




PORTLAND DEVELOPMENT COMMISSION
INTERNAL MEMORANDUM

DATE: March 5, 2010

TO: James Hester, AFSCME Council Representative
Eric Jacobson, AFSCME Local 3769 President
Ross Plambeck, AFSCME Local 3769 Vice President

CC: Bruce Warner, Executive Director
Nelson D. Atkin II, Barran Liebman

FROM: Sandy Reina, Human Resources Director 

SUBJECT: Transition Programs for PDC Staff

Please review the enclosed transition programs, currently in draft format, that PDC is planning to roll out to staff by March 15, 2010. It is PDC's desire to offer these programs to all eligible PDC employees; however, we would like to hear from the Union before offering these programs to AFSCME represented employees. As you are aware from recent communications regarding the budget timelines, we need to move quickly in order to finalize the budget for the next fiscal year. It is essential that our employees have enough time to review these programs, ask questions and make appropriate decisions about these voluntary programs.

A few weeks ago when PDC met with AFSCME representatives, Ken Allen, James Hester, Eric Jacobson and Ross Plambeck PDC heard the recommendation to consider bridging healthcare costs for individuals when considering different programs, which we strived to address in our programs. We plan to roll out two voluntary programs, the Voluntary Retirement Incentive Program [VRIP] and the Targeted Severance Program. In addition, we will provide a non-voluntary program called the Reduction in Force Safety Net Severance program for individuals impacted by position eliminations either not eligible or not participating in the voluntary programs. Please reference the enclosures for details about these three programs. None of these programs should be considered ongoing or precedent-setting programs, but rather one-time programs with a designated end date.

While all three programs will be shared with staff on March 15th, PDC will start with the VRIP program, which will include communicating with eligible employees and administering the VRIP program. Once cost savings and various impacts are identified, department directors can then make decisions regarding the Targeted Severance Program. Once these positions and impacted individuals are identified, this information can then be communicated with appropriate parties. Expediting the communication to individuals, will ensure they have the time to make decisions that may impact the other programs.

It is PDC's goal to provide the eligible individuals with ample information regarding their voluntary opportunities. HR is working on various methods to make the information available to eligible individuals, including arranging communication sessions with PERS and ING representatives, FAQ's, memos to eligible employees, etc.

AFSCME will be provided with a list of VRIP eligible represented employees the week of March 15th, if not sooner. We appreciate your attention in getting back to us as soon as possible and realize you may have several questions. We would be glad to meet with you right away to address any concerns and answer any questions.

Again, we are set on rolling out the transition program March 15th and would appreciate your prompt review and feedback as soon as possible. Thank you.

Enclosures (3)

