION FOR THE PURPOSE OF) Resolution No. 01-3122
APPROVING METRO'S ENTRY INTO THE PERS)
STATE AND LOCAL GOVERNMENT RATE POOL) Introduced by Mike Burton
) Executive Officer

WHEREAS, the 2001 Legislature passed SB 134 allowing local government PERS employers to pool their employer costs with those of the state of Oregon; and

WHEREAS, Metro elected to join the Local Government Rate Pool established by PERS effective January 1, 2001; and

WHEREAS, the Local Government Rate Pool will be abolished and a new State and Local Government Rate Pool will be established; and

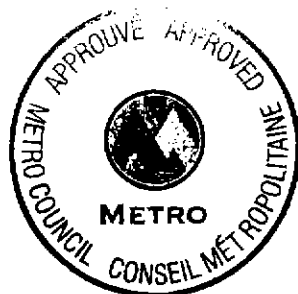
WHEREAS, to be a part of the new pool Metro must elect to join the State and Local Government Rate Pool; and

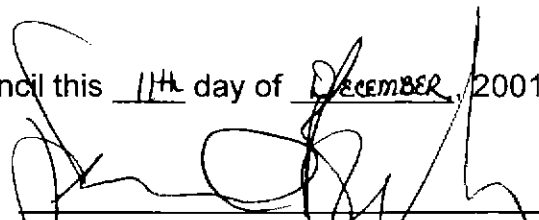
WHEREAS, Metro would benefit in the long-term from more stabilized rates allowing the agency to project retirement costs with greater confidence for budget and collective bargaining purposes; now, therefore

BE IT RESOLVED,

That the Metro Council approves Metro's entry into the PERS State and Local Government Rate Pool and authorizes the Executive Officer to execute any and all documents necessary for the administration of such election.

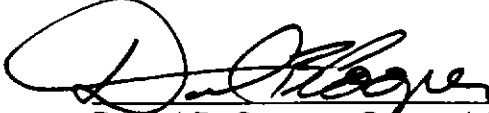
ADOPTED by the Metro Council this 11th day of December, 2001.





David Bragdon, Presiding Officer

Approved as to Form:



Daniel B. Cooper, General Counsel

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BUDGET AND FINANCE COMMITTEE REPORT

CONSIDERATION OF RESOLUTION NO. 01-3122, FOR THE PURPOSE OF APPROVING METRO'S ENTRY INTO THE PERS STATE AND LOCAL GOVERNMENT RATE POOL

Date: November 30, 2001

Presented by: Councilor McLain

Committee Recommendation: At its November 28 meeting, the committee considered Resolution No. 01-3122 and voted unanimously to send the resolution to the Council for adoption. Voting in favor: Councilors Atherton, Bragdon, Burkholder, Hosticka, Monroe, Park and Chair McLain.

Background: Metro Code and various collective bargaining agreements require that Metro pay the employer contribution for an eligible employee's PERS account. In recent years a number of factors, such as market conditions and the number of employees electing to retire, have caused a significant increase in the percentage-based employer and employee contributions to PERS. In an effort to establish stability for the contribution rates in the future, many local governments agreed to join a newly created PERS Local Government Rate Pool. Metro's participation in the pool was approved by the Council in Resolution 01-3055.

The 2001 Oregon Legislature authorized the creation of an even larger pool that would include both state and local government employees. For Metro to continue to receive the rate stabilization and reduction benefits from the Local Government Rate Pool, it is necessary that the agency join the new State and Local Government Rate Pool by December 30, 2001. Any rate changes resulting from the new pool would not affect Metro until FY 03-04.

Committee Discussion: Kathy Rutkowski, Metro Budget Coordinator, presented the staff report. She reviewed the history of the recent of PERS rate increases and the authorization of pools to address and stabilize these rates. She indicated that Metro has benefited financially from participation in the current pool and that a small additional will result from participation in the new pool.

Committee members had no questions concerning the resolution.

STAFF REPORT

CONSIDERATION OF RESOLUTION 01-3122 FOR THE PURPOSE OF APPROVING METRO'S ENTRY INTO THE PERS STATE AND LOCAL GOVERNMENT RATE POOL

October 30, 2001

Presented by: Kathy Rutkowski

Description

This resolution would approve Metro's entry into the newly created PERS State and Local Government Rate Pool.

Existing Law

Under Metro Code 2.02.110 and various collective bargaining agreements Metro is required to pay the employer contribution for an eligible employee's PERS (Public Employee Retirement System) account.

Background

Earlier this year, the Metro Council adopted Resolution 01-3055 approving Metro's election in the newly created PERS Local Government Rate Pool. Approximately 44 percent of eligible local governments elected to join the pool. The pool covers over 18,000 members, again approximately 44 percent of eligible members. The new pool rates went into effect July 1, 2001.

The 2001 Legislature saw the benefits of the Local Government Rate Pool and determined that even greater rate stability would be achieved by offering the option for local governments to join the already existing state pool. The state pool covers about 42,000 active members. As a result, SB 134 was passed by the Legislature with a provision that allows local government PERS employers to pool their employer costs with the State of Oregon.

Each local government PERS employer that wants to join the state pool must do so through passage of an ordinance or resolution of the governing body. Copies of the ordinances or resolutions must be sent to PERS and postmarked by December 31, 2001 in order to be accepted.

The Local Government Rate Pool will be abolished and replaced with the State and Local Government Rate Pool. If Metro wishes to remain in a pooled environment, it must elect to join the State and Local Government Rate Pool. The same advantages apply to the new larger pool that were evident with the Local Government Pool.

Although the main advantage of the pool is rate stability over time there may be even greater savings for Metro in our employer rate. If the new State and Local Government pool rates were in effect this year assuming all local governments joined the pool, it is estimated that Metro's employer rate may decrease approximately 0.30 percent.

The new State and Local Government Rate Pool will be implemented with the same rules as the previous pool. All individual liabilities and surpluses will remain with the individual local governments and will be used to offset (increase or decrease) the pool rate for that individual government. In addition, separate rates will be developed for General Service employees and Police/Fire employees. Both of these rules are important to Metro. Metro had a surplus prior to joining the Local Government Rate Pool. The surplus currently reduces the pool rate by 0.98 percent for an effective employer rate for Metro of 8.61 percent. Also, the Police/Fire rate is considerably higher than the General Service rate. A separate rate calculation for General Service employees ensures that those employers without Police/Fire do not subsidize those with Police/Fire employees.

All State and Local Government Rate Pool elections must be received by PERS or be postmarked by December 31, 2001. The new State and Local Government Rate Pool will be effective January 1, 2002. It will include all state agencies, community colleges, state institutions of higher education, and any local governments that elect to join. The new pool rates, however, will not be effective until July 1, 2003, after the next complete actuarial evaluation. Until then, Metro's rate will continue to be based upon membership in the Local Government Rate Pool.

Budget Impact

There will be no negative impacts on either current or next year's budget. The new rates will not become effective until July 1, 2003. The FY 2003-04 budget will be the first year of budget implementation.

Outstanding Questions

None at this time.

Executive Officer's Recommendation

The Executive Officer recommends adoption of resolution 01-3122, approving Metro's entry into the PERS State and Local Government Rate Pool.