

Submitted by: Chair of the Assembly  
at the Request of the Mayor  
Prepared by: Employee Relations  
Department  
For Reading: June 24, 2003

ANCHORAGE ALASKA  
AR No 2003 - 184

**A RESOLUTION APPROVING THE TRANSITION OF ELIGIBLE MUNICIPAL  
EMPLOYEES REPRESENTED BY THE INTERNATIONAL UNION OF  
OPERATING ENGINEERS-LOCAL 302 FROM PERS (PUBLIC EMPLOYEES  
RETIREMENT SYSTEM) TO THE LOCAL 302/612 INTERNATIONAL UNION  
OF OPERATING ENGINEERS AND EMPLOYERS CONSTRUCTION  
INDUSTRY RETIREMENT PLAN (UNION RETIREMENT PLAN)**

WHEREAS, the Municipality of Anchorage ("hereinafter Municipality") and the International Association of Operating Engineers-Local 302 ("hereinafter Union") negotiated a new Collective Bargaining Agreement (CBA); and

WHEREAS, Article 6.3 *Retirement* of the CBA allows for the Municipality and the Union to provide for a transfer from membership coverage under PERS to the Union Retirement Plan under defined conditions; and

WHEREAS, in May 2003 the Union held a vote of the membership regarding movement from PERS to the Union Retirement Plan and the membership voted 86 in favor and 36 against the proposal; and

WHEREAS, the Union has given notice to the Municipality to implement the transfer in accordance with the CBA and the parties have negotiated a Letter of Agreement; and


WHEREAS, Anchorage Municipal Code subsection 3.70.130A., *Contracts and amendments*, requires that the agreement be submitted to the assembly for ratification in the same manner as a municipal ordinance; now therefore,

**THE ANCHORAGE ASSEMBLY RESOLVES:**

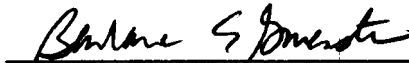
**Section 1.** The Letter of Agreement dated June 16, 2003, between the Municipality of Anchorage and the International Association of Operating Engineers-Local 302 is approved.

**Section 2.** This resolution is effective ~~August 11, 2003, upon passage and approval~~  
*September 4, 2004.*

PASSED AND APPROVED by the Anchorage Assembly this 19<sup>th</sup> day of August 2003.

  
Chair

ATTEST:

  
Municipal Clerk

**LETTER OF AGREEMENT**  
**Between the**  
**MUNICIPALITY OF ANCHORAGE**  
**And the**  
**OPERATING ENGINEERS-LOCAL 302**

**Re: Implementation of Article 6.3 Retirement**

The Operating Engineers has noticed the Municipality that a vote of the membership was conducted regarding moving from PERS (Public Employees Retirement System) to Local 302/612 International Union of Operating Engineers and Employers Construction Industry Retirement Plan (hereinafter "Union Retirement Plan"). The membership vote was 86 in favor and 36 against. Operating Engineers has submitted written notice to the Municipality to implement transitioning from PERS to the Union Retirement Plan.

Article 8.5, *Retirement* provides for a transfer from PERS to the Union Retirement Plan under the following conditions:

- A. The MOA shall incur no additional costs for the transition of Union employees from PERS to the Union Retirement Plan;
- B. The MOA contributions to the Union Retirement Plan, excluding the MOA contribution under Article 6.6, shall not exceed the amount the MOA would have contributed for the Union employees should they have remained in PERS; and
- C. The MOA and the Union must mutually agree to any other conditions of such a change prior to implementation.

In accordance with the intent at the bargaining table and the existing contract language the parties have agreed to the following:

The MOA's contribution into PERS for each eligible employee shall cease.


- 2. The MOA shall contribute one dollar and fifty cents (\$1.50) per hour paid (exclusive of Injury Leave) for each regular employee into Union Retirement Plan.
- 3. The employees' PERS contribution shall cease.

4. The employee shall contribute, on a pre-tax basis, one dollar and sixty cents (\$1.60) per hour paid (exclusive of Injury Leave) into Union Retirement Plan.
5. In addition to #2 above, the MOA shall continue the one dollar (\$1.00) per hour worked for each regular employee through the life the contract in accordance with Article 6.6.
6. This Agreement requires approval by the Anchorage Municipal Assembly prior to implementation.
7. This agreement, if approved by the Assembly, shall become effective August 11, 2003.

This Agreement was agreed to by the parties on June 16, 2003.

FOR THE MUNICIPALITY

FOR THE OPERATING  
ENGINEERS-LOCAL 302

  
Debra English  
Municipal Personnel Director

  
Jeff Ackerman  
District Representative

**MUNICIPALITY OF ANCHORAGE  
MEMORANDUM**

AM No. 538-2003

Meeting Date: June 24, 2003

**From: Mayor**

**Subject: AR 2003 - 184; A Resolution Approving the Transition of Eligible Municipal Employees Represented by the International Union of Operating Engineers-Local 302 From Public Employees' Retirement System (PERS) to the Local 302/612 International Union of Operating Engineers and Employers Construction Industry Retirement Plan (Union Retirement Plan)**

The Municipality of Anchorage (Municipality) and the International Union of Operating Engineers-Local 302 (Union) have entered into a Letter of Agreement (LOA) to transition eligible employees from coverage under Public Employees Retirement System (PERS) to coverage under the Local 302/612 International Union of Operating Engineers and Employers Construction Industry Retirement Plan (Union Retirement Plan).

