

FISH  
AMENDMENT  
4-10-13

**Exhibit A - AMENDMENT**  
**Voluntary Retirement Incentive Program**  
 April 2013

**Background**

The Bureau of Human Resources (BHR) is proposing a Voluntary Retirement Incentive Program to run through June 2013. Due to a budget shortfall bureaus are reducing their budgets for Fiscal Year 2013-2014 by 10%. This will lead to a reduction in services to the public either through elimination of programs and/or reduction in staff. Approximately one-third of the City's workforce is eligible to retire. A recent survey conducted by BHR revealed that 53% of responders listed being unable to afford the monthly premium required for retiree health care coverage as one of the reasons they were not retiring. This incentive program would give bureaus the option to offer a city-paid contribution of \$20,000 into a Health Reimbursement Account (HRA) for approved retirement eligible employees who voluntarily separate from city service through retirement. The HRA funds must be used for qualified medical related expenses, which include purchasing healthcare coverage to help bridge the gap to Medicare eligibility or to the summer of 2014 when we expect the state health care exchanges to be fully implemented, providing affordable medical insurance options.

**Goals of the Program**

- Provide an incentive for retirement-eligible employees to retire, thereby reducing the number of involuntary lay-offs and/or program reductions
- Reduce unemployment costs
- Create opportunities to restructure/realign work, thereby resulting in short and long-term savings, and avoiding future layoffs
- Legally compliant – *i.e.*, nondiscriminatory on its face or as applied
- Affordable and provides for measurable cost-savings

**General Parameters of the Proposed Program**

Purpose:

In an effort to meet a specifically articulated business need, the incentive program aims to reduce involuntary layoffs and/or program reductions and to make more effective use of human resources. The program will be coordinated by BHR.

Availability:

The incentive program would be available to all PERS **or FPDR** retirement eligible individuals who retire on or before June 30, 2013, subject to certain limitations as set forth below

Overall Rules:

The incentive program is a management tool, not an employee right. No employee shall have a contractual right to a financial incentive offered through the program.

Management will be able to exercise discretion to approve or deny an employee's application under the following guidelines:

- Participation is voluntary and will be made available to all employees, although to be eligible, the employee must meet the eligibility criteria

- The program must result in savings to programs or positions (*i.e.*, there must be a corresponding savings to offset the bureau contribution to the HRA)
- Individual bureaus will determine the number of incentives by classification they can offer, that will meet the above goals and ensure retention of key skills and abilities
- In the event there are too many applicants, the tie-breaker shall be total years of city service (*i.e.*, those employees with more years of city service will be given preference for approval over those with fewer years)

Eligibility:

To meet the minimum eligibility threshold, an employee must be in regular status with at least 5 years of service. In addition, an employee must be eligible for retirement under PERS **or FPDR** criteria.

- The employee must submit in writing their intent to retire no earlier than April 10, 2013 and no later than May 10, 2013 and must separate from the City no later than June 30, 2013. Once the letter of intent is submitted and participation in the Voluntary Retirement Incentive Program is approved, it can not be rescinded. Solely at the discretion of the employee's bureau the qualifying retiree may be allowed to work one additional month, through July 31, as a returning retiree under Human Resources Administrative Rule 3.06.
- The bureau contribution funding the HRA will be made on the last day of the eligible employee's employment with the City of Portland. Funds will be available for qualified medical expenses the day following voluntary retirement and termination of employment with the City of Portland.
- In consideration for resignation and agreement the employee will not seek re-employment with the City in any capacity for two years **including as an employee, contractor, or subcontractor**; the employee's bureau will contribute a 1 time lump sum payment of \$20,000 into an HRA on behalf of the employee. **City Council may waive the bar on re-employment by ordinance if rehiring the employee is in the best interest of the City.** Employees who participate in this program acknowledge retirement is voluntary and that the City has work available to them at the time of their retirement.
- Employees covered by a collective bargaining agreement must have Union agreement to participate.

Coverage Period:

- The HRA Coverage Period will be administered by plan year; in its first year, the plan year will be condensed; beginning May 1, 2013 and ending June 30, 2013. In each subsequent plan year, the plan year will be designated as July 1st to June 30th.
- All qualifying medical expenses shall be reimbursed during the Coverage Period. A Participant shall be entitled to benefits under the Voluntary Retirement Incentive Program for expenses incurred in a prior Plan Year, but no reimbursement shall be made with respect to a request for reimbursement submitted more than 90 days following the end of the Plan Year in which expenses are incurred.
- Any unused balances will be carried over to another Coverage Period.

Portland, Oregon

## FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Anna Kanwit (CLB)	2. Telephone No. 503-823-3506	3. Bureau/Office/Dept. Bureau of Human Resources
4a. To be filed (date): April 3, 2013	4b. Calendar (Check One)  Regular    Consent    4/5ths <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	5. Date Submitted to Commissioner's office and FPD Budget Analyst: March 27, 2013
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed

**1) Legislation Title:**

\* Authorize contract amendment administered by the Bureau of Human Resources, Benefits and Wellness Office with BenefitHelp Solutions for Health Reimbursement Account Administration effective May 1, 2013 through June 30, 2014, Contract number 30000523 for implementation of a Voluntary Retirement Incentive Program. (Ordinance)

**2) Purpose of the Proposed Legislation:**

The Bureau of Human Resources is proposing a Voluntary Retirement Incentive Program as one mechanism to alleviate reductions in staff and/or programs for Fiscal Year 2013-2014. The incentive program would give bureaus the option to offer a city-paid contribution of \$20,000 into a Health Reimbursement Account (HRA) to be used for qualifying medical related expenses for retirement eligible employees who voluntarily separate from city service through retirement under this program. Bureaus must demonstrate savings to programs or positions to offset the cost of the contribution to the HRA. Participation requires that the employee be retirement eligible under PERS, submit their intent to retire no early than the adoption of this Ordinance and no later than May 10, 2013; and separate from the City by June 30, 2013. The employee must also acknowledge that work is available to them at the time of separation, thereby potentially reducing unemployment costs to the bureau. Implementation of the program also requires an amendment to the Bureau of Human Resources, Benefits and Wellness Office contract with BenefitHelp Solutions to add Health Reimbursement Account Administration.

