

# Council Business Meeting

August 16, 2022

<b>Agenda Item</b>	Summary of IBEW Clerical/ Technical, Lineman Labor Agreements and Resolution No. 2022-26 Clarifying Certain Employment Conditions Fiscal Years 2022- 2025	
<b>From</b>	Sabrina Cotta	Deputy City Manager/ Acting HR Director
<b>Contact</b>	<a href="mailto:sabrina.cotta@ashland.or.us">sabrina.cotta@ashland.or.us</a> 541-552-2106	

## **SUMMARY**

The current labor agreements between the City of Ashland and the IBEW Clerical/Technical & Lineman employees and Resolution No. 2021-18 Clarifying Certain Employment Conditions for Management and Confidential Employees for Fiscal Year 2021/2022 expired on June 30, 2022. These three agreements represent around 62% of the City's workforce (~151 individuals). Two tentative agreements and an updated resolution are brought before Council for consideration today.

<b>Group</b>	<b>Membership</b>
IBEW Clerical	40
IBEW Electrical	17
Management, Confidential, Non-Represented	95
Fire	30
Police	22
Laborers	41

## **PREVIOUS COUNCIL ACTION**

On July 19<sup>th</sup>, 2022 staff briefed the City Council on the status of labor negotiations under Executive Session under ORS 192.660(2)(d).

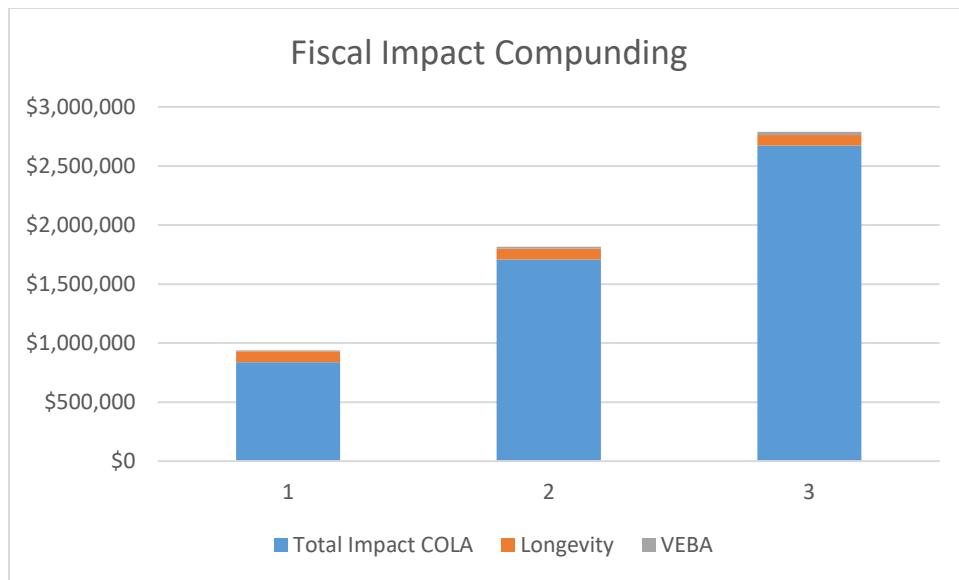
## **BACKGROUND AND ADDITIONAL INFORMATION**

Adjustments to pay and benefits is an essential tool for the retention and recruitment of talented staff. The City has had 25 resignations since January 1, 2022 and continues to struggle to fill essential positions. Ensuring pay and benefits are attractive will keep the City a competitive employer in the region as well as ensure the City has the staff needed to provide essential services.

The agreements reached in bargaining and edits suggested in the Management resolution regarding wages and employee cost-share on health benefits represent an understanding of the employees of the financial constraints the City faces while recognizing that inflation and cost of goods and services continue to create a strain on our workforce. Per the U.S. Bureau of Labor Statistics as of July 2022 the Consumer Price Index for All Urban Consumers has increased 9.1 percent over the last 12 months. This is the largest 12-month increase since the period ending in November 1981.

