

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF ADOPTING) RESOLUTION NO. 91-1506
A MANAGEMENT COMPENSATION)
PACKAGE)

WHEREAS, there are employees of Metro who are not allowed representation by a labor organization under the Public Employees Collective Bargaining Act (PECBA); and

WHEREAS, the change-over to the PERS retirement system prompted discussions with the non-represented employees; and

WHEREAS, these discussions led to other areas of non-represented employee compensation and recognition; and

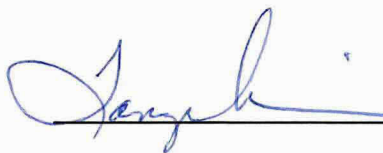
WHEREAS, these employees primarily perform management duties and represent Metro as such; and

WHEREAS, in recognition of their management status in Metro and under PECBA; now, therefore,

BE IT RESOLVED,

That the Council of the Metropolitan Service District hereby adopts the Management Compensation Package as shown in Exhibits A and B.

ADOPTED by the Council of the Metropolitan Service District this 26th day of September, 1991.



Tanya Collier, Presiding Officer

EXHIBIT A

PERS

Incorporate the Sick Leave Option into the non-reps plan.

Advantages/Justification: This would bring the Metro non-reps to parity with the Merc non-reps who already have the sick leave option under PERS. Local 483 employees also have the sick leave option in year two (92-93) of their contract. AFSCME was offered the sick leave option and declined it. Most other comparable jurisdictions have the sick leave option with PERS.

Fiscal Impact: Estimated total cost impact \$115,119.

EXHIBIT B**CURRENT RETIREMENT PLAN CONSOLIDATION**

Roll the 5% plan into the 6% plan.

Advantages/Justification: This would enable us to get out of the non-responsive, restrictive Principal plan and get into a merged single plan with Western which has a good service record with us and is responsive to our needs. The merging of funds will allow Western to administer a single plan instead of double plans which will result in cost savings associated with the administration and management of the program. This cost savings will also allow the employees to self-direct a percentage of their funds into different investment scenarios.

Western would be assigned as the trustee of the plan and therefore would have fiduciary responsibility instead of Metro's Executive Officer thus eliminating the Executive Officer's liability. As trustee, Western would negotiate the transfer of funds with Principal in our behalf.

Fiscal Impact: Nominal savings.

EXHIBIT B

CURRENT RETIREMENT PLAN CONSOLIDATION

Roll the 5% Principal Financial Group plan into the 6% Western Retirement Trust plan.

Advantages/Justification: This would enable us to get out of the non-responsive, restrictive Principal plan and get into a merged single plan with Western which has a good service record with us and is responsive to our needs. The merging of funds will allow Western to administer a single plan instead of double plans which will result in cost savings associated with the administration and management of the program. This cost savings will also allow the employees to self-direct a percentage of their funds into different investment scenarios.

Western would be assigned as the trustee of the plan and therefore would have fiduciary responsibility instead of Metro's Executive Officer thus eliminating the Executive Officer's liability. As trustee, Western would negotiate the transfer of funds with Principal in our behalf.

Fiscal Impact: Nominal savings.

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 91-1506, FOR THE PURPOSE OF ADOPTING A MANAGEMENT COMPENSATION PACKAGE FOR NON-REPRESENTED EMPLOYEES.

Date: September 11, 1991

Presented by: Paula Paris

Background: As a result of discussions with non-represented employees regarding the integration of PERS, issues surfaced relative to PERS benefits and to the current retirement plans. All available options under PERS and the current retirement plans were explored and consideration was given to all options.

Fiscal Impact: Estimated total cost impact is \$115,119.

PERS: Incorporate the Sick Leave Option into the non-reps plan.

Advantages/Justification: This would bring the Metro non-reps to parity with the Merc non-reps who already have the sick leave option under PERS. Local 483 employees also have the sick leave option in year two (92-93) of their contract. AFSCME was offered the sick leave option and declined it. Most other comparable jurisdictions have the sick leave option with PERS.

CURRENT PLAN CONSOLIDATION: Roll the 5% Principal Financial Group plan into the 6% Western Retirement Trust plan.

Advantages/Justification: This would enable us to get out of the non-responsive, restrictive Principal plan and get into a merged single plan with Western which has a good service record with us and is responsive to our needs. The merging of funds will allow Western to administer a single plan instead of double plans which will result in cost savings associated with the administration and management of the program. This cost savings will also allow the employees to self-direct a percentage of their funds into different investment scenarios.

Western would be assigned as the trustee of the plan and therefore would have fiduciary responsibility instead of Metro's Executive Officer thus eliminating the Executive Officer's liability. As trustee, Western would negotiate the transfer of funds with Principal in our behalf.

We believe this portion of the management compensation package to be an equitable and reasonable plan for our non-represented employees. IT is, therefore recommended by the Executive Officer that Resolution No. 91-1506 be adopted.

GOVERNMENTAL AFFAIRS COMMITTEE REPORT

RESOLUTION NO. 91-1506, ADOPTING A MANAGEMENT COMPENSATION PACKAGE

Date: September 20, 1991

Presented by: Councilor DeJardin

COMMITTEE RECOMMENDATION: At its September 19, 1991 meeting, the Governmental Affairs Committee voted 4-0 to recommend Council approval of Resolution No. 91-1506. Voting were Councilors Devlin, DeJardin, Hansen, and Knowles. Councilor Collier was excused.

COMMITTEE DISCUSSION/ISSUES: Personnel Director Paula Paris presented the staff report. The resolution has two provisions. The first provision incorporates the PERS sick leave option into the non-represented employees' plan. This option is included in year two of the Local 483 employees' contract, and for all MERC employees; it is not in the AFSCME contract. The estimated cost of \$115,000 is budgeted.

The second provision consolidates the two non-PERS pension plans under one provider. Ms. Paris reported that the provider of the 5% plan has not been responsive; consolidating the plans will result in better service and provide savings. The savings will allow employees to self-direct their investments at no cost to them.

In response to a question from Councilor Knowles, Ms. Paris said the non-reps' package contains things not in the AFSCME contract, but that those items could have been put on the table by either party. Councilor Devlin asked if it is unusual for a jurisdiction to have numerous benefit packages for different unions. Ms. Paris replied that it is not unusual - in fact, many jurisdictions have more differences than Metro does. In addition, she cited the example of Clackamas County which contributes 5.27% of pay into a 401(k) plan for its non-represented employees in addition to PERS and other benefits.

Tim Collins, Vice-President of AFSCME Local 3580, testified. He said the Union was concerned about the provision of the sick leave option to non-reps. He said this issue was on the table in collective bargaining, and the Union understood that taking this option would be in exchange for a wage increase. Councilor DeJardin said it would set a dangerous precedent for the Council to approve any change in the negotiated agreement; Mr. Collins said he was not here to renegotiate, but to share his perceptions.

Ron Nagy, President of Local 3580, spoke to express his displeasure with the arrangement. He said the Union negotiated in good faith and felt that the management package was a slap in the face to the Union members.

The Committee approved an amendment to Exhibit B of the resolution which deleted reference to the specific providers in the heading.