Tentative Agreement vs. Status Quo

Term:
• 4-year agreement ending 11-30-2016 (SQ: 3-year agreement).

Wages:
• 0% on 12/1/12, 0% on 12/1/13, 3% on 12/1/14, 3% on 12/1/15 (SQ: 3% - 5% COLA; retroactive effective date).
• Journey Worker Increase: $1/hr. pay increase upon ratification (approximately 345 journey workers.)

Active Employee Healthcare:
• Plans Expanded: 80%/20% Regence PPO plan; 90%/10% Regence PPO plan, Regence HPHP w/HSA and a $10 co-pay Kaiser plan; Moda dental ($2,000 v. $1,000 benefit); Kaiser dental (new; replaces Willamette) (SQ: Regence PPO 90/10 plan, Kaiser HMO $5 co-pay).
• Premium Contribution: 5% premium contribution by employees to all plans except the Regence 90/10 PPO (employee pays the difference between TriMet’s 95% contribution to the 80/20 plan contribution and the total 90/10 premium) and the Regence HPHP w/HSA (TriMet makes HSA contribution for the difference between TriMet’s 95% 80/20 plan contribution and the total HDHP premium) (SQ: 0% employee contribution).
• Part-Time Operators: Same healthcare benefits as Full-Time Operators at the same cost (SQ: Premium contribution: 0% single/25% dependents).
• Lump Sum Distribution: $425,000 one-time distribution to ATU members from the $5,550,021 in healthcare costs passed on to employees during 2013 and 2014 pursuant to ORS 243.756.

Retiree Healthcare:
• Medicare Eligible Retirees: Lower cost PPO supplemental plan in 2016, providing substantially similar benefits as active employees receive (when combined with Medicare/Medicare Part B). Option: Stipend-$417.36 (Single); $828.47 (Single + 1)
• New Hire Retiree Benefits: Pre-65: Employees hired after the ratification date receive an $800/mo stipend to purchase healthcare, increased annually by Portland CPI-W. Post- 65: no TriMet healthcare benefits (SQ: same benefits as active employees until death + 16 years for surviving spouse).
• Kaiser Health Care Side Letter: Elimination of the side letter that retained the pre-2003 $5 plan design when Kaiser made unilateral changes.
Tentative Agreement vs. Status Quo

Direct Hires:
- **Direct Hires-Apprentices**: Discretion to hire ½ of all apprentices annually in each program from the outside.
- **Direct Hires-Journey Workers**: Discretion to hire 5 journey workers annually from the outside.

Tentative Agreement – Notable Miscellaneous Changes:
- **EAP Program**: $55,000 annual payment until the contract ends, then employees move to the TriMet non-union plan; no payment during hiatus period (SQ: $55,000).
- **Recreation Trust Fund**: $55,000 annual payment until the contract ends, then the expense will be budgeted in the District General Fund; no payment during hiatus period (SQ: $55,000).
- **Child Care/Elder Assistance Program**: $55,000 annually, but only if fund balance is less than $100,000 as of due date (SQ: $55,000).
- **Grievance Process**: Elimination of pre-filing and Step 3 grievance panel; 14-month rotation of arbitration panels.
- **Labor-Management Meetings**: Ad hoc meetings replace the Joint Labor Relations Committee; agreement to study a private exchange health care model for 2016.
- **Funeral/Memorial Leave**: 4 days within 120 days (SQ: 3 days; no time limit).
- **Hours of Service (Bus)**: 10 hours rest between service days (9 hours for Extra Board).
- **Fare Inspector Training**: Those performing fare inspections are provided up to 8 hours of annual training in defusing and responding to hostile confrontations (New).
- **Allowances**: Uniform allowance: $315 (SQ: $215). Winter coat furnished to all Road, Rail and Training Supervisors (New).

Settlement of Outstanding Litigation:
- **ERB**: TriMet withdraws UP 026-14 and UP 021-14; ATU withdraws UP 018-14 and UP 031-14.
- **Court of Appeals**: Settlement of UP 042-12, UP 050-12; UP 039-10; (TriMet reimburses $3.6 million in premiums and pays $500,000 for switching costs claim).
# Health Care Premiums (Sample)

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* The annual benefit is doubled to $2,000 from $1,000.

** New offering in 2015 (replaces Willamette Dental).
Both forecasts: no payroll tax rate increase & same economic, ridership, fare, service, capital, pension, OPEB trust funding assumptions
Tentative Agreement Achieves Long-Term Structural Balance Between Revenues and Expenditures
Tentative Agreement Bends the Cost Curve Favorably, Although Costs Increase Over Time

Historical, SQ & Tentative Agreement Active & Retiree Medical Expense Paid by TriMet

- Average annual growth rate per active & retired employees 1999 – 2012: 8.1%
- Average annual growth rate per active & retired employees 2012 - 2030:
  - SQ: 4.8%
  - TA: 3.7%

Upward slope reflects additional retirees in these years.
OPEB PAYGO Expense for Union Retiree Medical Status Quo v. Tentative Agreement (through 2043)

Current and Tentative Agreement OPEB Plan Payouts

Projections by Milliman May 2014, updated for TA changes by TriMet October 2014
Impact of Proposed Union Retiree Medical Benefits on the OPEB Valuation and Payouts

**Status Quo:**
Valuation impacts:
- PV of benefits: $1.392 billion (closed group)
- Actuarial Accrued Liability: $869 million
- Normal Cost: $48 million
- UAAL Amortization: $40 million

Benefit Payments:
- 30 year payouts (open group): $2.095 billion
- Benefit payments not affordable

**Tentative Agreement:**
Valuation impacts:
- PV of benefits: $1.024 billion (closed group)
- Actuarial Accrued Liability: $641 million, reduced 26%
- Normal cost: $35 million
- UAAL Amortization: $29.5 million

Benefit Payments:
- 30 year payouts (open group): $1.313 billion, reduced 37%
- Benefit payments affordable
- Avoids $375 million in costs not included in actuarial valuation by reducing benefit for new hires

Note: Total agency OPEB liability is $950 million as of 1/1/14. Only the union portion is shown here.
Recommendation for Ratification

Pursuant to the September 30, 2014, Tentative Agreement, your negotiating team recommends ratification, as agreed by the parties.

Randy Stedman, Executive Director Labor Relations & Human Resources (Chief Negotiator)
Shelly Lomax, Executive Director Transportation
Claire Potter, Director Budget Financial Analysis & Grants
Dan Caufield, Director Operations Planning & Development
Evelyn Minor Lawrence, Director Labor Relations
Heidi Vass, Benefits Manager
Cynthia Wegesend, Labor Analyst (Note taker)