**FISCAL IMPACTS**

<b>Fiscal Year</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b><u>General Fund Impact</u></b>			
Non-Rep	\$374,158	\$389,205	\$466,127
Fire	\$184,000	\$191,000	\$199,000
IBEW			
Clerical	\$100,000	\$104,000	\$108,000
<b>Total</b>	<b>\$658,158</b>	<b>\$684,205</b>	<b>\$773,127</b>
<b>Utilities</b>			
<b><u>Electric Fund Impact</u></b>			
Lineman	\$90,167	\$93,773	\$96,586
Clerical	\$4,800	\$4,992	\$5,142
Non-Rep	\$19,700	\$20,488	\$21,103
<b>Total</b>	<b>\$114,667</b>	<b>\$119,253</b>	<b>\$122,831</b>
<b><u>Street Fund</u></b>			
Non-Rep	\$3,100	\$3,224	\$3,321
Clerical	\$4,800	\$4,992	\$5,142
<b>Total</b>	<b>\$7,900</b>	<b>\$8,216</b>	<b>\$8,462</b>
<b><u>Water Fund</u></b>			
Non-Rep	\$10,000	\$10,400	\$10,712
Clerical	\$8,000	\$8,320	\$8,570
<b>Total</b>	<b>\$18,000</b>	<b>\$18,720</b>	<b>\$19,282</b>
<b><u>Wastewater Fund</u></b>			
Non-Rep	\$9,000	\$9,360	\$9,641
Clerical	\$4,000	\$4,160	\$4,285
<b>Total</b>	<b>\$13,000</b>	<b>\$13,520</b>	<b>\$13,926</b>
<b><u>Stormwater</u></b>			
Non-rep	\$2,000	\$2,080	\$2,142
Clerical	\$5,200	\$5,200	\$5,200
<b>Total</b>	<b>\$7,200</b>	<b>\$7,280</b>	<b>\$7,342</b>
<b><u>Telecommunication Fund</u></b>			
Clerical	\$5,000	\$5,200	\$5,356
Non-Rep	\$13,000	\$13,520	\$13,926
<b>Total</b>	<b>\$18,000</b>	<b>\$18,720</b>	<b>\$19,282</b>



FY 22-23	\$937,294
FY23-24	\$1,815,907
FY 24-25	\$2,789,801

Structural changes identified and approved by City Council on May 23, 2022 has assisted staff in identifying offsets for the increase in funding needed for compensation changes within the General Fund which will see the largest impact. The fiscal impact on other funds can be absorbed within current rates structures due to the health benefit cut and vacancy savings. With the upcoming budget season, staff will conduct a full evaluation of ending fund balance, staff vacancies and budget reductions to incorporate future fund impacts into the next biennium budget.

#### Cumulative Cost v. Savings

General Fund			
	Y1	Y2	Y3
Cost	(\$660,000)	(\$1,345,000)	(\$2,120,000)
Vacancy Savings	\$780,000	\$800,000	\$800,000
Benefits reduction	\$150,000	\$150,000	\$150,000
Carryover from FY1		\$270,000	
		(\$125,000)	(\$1,170,000)

#### **STAFF RECOMMENDATION**

Staff recommends that the City Council authorize the City Manager and Mayor to sign the three-year contracts, ratifying the tentative agreements reached in negotiations with the IBEW Technical/ Clerical Union and IBEW Lineman Union as well as repeal and replace Resolution 2021-18 with Resolution 2022-26.

#### **ACTIONS, OPTIONS & POTENTIAL MOTIONS**

I move to approve the three-year labor agreement with the IBEW Clerical/Technical union, the IBEW Electrical Union, and Resolution 2022-26 and repeal and replace Resolution 2021-18 of the same title and authorize the City Manager to sign the three-year agreements.

