

**2021-2023 Collective Bargaining Agreement
Memorandum of Understanding No. 2**

On July 6, 2021, the City Council adopted Resolution R2021-3198, which adopted a “work after retirement policy” (hereafter referred to as *policy*) pursuant to Senate Bill 1049 (2019). The resolution and the accompanying staff report are attached to this MOU.

Because some activities are affected by seniority among members, including layoffs and recall, the City asked the Association to review the policy and to provide clarity specific to seniority; subsequently, the Association and the City agree that members who are rehired under the policy will retain all seniority except with regard to CBA Section 12.2, Layoff and Recall.

Notwithstanding Section 12.2, if a member must be laid off, the members rehired under the policy will be the first subject to lay off regardless of any other seniority. Furthermore, the members rehired under the policy will establish seniority within the pool of those rehired under the policy such that the last rehired shall be the first subject to lay off.

This MOU will take effect upon signing, will remain effective through December 31, 2024, and will automatically end on that date.

Signatures below testify to the acceptance of this Memorandum of Understanding.

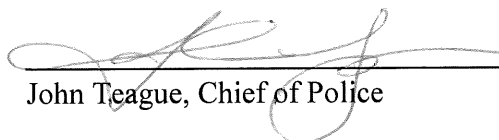
FOR THE CITY OF KEIZER:



R. Wes Hare, City Manager

7-8-2021

Date




John Teague, Chief of Police

070821

Date


FOR THE KEIZER POLICE ASSOCIATION:



Andrew McCowan, President

7-8-21

Date



Carrie Anderson, Vice President

7-8-21

Date

CITY COUNCIL MEETING: July 6, 2021

TO: MAYOR CLARK AND COUNCIL MEMBERS

FROM: TIM WOOD, FINANCE DIRECTOR AND CITY MANAGER PRO TEM

SUBJECT: WORK AFTER RETIREMENT POLICY

Background:

In order to take advantage of the current and future retirement cost savings provided by Senate Bill 1049, "Relating to Public Employee Retirement; and Declaring an Emergency," the City has developed the Work After Retirement policy (see attached Resolution).

The City's policy allows all eligible employees to retire and return to work as full-time limited duration employees with benefits consistent with full-time regular status employees. This formalized policy was requested as a follow up to the May 3, 2021 City Council Meeting.

SB 1049 was part of the 2019 legislative session and became effective June 11, 2019 and sunsets after December 31, 2024. The primary provisions of SB 1049 that are applicable are as follows:

- Eliminates the limitation on the number of hours retirees can work,
- Does not require the employee 6% contribution, and
- Redirects the employer contribution to reducing the unfunded pension liability.

Eliminates the limitation on the number of hours retirees can work

Prior to SB 1049 employees who retired and returned to work were only allowed to work either 1,040 hours (Tier1/Tier2) or 600 hours (OPSRP) without negatively impacting their PERS retirement income. SB 1049 eliminates the hour maximum allowing employees to retire upon reaching retirement age but continue to work full-time through December 31, 2024.

Does not require the employee 6% contribution

Employees who choose to return to work after retirement are no longer required to contribute the 6% employee contribution (paid by the City). This results in an immediate 6% savings to the City when we retain existing employees after they choose to retire in the PERS system but wish to continue working in their current jobs.

Redirects the employer contribution to reducing the unfunded pension liability

The City is required to continue to make the employer PERS contributions for employees who return to work after retirement; however, the contribution is not used to fund additional PERS benefits for the related employee. The employer contribution is redirected and used

to reduce the City's unfunded pension liability. Reducing the unfunded pension liability will require smaller contribution rates in the future.

The unfunded pension liability is the amount the City would have to contribute to PERS to ensure enough assets are available to pay all of the benefits that have been earned as of a given date. The City of Keizer's unfunded pension liability as of the last actuarial analysis is \$11,788,000.

Additional Benefits to the City

In addition to the financial benefits identified above, by having employees who are eligible to retire commit to a retirement date well in advance, the City has a better opportunity to ensure adequate cross training and transition planning occurs.

ISSUES AND FISCAL IMPACT:

Based on the information shared above, the City will be saving by not paying the PERS employee 6% match and have the employer contributions applied to reduce the City's ongoing PERS obligation for each eligible employee who participates.