Faxed and Hand Delivered

Portland Development Commission Voluntary Retirement Incentive Program

Purpose	To address budgetary shortfalls or fiscal crises, and to reduce the number of involuntary reduction in force by creating an incentive for employees who are eligible to receive full retirement from PERS and have been employed with PDC for ten or more years to voluntarily retire.								
Program Administration	Human Resources Department								
Employee Eligibility	Regular employees with at least ten or more years of employment with PDC and who are eligible for full retirement under PERS.								
Exclusion	<p>Employees who are <u>not</u> eligible to participate include:</p> <ul style="list-style-type: none"> • Employees whose employment is governed by a personal written employment contract • Temporary, seasonal and limited term employees • Employees who have been employed by PDC for less than 10 years as of June 30, 2010 • Employees currently receiving PERS benefits • Members of the Executive Team 								
Policy Guidelines	<ul style="list-style-type: none"> • Employees who participate in this program must sign an agreement and release, and cannot return to PDC employment unless an exception is authorized by the Executive Director. • Employee must retire on or before June 30, 2010. • Employees have 45 days from the receipt of the Separation Agreement and Release to consider signing the agreement. After they've made a decision and signed the Separation Agreement and Release, they have an additional seven days within which to revoke the agreement. • Employees who participate in this program voluntarily retire and therefore have no lay off or recall rights. 								
Funding Source	Department budgets.								
Program Elements	<ul style="list-style-type: none"> • Eligible employees receive a lump sum incentive payment based on full years of service with PDC. See table below. <table border="1" data-bbox="565 1686 1222 1843" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Years of Service</th> <th>Incentive Amount</th> </tr> </thead> <tbody> <tr> <td>30 years or more</td> <td>\$30,000</td> </tr> <tr> <td>20 thru 29 years</td> <td>\$25,000</td> </tr> <tr> <td>10 thru 19 years</td> <td>\$18,000</td> </tr> </tbody> </table>	Years of Service	Incentive Amount	30 years or more	\$30,000	20 thru 29 years	\$25,000	10 thru 19 years	\$18,000
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	<ul style="list-style-type: none"> • All payments will be made via lump sum and are subject to tax withholding. • PERS does not count retirement incentive payments as 'subject salary' when calculating retirement benefits • Employees who participate in this program are not eligible to participate in the Targeted Severance Program.
Health Benefits	<ul style="list-style-type: none"> • Employee can choose one of the two options below for their health benefits: Option 1: PDC will pay the medical and dental premiums under PDC's retiree health insurance for the employee and his/her eligible dependents for up to six (6) months, or the date the employee or his/her eligible dependent otherwise loses eligibility; whichever comes first. The eligible dependent must be on the employee's coverage at the time of retirement. Option 2: PDC will pay a lump sum payment, subject to applicable tax, equal to 6 months medical and dental premiums. The total dollar amount is based on the cost and level of coverage at the time of retirement.
HR Responsibility	<ul style="list-style-type: none"> • Coordinate the program. • Communicate Retirement Program to Department Director, managers, eligible staff, and all staff. • Provide information/materials necessary to implement program. • Approve or decline request.
Department Responsibility	<ul style="list-style-type: none"> • Managers should direct questions about the program from all employees to HR or to the information posted on IRA.
Employee's Responsibility	<ul style="list-style-type: none"> • Employee completes the Intent to Participate in the Voluntary Retirement Incentive Program form and returns it to Human Resources [Le Huynh] by the deadline set in the notice to employee. • Employee agrees he/she is barred from applying for, accepting or otherwise seeking employment with PDC. The Executive Director may authorize an exception to this prohibition from employment. • By signing the Agreement and Release the employee voluntarily releases and forever discharges PDC, PDC Board of Directors, officers, employees, agents and insurers and their successors, individually and collectively of and from all claims arising from or in any way related to his/her employment as a PDC employee or his/her retirement from PDC employment.
Appeals Process	<ul style="list-style-type: none"> • None

**Portland Development Commission
Targeted Severance Program**

Purpose	Create the option for employees, at department discretion, to receive a targeted severance in order to support reorganization efforts or create vacancies to address budgetary shortfalls or fiscal crises.
Program Administration	Human Resources Department
Employee Eligibility	Regular employees with at least one year of service who are identified by his or her Department Director.
Policy Guidelines	<ul style="list-style-type: none"> • Program is limited to situations where Department Director demonstrates that targeted severance will result in savings because of the elimination of a position or increased efficiencies due to reorganization. The HR Director may authorize exemptions where it is shown to be in the best interest of PDC. • Employees who participate in this program must sign an agreement and release, and cannot return to PDC employment within three years of resignation, unless an exception is authorized by the Executive Director. • Employees have 45 days from the receipt of the Employee Agreement and Release to consider signing the agreement. After they've made a decision and signed the Employee Agreement and Release, they have an additional seven days within which to revoke the agreement. • Employees who participate in this program resign their employment and therefore have no lay off or recall rights. • Unemployment insurance eligibility is determined by the State of Oregon.
Funding Source	Department budgets.
Program Elements	<ul style="list-style-type: none"> • Approved employees receive a severance payment of two months' base pay. Additionally, HR may approve one (1) week's pay for every full year of service as agreed to and paid for by the Department budget. Total severance payment shall not exceed 6 months' pay. All payments will be made via lump sum and are subject to tax withholding. • PERS Guidelines prohibit contributions to an employee's PERS account from his/her Targeted Severance payment. • Targeted Severance payments are restricted from funding existing deferred compensation accounts by IRS rules. • PDC will pay the medical and dental premiums under federal continuation coverage (COBRA) for the employee and his/her eligible dependents at the level of coverage the employee had on his/her last day of employment for up to six (6) months, or the date the employee or his/her eligible dependent otherwise loses eligibility; whichever comes first. • Employees who elect to participate in a Targeted Severance Program are not eligible to participate in the Voluntary Retirement Incentive Severance