**Attachments:**

Attachment 1: PERS Background and Calculations on Pick-up v. No Pick-up

Attachment 2: Compensation and Benefits Comparisons to Other Entities

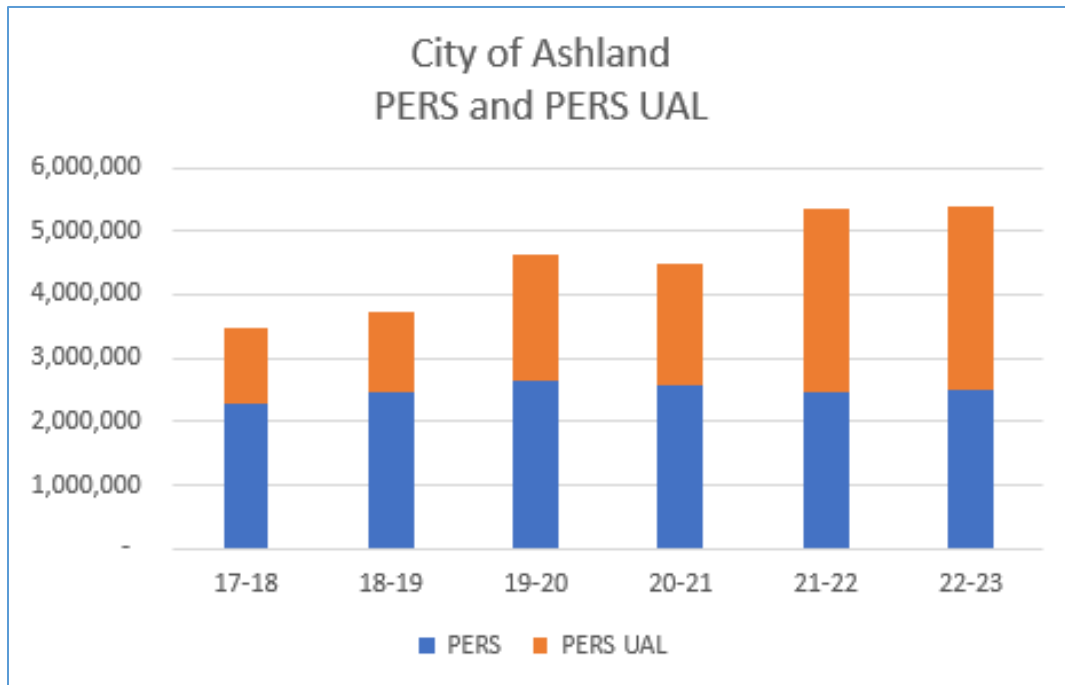
# Council Business Meeting- Attachment 1

August 16, 2022

<b>Item</b>	PERS Background & Calculations on Pick-Up v. No Pick-up	
<b>From</b>	Sabrina Cotta	Deputy City Manager/ Acting Human Resources Director
<b>Contact</b>	<a href="mailto:Sabrina.cotta@ashland.or.us">Sabrina.cotta@ashland.or.us</a> 541-552-2106	

## SUMMARY

Since 2014 the City has paid almost \$11 million into PERS UAL. As of June 30<sup>th</sup>, 2020 the City’s proportionate share owed to PERS UAL is \$46,512,316. This number is driven by actuarial and historic investment loss within the system. The City currently pays more in PERS UAL than in normal retirement. The payment into the UAL will continue regardless of employee count.



## BACKGROUND AND ADDITIONAL INFORMATION

Currently the employee portion is at 6% of wages and across the state most local governments have “picked-up” the employee share in lieu of wage increases. This “pick-up” has become a standard in collective bargaining agreements. Some entities have transitioned to employees paying the 6%. One notable transition has been the State of Oregon which transitioned the two biggest public employee unions in 2017. In exchange for employees paying into PERS the state gave employees a 6.95% raise with the goal of leaving the net employee pay unchanged. In the long run this change will cost the state (the employer) more money as an increase in wages triggers an increase in anything calculated off of wages such as overtime and differential pay, workman’s compensation, accrual buyouts, Medicare, FICA and the salaries used in pension calculations. This transition did nothing to help offset the PERS UAL.

Currently in our region Jackson County, Medford, Grants Pass, Central Point and Talen all pay the PERS Pick-Up. While each employee will differ when it comes to compensation and benefits (see fiscal examples), if the city

were to transition employees following the state model of leaving the employee whole this would trigger an on average increase of \$456,680 in personnel costs annually due to the increase in items triggered by a wage increase as discussed above. If the City were to transition employees without addressing the idea of leaving net employee compensation unchanged and remove this portion of compensation from the current compensation and benefit package the City would save on average \$1 million dollars.

The process of transitioning the employees of Ashland out of their current benefit of the City paying the PERS pick-up would require the renegotiation of 5 contracts as well as transitioning the group of Management, Confidential and Unrepresented employees. Trying to remove a benefit without an offer to replace that benefits value would most likely trigger the unionization of Parks and Recreation Employees. One can does not bargain in good faith coming to the table with the sole purpose of removing a benefit. Transitioning employees to paying PERS pick-up would entail the City providing additional benefit to cover the loss of value in compensation that the employee picking up the PERS pick-up would incur.