During contract negotiations with the Union in 2002, the Union presented a proposal for its membership to move from PERS and into the union retirement plan. The parties were unable to reach agreement on the terms of this issue at the bargaining table. However, both sides realized the potential advantages for the employees, the Union, and the Municipality and agreed on language that during the life of the agreement the parties could continue discussions. The contract language further defined that if agreement was reached to move from PERS to the Union Retirement Plan, the cost to the Municipality could not exceed the current Municipal PERS contribution rate.

Some Municipal employees within the Operating Engineers bargaining group have informed the Municipality, State PERS representatives, and certain Assembly members that they are opposed to the Union's actions to move out of PERS. The employees' have stated a desire to retain their representation by the Union and stay in a PERS position. The Municipality was informed by State of Alaska PERS representatives that such an option was not allowed under State law. The Municipality and the Union also met with Assembly members Fairclough and Shamburg to discuss the employees' wishes. Given existing state law, the Municipality and the Union are unable to resolve the issues that a few union members have raised.

In a March 7, 2003 letter, Guy Bell, Director of Division of Retirement and Benefits, State of Alaska, notified Employee Relations Director David Otto, that Retirement and Benefits had received several inquiries from the Municipality of Anchorage and Local 302 "concerning the

1 removal of a group of municipal employees from the Public Employees' Retirement System  
2 (PERS)." Guy Bell further stated, "An employer cannot selectively determine which employees  
3 from a department, group or other classification of employees may participate. This is an all or  
4 nothing proposition."  
5

6 In May 2003 the Union conducted an election to determine if the membership wanted to move  
7 from PERS to the Union Retirement Plan. The membership voted 86 to 36 to move from PERS  
8 to the Union Retirement Plan. Subsequent to the vote, the Union and the Municipality were able  
9 to agree on the terms and conditions of the transition. In accordance with the current CBA and  
10 the LOA dated June 16, 2003, the transition from PERS to the Union Retirement Plan does not  
11 increase costs to the Municipality. The terms are outlined in the attached Letter of Agreement  
12 signed by the parties June 16, 2003.  
13

14 **THE ADMINISTRATION RECOMMENDS THE ASSEMBLY APPROVE THE**  
15 **RESOLUTION APPROVING THE TRANSITION OF ELIGIBLE MUNICIPAL**  
16 **EMPLOYEES REPRESENTED BY THE OPERATING ENGINEERS-LOCAL 302**  
17 **FROM PERS TO THE UNION RETIREMENT PLAN**  
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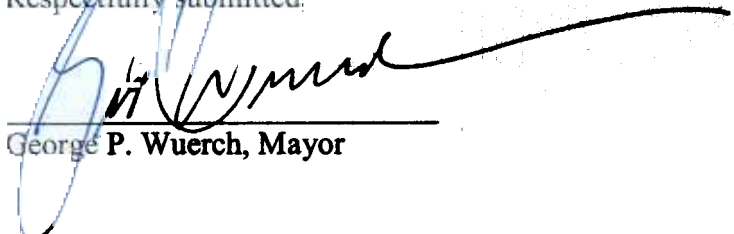
19 Concur:

Prepared by:

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Harry Kieling, Municipal Manager

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David Otto, Employee Relations Director

Respectfully submitted,

  
George P. Wuerch, Mayor

Municipality of Anchorage  
MUNICIPAL CLERK'S OFFICE  
**Agenda Document Control Sheet**

(SEE REVERSE SIDE FOR FURTHER INFORMATION)

*AR 2003-184*

<b>1</b>	SUBJECT OF AGENDA DOCUMENT <b>A Resolution Approving the Transition of Eligible Municipal Employees Represented by Operating Engineers Local-302 from PERS to the Union Retirement Plan</b>	DATE PREPARED 6/19/2003	
		Indicate Documents Attached <input type="checkbox"/> AO <input checked="" type="checkbox"/> AR <input checked="" type="checkbox"/> AM <input type="checkbox"/> AIM	
<b>2</b>	DEPARTMENT NAME <b>Employee Relations</b>	DIRECTOR'S NAME <b>David Otto</b>	
<b>3</b>	THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY <b>Debi English</b>	HIS/HER PHONE NUMBER <b>343-4425</b>	
<b>4</b>	<b>COORDINATED WITH AND REVIEWED BY</b>	<b>INITIALS</b>	<b>DATE</b>
X	<b>Mayor</b>	<i>[Signature]</i>	
	Heritage Land Bank		
	Merrill Field Airport		
	Municipal Light & Power		
	Port of Anchorage		
	Solid Waste Services		
	Water & Wastewater Utility		
X	<b>Municipal Manager</b>	<i>MM</i>	<i>6/19</i>
	Cultural & Recreational Services		
X	<b>Employee Relations</b>	<i>DEFO</i>	<i>6/19/03</i>
	Finance, Chief Fiscal Officer		
	Fire		
	Health & Human Services		
	Office of Management and Budget		
	Management Information Services		
	Police		
	Planning, Development & Public Works		
	Development Services		
	Facility Management		
	Planning		
	Project Management & Engineering		
	Street Maintenance		
	Traffic		
	Public Transportation Department		
	Purchasing		
X	<b>Municipal Attorney</b>	<i>[Signature]</i>	<i>6-19-03</i>
	<b>Municipal Clerk</b>		
	<b>Other</b>		
<b>5</b>	<b>Special Instructions/Comments</b>		
	<i>Addendum - Introduction</i>		
<b>6</b>	ASSEMBLY HEARING DATE REQUESTED <i>6-24-03</i>	<b>7</b>	PUBLIC HEARING DATE REQUESTED July 15, 2003

CLERKS OFFICE  
 2003 JUN 19 PM 3:57  
 M.O.W.