	Program.
HR Responsibility	<ul style="list-style-type: none"> • Coordinate the program. • Communicate Targeted Severance Program to Department Director, managers and HR staff. • Provide information/materials necessary to implement program. • Approve or decline request.
Department Responsibility	<ul style="list-style-type: none"> • Communicate Targeted Severance Program to employees. • Complete Targeted Severance Program application form for Human Resources Director's approval. • Once Targeted Severance Program has been authorized by the Human Resources Director, Department may notify the affected employee of the offer and obtain a Declaration of Interest in the Targeted Severance Program form from the employee. • Return all necessary paperwork to HR [Le Huynh] and ensure guidelines are being followed.
Employee's Responsibility	<ul style="list-style-type: none"> • Employee completes the Declaration of Interest in the Targeted Severance Program form and returns it to Human Resources [Le Huynh]. • Employee agrees he/she is barred from applying for, accepting or otherwise seeking employment with PDC during a three-year period after the resignation effective date and that any hiring or application shall be deemed null and void. The prohibition from employment shall include all full-time, part-time, [which includes Limited Term positions] and temporary positions as well as contract work. The Executive Director may authorize an exception to this prohibition from employment. • By signing the Agreement and Release the employee voluntarily releases and forever discharges PDC, PDC Board of Directors, officers, employees, agents and insurers and their successors, individually and collectively of and from all claims arising from or in any way related to his/her employment as a PDC employee or his/her resignation from PDC employment.
Appeals Process	<ul style="list-style-type: none"> • None

**Portland Development Commission
Layoff with Safety Net Severance Program**

Purpose	To provide employees impacted by a Reduction in Force/Layoff with a safety net severance
Program Administration	Human Resources Department
Employee Eligibility	All regular employees whose positions are affected by a reduction in force. Limited Term employees whose employment ends as a result of a reduction in force prior to their existing LTE end date are also eligible, but only in this situation.
Policy Guidelines	<ul style="list-style-type: none"> • Program is limited to regular employees whose position is being eliminated due to PDC business needs. • Employees who are affected by this program are considered on “lay off” status and are eligible for lay off, and recall rights, including bumping rights, under the Collective Bargaining Agreement or the PDC Personnel Policy, where applicable. • Unemployment insurance eligibility is determined by the State of Oregon.
Funding Source	Department budgets.
Program Elements	<ul style="list-style-type: none"> • PDC will pay the COBRA premium for the employee and their eligible dependents at the level of coverage the employee had on his/her last day of employment for up to six (6) months, or the date the employee or his/her eligible dependent otherwise loses eligibility; whichever comes first.
HR Responsibility	<ul style="list-style-type: none"> • Coordinate the program. • Communicate Reduction in Force with Safety Net Severance Program to Department Director, managers and staff. • Provide information/materials necessary to implement program. • Approve or decline request.
Department Responsibility	<ul style="list-style-type: none"> • Managers should direct questions about the program from all employees to HR or to the information posted on IRA.
Employee's Responsibility	<ul style="list-style-type: none"> • If the employee is represented and is eligible to bump, employee must notify Human Resources in a timely manner that they are waiving their rights to bump. • Employees must follow procedures set forth in the CBA or the PDC Personnel Policy should they wish to maintain their lay-off and recall rights, where applicable
Appeals Process	<ul style="list-style-type: none"> • None