**FISCAL EXAMPLE: NO SALARY ADJUSTMENT FOR EMPLOYEE PERS PICK-UP**

Rates	Requirement	Category	Current cost		Savings to the City
			Budgeted 21-22	Impact to City only on PERS 6% (No salary adjustment to Employee)	
<b>Employee A - Lowest Paid</b>					
	Negotiated	Salary	44,208.00	44,208.00	-
6.20%	Federal Requirements	FICA	2,741.00	2,741.00	-
1.45%	Federal Requirements	Medicare	641.00	641.00	-
Flat	Federal Requirements	Health Care	19,584.00	19,584.00	-
Flat	Negotiated	Other Health Benefits	903.00	903.00	-
1-5%	State Requirements	Workers Comp	955.00	955.00	-
8%	State Requirements	PERS	3,537.00	3,537.00	-
13.26%	State Requirements	PERS UAL	5,862.00	5,862.00	-
6%	Negotiated	PERS Pickup	2,652.00	-	(2,652.00)
2%	Negotiated	HRA VEBA	884.00	884.00	-
Flat	Negotiated	Deferred Comp	600.00	600.00	-
			<b>82,567.00</b>	<b>79,915.00</b>	<b>(2,652.00)</b>
<b>Employee B - Highest Paid</b>					
	Negotiated	Salary	205,529.00	205,529.00	-
6.20%	Federal Requirements	FICA	12,743.00	12,743.00	-
1.45%	Federal Requirements	Medicare	2,980.00	2,980.00	-
Flat	Federal Requirements	Health Care	19,495.00	19,495.00	-
Flat	Negotiated	Other Health Benefits	2,016.00	2,016.00	-
1-5%	State Requirements	Workers Comp	164.00	164.00	-
8%	State Requirements	PERS	16,442.00	16,442.00	-
13.26%	State Requirements	PERS UAL	27,253.00	27,253.00	-
6%	Negotiated	PERS Pickup	12,332.00	-	(12,332.00)
2%	Negotiated	HRA VEBA	4,111.00	4,111.00	-
Flat	Negotiated	Deferred Comp	600.00	600.00	-
			<b>303,665.00</b>	<b>291,333.00</b>	<b>(12,332.00)</b>
<b>Employee C - Public Safety</b>					
	Negotiated	Salary	99,107.00	99,107.00	-
6.20%	Federal Requirements	FICA	6,145.00	6,145.00	-
1.45%	Federal Requirements	Medicare	1,437.00	1,437.00	-
Flat	Federal Requirements	Health Care	22,350.00	22,350.00	-
Flat	Negotiated	Other Health Benefits	2,835.00	2,835.00	-
1-5%	State Requirements	Workers Comp	2,350.00	2,350.00	-
12.37%	State Requirements	PERS	12,260.00	12,260.00	-
13.26%	State Requirements	PERS UAL	13,151.00	13,151.00	-
6%	Negotiated	PERS Pickup	5,946.00	-	(5,946.00)
2%	Negotiated	HRA VEBA	1,982.00	1,982.00	-
Flat	Negotiated	Deferred Comp	600.00	600.00	-
Flat	Negotiated	Mercy Flights	70.00	70.00	-
Flat	Negotiated	Overtime	18,000.00	19,080.00	1,080.00
			<b>168,233.00</b>	<b>162,217.00</b>	<b>(4,866.00)</b>
<b>Employee D - Average</b>					
	Negotiated	Salary	71,777.00	71,777.00	-
6.20%	Federal Requirements	FICA	4,450.00	4,450.00	-
1.45%	Federal Requirements	Medicare	1,041.00	1,041.00	-
Flat	Federal Requirements	Health Care	19,495.00	19,495.00	-
Flat	Negotiated	Other Health Benefits	5,040.00	5,040.00	-
1-5%	State Requirements	Workers Comp	57.00	57.00	-
12%	State Requirements	PERS	8,714.00	8,714.00	-
13.26%	State Requirements	PERS UAL	9,527.00	9,527.00	-
6%	Negotiated	PERS Pickup	4,307.00	-	(4,307.00)
2%	Negotiated	HRA VEBA	1,436.00	1,436.00	-
Flat	Negotiated	Mercy Flights	70.00	70.00	-
Flat	Negotiated	Deferred Comp	480.00	480.00	-
			<b>126,394.00</b>	<b>122,087.00</b>	<b>(4,307.00)</b>

