

SRCEA/MANAGEMENT Interest Based Negotiations (IBN) 2005  
Session Six – April 1, 2005

**NOTE: THIS IS AN INFORMATION DISSEMINATION TOOL ONLY. THERE IS NO MECHANISM TO RESPOND THROUGH THIS MAILBOX. SRCEA MEMBERS AND AFFECTED MANAGERS ARE ENCOURAGED TO REFER QUESTIONS AND COMMENTS TO THEIR RESPECTIVE IBN REPRESENTATIVES.**

**ATTENDANCE**

Lorrie Abbott, Tony Alvernaz, Pam Edwards, Fran Elm, Bob Harder, Alan Holland, Karen Larsen, Dave Montague, Chris Sliz, Bette Smith, John Sorensen, and Sabrina Temple. Absent: Shirley Braddy

**CHECK IN** - (an exercise that encourages participation by asking each meeting participant a series of questions)

**RETIREE HEALTH STIPEND AND VALUATION**

Bruce McConnell, Accounting Officer, gave information on the stipend valuation process. There is a fiduciary responsibility to periodically evaluate the plan's continued ability to fund the current benefits of \$80 per month. The City knows that assumptions made seven years ago at the time of the last evaluation, regarding interest earnings and salary growth were too high, meaning the plan is likely to be under funded at this time. The City will retain an actuary to perform this review and the cost will be paid from each of the plan funds. If the three SRCEA units are evaluated jointly, the cost would be \$12,100. To do a separate valuation would cost a significant amount more: \$5,500 for Unit 4, \$4,400 for Unit 6 and \$8,800 for Unit 7. Tony asked and it was confirmed by Bruce that this valuation could be paid from the SRCEA funds instead of from the plan, as a way of keeping the plan's funds intact.

Units 4, 6 and 7 currently contribute .62% of salary to the retiree health plan. On June 30, 2004, there were 27 retirees receiving the health stipend; 7 from Unit 4, 5 from Unit 6, and 15 from Unit 7. The plan balance for each unit is as follows: Unit 4 - \$127,903, Unit 6 - \$111,357, and Unit 7 - \$370,311. For the year ending June 30, 2004, Unit 4 put in \$24,033 and paid out \$5600; Unit 6 put in \$30,074 and paid out \$4800; Unit 7 put in \$68,884 and paid out \$11,600. It is anticipated that the actuarial valuation reports will be completed by June 30, 2005.

The following options would be covered in this plan valuation. How much would the contribution change if the benefit stays the same? How much would the benefit decrease if we didn't change the contribution? Other options, like increasing the amount with number of years, would be an additional cost to the valuation.

The City has been advised that a Plan Document and Trust Agreement is needed for each unit's Retiree Health Stipend Plan in order to protect the tax deferred status of the plans and to further protect the financial assets of the plans

from future claims against the City. The City has hired a tax attorney to draft these agreements within the next couple of months. The cost for these plan documents will be paid by the City. The language in the plan document will assure the City that the money is actually spent on health care, the money will remain tax free, and that the intention of the stipend is a defined contribution and not a defined benefit.

Note to members and retirees: Something new will be required when the new plan document goes into place: retirees will have to validate expenditures equal to the benefit. This should not pose a problem as most retirees have medical expenses that equal \$80 per month. It means there will be some additional paperwork that will be required prior to receiving the stipend quarterly.

### **LONGEVITY PAY**

We continued the discussion of rewarding long term employees with non-cost time-off options. Bette and Pam will write proposed language and report back in two weeks.

### **FLEXIBILITY IN THE WORK DAY**

During Negotiations for the 2003-2004 contract, the group tentatively agreed to a draft proposal that was ready to go to Executive Staff. The contract wasn't ratified that year, so this item got left off the list of issues and now SRCEA is bringing it back.

Points from the draft proposal for a flexible work day:

- Is at employee's request
- Does not involve OT
- Is approved by supervisor
- Is arranged in advance
- Doesn't go on a form
- Put in compact rather than MOU

SRCEA and management are in the process of drafting a side letter agreement for two job classes in the Recreation & Parks Department. Management is exploring the option of expanding the concept to other job classifications.

### **FLU SHOTS**

Fran agreed to loop out to see what options might exist.

### **AGENDA FOR NEXT MEETING**

Check In

Report back from closed session with City Council

Wages/CPI

COLA

Bruce will return with cost for additional valuation calculations

Communiqué

### **ITEMS YET TO BE DISCUSSED**

Wages

Market Value/CPI

COLA formula

Term of Agreement

Retroactivity if no contract by July 1, 2005

Increase comp time bank from 100 hours to 120 hours

Sick leave buy back

Ability to donate sick leave instead of vacation time only in catastrophic leave situations

Perfect attendance reward/day off

Vacation sell back

Quiet place - spots for rest or breaks

### **ITEMS DISCUSSED AND TABLED**

Salary Surveys

4/10's schedule and record on timecard

Health care

Article 21.1 of MOU – Overtime and hours worked

9/80s

Longevity Pay

Birthday/Anniversary Day Off

### **ITEMS DISCUSSED BUT NOT COMPLETE**

Retiree Health Stipend and Actuarial

Tuition reimbursement

Flu shots

Flexibility of the Workday