**3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?**

- |   |                                    |                                    |                                |
|---|------------------------------------|------------------------------------|--------------------------------|
| <input type="checkbox"/> City-wide/Regional                           | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast                            | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East  |
| <input type="checkbox"/> Central City                                 |                                    |                                    |                                |
| <input checked="" type="checkbox"/> Internal City Government Services |                                    |                                    |                                |

**FINANCIAL IMPACT**

4) **Revenue:** Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

No

5) **Expense:** What are the costs to the City related to this legislation? What is the source of funding for the expense? Contributions to the HRA are absorbed by the bureaus but should result in corresponding savings. The administrative costs of the plan will be paid by participants or through interest revenue from the Bureau paid contribution. The expected administrative costs for this plan is \$5.00 per participant per month and a \$225.00 annual renewal fee. These costs will be paid to Benefithelp Solutions as a Third Party Administrator.

6) **Staffing Requirements:**

- Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? (If new positions are created please include whether they will be part-time, full-time, limited term, or permanent positions. If the position is limited term please indicate the end of the term.) No
- Will positions be created or eliminated in future years as a result of this legislation? Yes

*(Complete the following section only if an amendment to the budget is proposed.)*

7) **Change in Appropriations** (If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

YES: Please proceed to Question #9.

NO: Please, explain why below; and proceed to Question #10.

This action is largely internal to City government processes.

9) If "YES," please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?

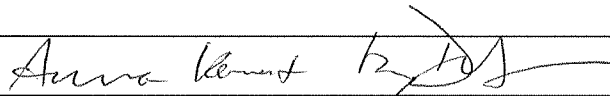
c) How did public involvement shape the outcome of this Council item?

d) Who designed and implemented the public involvement related to this Council item?

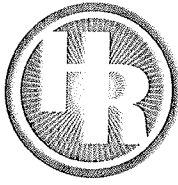
e) Primary contact for more information on this public involvement process (name, title, phone, email):

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not. No. This action is largely internal to City government processes.

Anna Kanwit



BUREAU DIRECTOR (Typed name and signature)



City of Portland  
Bureau of  
**Human Resources**  
Knowledgeable | Helpful | Responsive

Anna Kanwit, Director  
1120 SW 5th Ave., Rm. 404  
Portland, Oregon 97204-1912  
(503) 823-3572  
Fax (503) 823-4156

Office of Management and Finance

Jack D. Graham, Chief Administrative Officer

**DATE:** March 27, 2013

**TO:** Mayor Charlie Hales

**FOR MAYOR'S OFFICE USE ONLY**

Reviewed by Bureau Liaison \_\_\_\_\_

**FROM:** Anna Kanwit, Human Resources Director *Anna Kanwit by JRG*

**RE: ORDINANCE TITLE** \*Authorize contract amendment administered by the Bureau of Human Resources, Benefits and Wellness Office with BenefitHelp Solutions for Health Reimbursement Account Administration effective May 1, 2013 through June 30, 2014, Contract number 30000523 for implementation of a Voluntary Retirement Incentive Program. (Ordinance)

- 1. **INTENDED WEDNESDAY FILING DATE:** April 3, 2013
- 2. **REQUESTED COUNCIL AGENDA DATE:** April 10, 2013
- 3. **CONTACT NAME & NUMBER:** Anna Kanwit 503-823-3506
- 4. **PLACE ON:** \_\_\_ CONSENT \_\_\_  REGULAR
- 5. **BUDGET IMPACT STATEMENT ATTACHED:** \_\_\_ X \_\_\_ Y \_\_\_ N \_\_\_ N/A
- 6. **(3) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY**  
ATTACHED: \_\_\_ X \_\_\_ Yes \_\_\_ No \_\_\_ N/A

**7. BACKGROUND/ANALYSIS**

The Bureau of Human Resources is proposing a Voluntary Retirement Incentive Program as one mechanism to alleviate reductions in staff and/or programs for Fiscal Year 2013-2014. The incentive program would give bureaus the option to offer a city-paid contribution of \$20,000 into a Health Reimbursement Account (HRA) to be used for qualifying medical related expenses for retirement eligible employees who voluntarily separate from city service through retirement under this program. Bureaus must demonstrate savings to programs or positions to offset the cost of the contribution to the HRA. Participation requires that the employee be retirement eligible under PERS, submit their intent to retire no early than the adoption of this Ordinance and no later than May 10, 2013; and separate from the City by June 30, 2013. The employee must also acknowledge that work is available to them at the time of separation, thereby potentially reducing unemployment costs to the bureau. Implementation of the program also requires an amendment to the Bureau of Human Resources, Benefits and Wellness Office contract with BenefitHelp Solutions to add Health Reimbursement Account Administration.

**8. FINANCIAL IMPACT**

Contributions to the HRA are absorbed by the bureaus but should result in corresponding savings.

**9. RECOMMENDATION/ACTION REQUESTED**

I recommend that the Mayor and City Council adopt the ordinance to allow for implementation of the Voluntary Retirement Incentive Program.

Charlie Hales, Mayor

We are an equal opportunity employer

Please notify the City of Portland of the need for ADA accommodations no less than five (5) days prior to any City-sponsored event by contacting the Bureau of Human Resources at 503-823-3572 or the City's TTY at 503-823-6868.