**FISCAL EXAMPLE: SALARY ADJUSTMENT FOR EMPLOYEE PERS PICK-UP**

Rates	Requirement	Category	Current cost		Increase in cost to the City
			Budgeted 21-22	Impact to City only on PERS 6%	
<b>Employee A - Lowest Paid</b>					
	Negotiated	Salary	44,208.00	46,860.48	2,652.48
6.20%	Federal Requirements	FICA	2,741.00	2,905.00	164.00
1.45%	Federal Requirements	Medicare	641.00	679.00	38.00
Flat	Federal Requirements	Health Care	19,584.00	19,584.00	-
Flat	Negotiated	Other Health Benefits	903.00	903.00	-
1-5%	State Requirements	Workers Comp	955.00	1,012.00	57.00
8%	State Requirements	PERS	3,537.00	3,749.00	212.00
13.26%	State Requirements	PERS UAL	5,862.00	6,214.00	352.00
6%	Negotiated	PERS Pickup	2,652.00	-	(2,652.00)
2%	Negotiated	HRA VEBA	884.00	937.00	53.00
Flat	Negotiated	Deferred Comp	600.00	600.00	-
			<b>82,567.00</b>	<b>83,443.48</b>	<b>876.48</b>
<b>Employee B - Highest Paid</b>					
	Negotiated	Salary	205,529.00	217,861.00	12,332.00
6.20%	Federal Requirements	FICA	12,743.00	13,507.00	764.00
1.45%	Federal Requirements	Medicare	2,980.00	3,159.00	179.00
Flat	Federal Requirements	Health Care	19,495.00	19,495.00	-
Flat	Negotiated	Other Health Benefits	2,016.00	2,016.00	-
1-5%	State Requirements	Workers Comp	164.00	174.00	10.00
8%	State Requirements	PERS	16,442.00	17,429.00	987.00
13.26%	State Requirements	PERS UAL	27,253.00	28,888.00	1,635.00
6%	Negotiated	PERS Pickup	12,332.00	-	(12,332.00)
2%	Negotiated	HRA VEBA	4,111.00	4,357.00	246.00
Flat	Negotiated	Deferred Comp	600.00	600.00	-
			<b>303,665.00</b>	<b>307,486.00</b>	<b>3,821.00</b>
<b>Employee C - Public Safety</b>					
	Negotiated	Salary	99,107.00	105,053.00	5,946.00
6.20%	Federal Requirements	FICA	6,145.00	6,513.00	368.00
1.45%	Federal Requirements	Medicare	1,437.00	1,523.00	86.00
Flat	Federal Requirements	Health Care	22,350.00	22,350.00	-
Flat	Negotiated	Other Health Benefits	2,835.00	2,835.00	-
1-5%	State Requirements	Workers Comp	2,350.00	2,491.00	141.00
12.37%	State Requirements	PERS	12,260.00	12,995.00	735.00
13.26%	State Requirements	PERS UAL	13,151.00	13,930.00	779.00
6%	Negotiated	PERS Pickup	5,946.00	-	(5,946.00)
2%	Negotiated	HRA VEBA	1,982.00	2,101.00	119.00
Flat	Negotiated	Deferred Comp	600.00	600.00	-
Flat	Negotiated	Mercy Flights	70.00	70.00	-
Flat	Negotiated	Overtime	18,000.00	19,080.00	1,080.00
			<b>168,233.00</b>	<b>170,391.00</b>	<b>3,308.00</b>
<b>Employee D - Average</b>					
	Negotiated	Salary	71,777.00	76,084.00	4,307.00
6.20%	Federal Requirements	FICA	4,450.00	4,717.00	267.00
1.45%	Federal Requirements	Medicare	1,041.00	1,103.00	62.00
Flat	Federal Requirements	Health Care	19,495.00	19,495.00	-
Flat	Negotiated	Other Health Benefits	5,040.00	5,040.00	-
1-5%	State Requirements	Workers Comp	57.00	60.00	3.00
12%	State Requirements	PERS	8,714.00	9,237.00	523.00
13.26%	State Requirements	PERS UAL	9,527.00	10,089.00	562.00
6%	Negotiated	PERS Pickup	4,307.00	-	(4,307.00)
2%	Negotiated	HRA VEBA	1,436.00	1,522.00	86.00
Flat	Negotiated	Mercy Flights	70.00	70.00	-
Flat	Negotiated	Deferred Comp	480.00	480.00	-
			<b>126,394.00</b>	<b>127,897.00</b>	<b>1,503.00</b>



# Council Business Meeting- Attachment 2

August 16, 2022

<b>Item</b>	Compensation and Benefits Comparison to Other Entities	
<b>From</b>	Sabrina Cotta	Deputy City Manager/ Acting Human Resources Director
<b>Contact</b>	<a href="mailto:sabrina.cotta@ashland.or.us">sabrina.cotta@ashland.or.us</a> 541-552-2106	

## SUMMARY

The City of Ashland is comparable to other cities in the region in the benefit package that is offered to employees both in types of benefits offered and in percentage of total compensation. The Human Resources Department has gathered information regarding the benefits offered by other municipalities and what percentage benefits comprise total compensation. The percentage of total compensation the benefits comprise is dependent upon salary. Please see the example of budgeted salaries provided below for details. The City of Ashland's benefit package ranges between 26% and 42% of total compensation. This percentage of compensation has been found to fall within the percentage of total compensation found in other cities polled.

