

MEMORANDUM

TO: Mayor and City Council

FROM: David Clyne, Interim City Manager

SUBJECT: RESOLUTION AMENDING THE CITY OF COTTAGE GROVE
PERSONNEL MANUAL

DATE: December 6, 2023

BACKGROUND

This was included in your packet for November 27th but was removed at my request. I am prepared at this point to move forward with this proposal at this time.

The Employee Pension Stability Account (EPSA) was created by the Oregon Legislature through Senate Bill (SB) 1049 (2019). On July 1, 2020, if an employee's gross pay in a month exceeded an established threshold under SB 1049, a portion of the 6% contribution is to be redirected to the Employee Pension Stability Account (EPSA). The redirect is to offset future pension benefits. The EPSA remains in effect when the PERS system is less than 90% funded.

The portion of the 6% redirected to the EPSA depends on the membership type, Tier One/Tier Two redirect is 2.5%, and Oregon Public Service Retirement Plan (OPSRP) redirect is .75%. The remainder of the 6% is contributed to the Individual Account Program as usual.

In July of 2020, the City provided a stipend to Non-Represented employees to account for the redirect that was required.

It has been an extremely tight employment market, competing with area agencies on wages and benefits. It is common among government agencies that we are competing with to offer the full 6% pick-up of retirement costs. To be competitive and attract qualified employees, I believe it would be beneficial to provide the 6% pickup to our Non-Represented employees. Currently, all other represented employees do receive the PERS pickup as a benefit.

It is also difficult to promote a represented employee to a non-represented position, as in most cases the wage increase is less than the pickup of the 6%, resulting in an overall decrease to accept an advancement. This is known as wage compression between positions.

During the preparation of the budget, it was discussed that a wage study would be forthcoming of all non-represented positions. Funds were included in the contingency line items in the various funds to allow for adjustments if necessary, during the fiscal year. As of this date, the wage study has been contracted through Portland State

University for Non-Represented employees. This eliminates any subjectivity in the results.

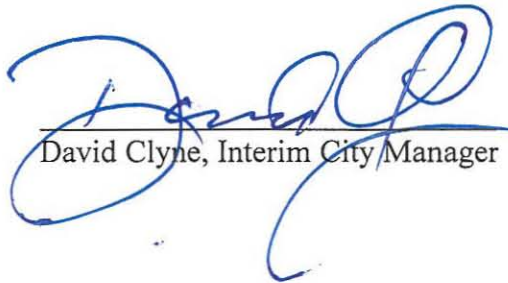
In an effort to create a more competitive wage, I am proposing to eliminate the EPSA stipend and provide the 6% PERS pickup. The PERS pickup is a more cost effective way to provide an increase as it is not included in the cost of other taxes/benefits that the City pays. Moreover, any net cost to the City this year would be funded by the delay in implementing the salary adjustments to the next budget year.

RECOMMENDATION

I recommend that the City Council adopt the proposed resolution amending the City of Cottage Grove Personnel Manual to reflect the payment of the PERS 6% Pickup by the City for Non-Represented employees.

COST

The cost for the balance of the fiscal year, January through June 2024, is estimated to be \$58,000. This cost reflects the 6% PERS pickup and the elimination of the EPSA stipend.



David Clyne, Interim City Manager

RESOLUTION _____

A RESOLUTION AMENDING THE CITY OF COTTAGE GROVE PERSONNEL MANUAL

WHEREAS, it is important to be competitive in the labor market; and

WHEREAS, the City wants to be able to promote within the ranks when appropriate without wage compression between represented and non-represented positions; and

WHEREAS, the City Council has reviewed the proposed PERS 6% Pickup and determined this to be a way to meet these objectives, and

WHEREAS, the City of Cottage Grove personnel manual requires an amendment to provide payment of the 6% PERS Pickup for Non-Represented Employees beginning January, 2024.

NOW, THEREFORE, BE IT RESOLVED, that the Cottage Grove Personnel Manual be amended as follows:

Retirement - For Non-Represented Employees, the City shall pay the cost of the employee's contribution to PERS (PERS pickup defined under IRS Section 414(h)(2)/ORS 238A.335(2)(b)) consistent with PERS rules and regulations. Participating employees may not opt out of the pick-up, or receive the contributed amounts directly instead of applying the contribution to the employee's retirement account. An employee's compensation will not be reduced to offset the PERS pickup contribution and is not retroactive.

The individual bargaining agreements prescribe the payment of PERS Pickup for all represented employees.

BE IT FURTHER RESOLVED, that this resolution shall become effective upon its passage.

PASSED BY THE COUNCIL AND APPROVED BY THE MAYOR THIS 11TH DAY OF DECEMBER, 2023.

Candace Solesbee, Mayor

Date: _____

ATTEST:

Mindy Roberts, City Recorder

Date: _____