

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

ORDINANCE NO. 631

An Ordinance relating to establishment of a retiree medical insurance account.

Multnomah County ordains as follows:

Section 1. Findings.

1. Multnomah County (hereinafter "County") provides some of its employees with county-paid medical insurance benefits following retirement, subject to certain conditions.

2. The County makes such payments as they are needed (i.e. on a "pay-as-you-go" basis).

3. The "pay as you go" funding method produces an unfunded actuarial liability.

4. The County's pension system accrued a seventy-five million dollar unfunded liability prior to the County's entrance into the Public Employee Retirement System in 1982 and the Board desires to avoid similar unfunded liabilities in the future.

5. There is growing sentiment in Congress and among accounting regulatory bodies that retiree medical insurance plans should be the subject of greater scrutiny and concern.

6. The lack of advance funding of authorized retiree insurance medical benefits could jeopardize those benefits if the County's future income proves less than what was expected at the time the benefits were authorized.

7. Deferral of funding of authorized retiree insurance benefits creates an inaccurate view of the true cost of authorizing such benefits when they are authorized, and may result in the making of greater on-going financial commitments than can be sustained in light of future costs and revenues.

8. The full cost of retiree medical insurance benefits are a significant

component of total compensation which should be accounted for in the collective bargaining process and in establishing the compensation of exempt employees.

9. It is the desire of the Board of County Commissioners to avoid the adverse effects of the "pay as you go" method of funding retiree insurance benefits by prefunding such benefits insofar as the Board, from time to time in its discretion, deems to be compatible with overall County financial priorities.

Section Two. Establishment of Account.

There is hereby created, effective July 1, 1990 an account in the County's general ledger known as the "General Employee Retiree Insurance Account" (hereinafter "the Account" or "Account").

Section Three. Budget Charges.

A. Beginning July 1, 1990 the budgets of County departments shall be charged amounts determined by actuarial study to reasonably approximate the level percentage of straight time pay of covered employees necessary, in combination with the contributions of all departments and interest earned on those amounts, to fund authorized retiree medical insurance premium payments on behalf of eligible employees retiring on or after July 1, 1990.

B. Charges to department budgets under subsection A of this section shall be based on the straight-time wages of only those employees in the department who are covered by a collective bargaining agreement or ordinance which authorizes County-paid medical insurance premiums on their behalf following retirement.

C. In the event employee groups other than those currently covered by a collective bargaining agreement or ordinance authorizing County payment of

retiree medical insurance premiums following retirement become covered by such a collective bargaining agreement or ordinance, funding of any County liability for such benefits shall be managed in the same manner as provided for other employees under this ordinance; PROVIDED, that any funding or actuarial study of County obligations for members of the Corrections Officers bargaining unit or the Deputy Sheriffs bargaining unit shall each be segregated from the funding and actuarial projections for all other groups of employees. In furtherance of this objective, the Finance Director and Budget Directors may jointly establish on the county's general ledger separate accounts for each of these units, if such benefits are extended to said bargaining units.

Section Four. Sources of Funds.

Only County contributions and the return on investment thereof shall be placed in the Account. No contribution by an employee or retiree may be placed in the Account.

Section Five. Actuarial Studies and Setting of Charges.

A. The initial contribution rate charged to department budgets as provided in Section Three above shall be one and thirty-five one hundredths percent (1.35%).

B. The Director of Finance, Department of General Services, shall cause an actuarial study to be conducted no later than January 1, 1992 but not before July 1, 1991, to determine the adequacy of the contribution rate to prefund authorized retiree medical insurance premium payments on behalf of eligible retirees. The Director of Finance shall cause subsequent actuarial studies to be performed for the same purpose at least once every third year thereafter. The Directors of Finance and Budget shall confer, develop and

report to the Board recommendations concerning adjustments to the contribution rate, based on the results of the actuarial studies.

Section Six. Expenditures for Managing The Account.

Expenses incurred for purposes of managing the Account including, but not limited to, charges for retiree medical insurance premiums and the cost of actuarial studies required under Section Five above, shall be payable from the Account.

Section Seven. Funding of Certain Obligations From Other Sources.

Retiree medical insurance premiums which the County pays on behalf of employees retiring prior to July 1, 1990 shall be funded from such sources as the Board directs, but shall not be charged to any account created pursuant to this ordinance.

Section Eight. Loss of Tax Preferred Status.

In the event the State or federal governments substantially alter the tax preferred status of employer premiums paid on behalf of retirees, the Director of the Department of General Services shall promptly direct the undertaking of a study of tax preferred or tax sheltered alternatives for providing retiree insurance or substitute benefits, and shall promptly report to the Board the results of the study, including related recommendations.

Section Nine. Adoption.

This Ordinance, being necessary for the health, safety, and general welfare of the people of Multnomah County, shall take effect on the thirtieth (30th) day after its adoption, pursuant to Section 5.50 of the Charter of Multnomah County.

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ADOPTED this 30th day of November, 1989, being the date of
its 2nd reading before the Board of County Commissioners of Multnomah
County.



BOARD OF COUNTY COMMISSIONERS
MULTNOMAH COUNTY, OREGON


Gladys McCoy
Multnomah County Chair

REVIEWED:

Laurence Kressel, COUNTY COUNSEL
FOR MULTNOMAH COUNTY, OREGON

By 
Mark Williams
Assistant County Counsel