## ADDITIONAL INFORMATION

### EXAMPLE: Percent of Benefits to Total Compensation

#### City of Ashland

#### Percent of Benefits to Total Compensation

#### Based on Budgeted FY 22 costs

	Employee A		Employee B		Employee C		Employee D	
Salary	205,529.00	74%	44,208.00	58%	71,777.00	61%	99,107.00	
Overtime							18,000.00	
							117,107.00	68%
FICA	12,743.00		2,741.00		4,450.00		6,145.00	
Medicare	2,980.00		641.00		1,041.00		1,437.00	
Health Care	19,495.00		19,584.00		19,495.00		22,350.00	
Other Health Benefits	2,016.00		903.00		5,040.00		2,835.00	
Workers Comp	164.00		955.00		57.00		2,350.00	
PERS	16,442.00		3,537.00		8,714.00		12,260.00	
PERS UAL	27,253.00		5,862.00		9,527.00		13,151.00	
	(27,253.00)		(5,862.00)		(9,527.00)		(13,151.00)	
PERS Pickup	12,332.00		2,652.00		4,307.00		5,946.00	
HRA VEBA	4,111.00		884.00		1,436.00		1,982.00	
Deferred Comp	600.00		600.00		70.00		600.00	
Mercy					480.00		70.00	
<b>Total Benefit Costs</b>	<b>70,883.00</b>	<b>26%</b>	<b>32,497.00</b>	<b>42%</b>	<b>44,610.00</b>	<b>38%</b>	<b>55,905.00</b>	<b>32%</b>
<b>Total Compensation</b>	<b>276,412.00</b>	<b>100%</b>	<b>76,705.00</b>	<b>100%</b>	<b>116,867.00</b>	<b>100%</b>	<b>173,082.00</b>	<b>100%</b>

### Benefits Percentage of Total Compensation Comparison

City	Percentage
Ashland	26% - 42%
Pendleton	28% - 45%
The Dalles	29% - 33%
Central Point	33% - 45%
Roseburg	30% - 45%

### Benefit Comparison Examples

Ashland	Pendleton
\$1500/\$4500 deductible base plan/ \$500/\$1500 buy-up 90/10 split	1700/\$3400 deductible plan 100% coverage for employee, 80% for families \$1400-\$2900 contribution to HSA
Delta & Willamette with ortho	Delta & Willamette with ortho
HRA VEBA 2%-3%	HRA VEBA offered for vacation hours over cap
Deferred Comp- \$50 match	Deferred Comp- 50% match up to 1% of salary
11 holidays	15 holidays
Up to 100k life insurance	10k life insurance

Ashland	The Dalles
\$1500/\$4500 deductible base plan/ \$500/\$1500 buy-up 90/10 split	100% premium for employee and 85% for dependents. \$250/\$500 deductible \$2,250/\$4,500 max out of pocket and \$500/\$1,000 deductible \$3,500/\$7,000 max out of pocket
Delta & Willamette with ortho	Pacific Source Dental with Ortho
HRA VEBA 2%-3%	Premium split on medical premiums 50% employee's share goes into VEBA; Comp Time over 80 hours up to 40 hours goes into VEBA; Sick Leave over 600 hours goes into VEBA; and unused Executive Leave balance goes in to VEBA.
Deferred Comp- \$50 match	Deferred comp offered, no match
11 holidays	Unknown
Up to 100k life insurance	10k life insurance

Ashland	Roseburg
\$1500/\$4500 deductible base plan/ \$500/\$1500 buy-up 90/10 split	Pays 100% of dental visions and life. Majority of Health care premium. 1500/3000 base plan, includes HSA contribution from City. 500/1500 buy up plan
Delta & Willamette with ortho	Delta and Willamette with ortho
HRA VEBA 2%-3%	5% of salary-police/ IBEW/Unrep- 700/1000/1300 on coverage tier
Deferred Comp- \$50 match	Deferred Comp- 1% match
11 holidays	10 holidays
Up to 100k life insurance	25k life insurance +long-term disability at 60%