RECOMMENDATION:

Staff recommends the City Council adopt the attached Resolution.

1 CITY COUNCIL, CITY OF KEIZER, STATE OF OREGON

2
3 Resolution R2021- 3198

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5
6 ADOPTING WORK AFTER RETIREMENT POLICY

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8
9 WHEREAS, in order to take advantage of the current and future retirement cost
10 savings provided by Senate Bill 1049, the Council wishes to adopt Work After
11 Retirement policies;

12 NOW, THEREFORE,

13 BE IT RESOLVED by the City Council of the City of Keizer that the Work
14 After Retirement policy attached hereto, and by this reference incorporated herein, is
15 hereby adopted.

16 BE IT FURTHER RESOLVED that this Resolution shall take effect
17 immediately upon the date of its passage.

18 PASSED this 6th day of June, 2021.

19
20 SIGNED this 6th day of June, 2021.

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23 Cathy Clark
Mayor

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25
26 Amy Dug
City Recorder

WORK AFTER RETIREMENT POLICY

Pursuant to the Work After Retirement provisions of Oregon Senate Bill 1049, enacted in 2019, and based on the mutual benefit to the City of Keizer and its employees, the following policy is adopted effective July 6, 2021:

1. An employee who has attained or will attain “normal retirement age” under PERS, and intends to retire from service after the effective date of this policy, may submit a request to be rehired after the retirement, under the terms stated in this policy. This policy also applies to any employee who retired from service within 180 days of the effective date of this policy, was rehired to the former position in a temporary status, and has worked continuously for the City since the date of retirement. Effective September 1, 2021, a request to be rehired after employment must be submitted in writing to Human Resources at least 90 days prior to the date of retirement.
2. Re-employment under this policy is a “Limited Duration” position while the employee is receiving PERS benefits and will end no later than December 31, 2024, irrespective of any extension to the Work after Retirement provisions of Senate Bill 1049. The terms and conditions of employment will be governed by the City of Keizer Personnel Policy Manual, except as specifically provided otherwise in this policy or in an applicable collective bargaining agreement.
3. An employee who is rehired under this policy will be placed in the same job classification that the employee held on the date of retirement, receive the wages at the same step of the classification that the employee was receiving on the date of retirement, and be eligible for the same step increases as other employees in the job classification.
4. An employee who is rehired under this policy will receive the same benefits as other employees in the same job classification (including annual COLA increase, vacation, sick and personal leave accrual, holiday pay, life insurance and long-term disability insurance, health and wellness programs, and City match of 457 contributions), except as follows:
 - a. PERS contributions will be paid by the City in accordance with SB 1049, which means that the rehired employee will not receive any additional PERS contributions after retirement, and any PERS contributions made by the City will only be applied to PERS unfunded liability rather than the employee’s PERS benefits.
 - b. Health and dental insurance based on retiree rates with the City covering the same percentage cost as is applicable to regular status employees in the same or comparable classifications.
 - c. A rehired employee will have the option of waiving any benefit that is not desired or needed by the employee.

5. An employee who is rehired under this policy must have no gap in service (i.e. the date of re-employment is the next City business day after the date of retirement) and will retain the employee's seniority with the City, except where an applicable collective bargaining agreement provides otherwise. An employee may request up to 10 consecutive unpaid workdays off at the beginning of the re-employment period, which shall not be considered a gap in service. Such request must be submitted in writing at least 30 days prior to the retirement date and is subject to approval by the department head.
6. An employee who is rehired under this policy will not be eligible for promotion while the employee continues to be in Limited Duration status but will be eligible for work-out-of-class assignments, as needed.
7. As a condition of requesting rehiring under this policy, an employee:
 - a. Must not have a record of discipline more serious than a written reprimand within 12 months of the retirement, unless the discipline was overturned or reduced to a written reprimand in a grievance or appeal process;
 - b. Must not be the subject of a pending investigation or disciplinary process with the City or an agency responsible for a job-required license or certification; and
 - c. Must have received at least a satisfactory rating on the employee's most recent performance evaluation.
8. If there is a conflict between this policy and any provision of an applicable collective bargaining agreement, the collective bargaining agreement shall be the controlling document.
9. An employee who is rehired under this policy is subject to the same disciplinary processes and procedures, up to and including termination, that affect regular employees in the same job classification and in the same collective bargaining unit, if any.