REPORTS

4. Report from the Chief Administrative Officer
Report 2002/09/23

Restructuring of the City of Winnipeg Employee Benefits Program and the Implementation of the Employee Benefits Program Trust Agreement
File GU-3.9 (Vol. 17)

Recommending:

1. That City of Winnipeg Council give instructions that the appropriate officers of the City execute the Trust Agreement.

2. That Council, in accordance with the terms of the Trust Agreement which implements the new pension plan, appoint the following as the City of Winnipeg members of the Board of Trustees for the assigned terms:

Bob Pruden	3 year term
David Shepherdson	1 year term
Bob Gannon	2 year term
Jo-Anne Ferrier	3 year term
Rick Borland	1 year term
Barry MacBride	3 year term
Ursula Stelman	2 year term

3. That Marshall G. Smith's and Scott Penman's terms on the Employee Benefits Investment Committee expire on October 31, 2002 and need to be extended to December 31, 2002.

Re: THE RESTRUCTURING OF THE CITY OF WINNIPEG EMPLOYEES BENEFITS PROGRAM AND THE IMPLEMENTATION OF THE CIVIC EMPLOYEES BENEFITS PROGRAM PENSION TRUST AGREEMENT.

For submission to: **Executive Policy Committee**

Submitted by: **Chief Administrative Officer**

Report date: **September 23, 2002**

In Camera: **No**

Recommendations:

1. That City of Winnipeg Council give instructions that the appropriate officers of the City execute the Trust Agreement;

2. That Council, in accordance with the terms of the Trust Agreement which implements the new pension plan, appoint the following as the City of Winnipeg members of the Board of Trustees for the assigned terms:

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3. That Marshall G. Smith's and Scott Penman's terms on the Employee Benefits Investment Committee expire on October 31, 2002 and need to be extended to December 31, 2002.

Report Summary

Key Issues:

- City of Winnipeg Council on December 15, 1999 adopted the Report of Executive Policy Committee dated December 8, 1999 recommending the restructuring of the City of Winnipeg Employee Benefits Program into a joint trusteeship the terms of which are set out in the Agreement in Principle (the new pension plan) between all Civic Unions/Associations (Unions) and the City of Winnipeg authorized the proper officers of the City to do all things necessary to effect the foregoing. The implementation date of the new pension plan was to be July 1, 2000.

- The Unions and City could not complete implementation of the new pension plan by July 1, 2000 and, as a result, City of Winnipeg Council on November 22, 2000 adopted the Report of Executive Policy Committee dated November 15, 2000 recommending Amendments to By-law No. 5300/89 implementing an interim agreement pending the final implementation of the new pension plan.

- The Unions and the City applied to the Manitoba Pension Commission (MPC) for approval to implement the new pension plan. As a result of discussions with the MPC, it was determined that legislative amendments would be required to permit the implementation of the new pension plan.

- The Province of Manitoba on July 6, 2001 gave Royal Assent to the amendments to *The City of Winnipeg Act.*

- In accordance with the requirements of the amendments to *The City of Winnipeg Act*, the Unions and the City obtained Court approval for the implementation of the new pension plan. The Unions and the City are now in a position to obtain the approval of the MPC of the new pension plan in accordance with *The Pension Benefits Act*.

- The implementation date for the new pension plan is January 1, 2003.

- To facilitate obtaining the approval of the MPC prior to January 1, 2003, it is necessary for the Unions and the City to execute the Trust Agreement and appoint their respective members to the Board of Trustees of the New Civic Employees Benefits Program Pension Trust Agreement.

Implications of the Recommendation(s):

General Implications

None

Xð For the organization overall and/or for other departments

ð **For the community and/or organizations external to the City of Winnipeg**

ð Involves a multi-year contract

Comment:

Policy implications

X No

ð Yes

Comment:

Financial Implications

Within approved current and/or capital budget

ð Current and/or capital budget adjustment required

Comment: there are no financial implications in the recommendations of this report

Report

Recommendations:

1. That City of Winnipeg Council give instructions that the appropriate officers of the City execute the Trust Agreement.

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3. That Marshall G. Smith's and Scott Penman's terms on the Employee Benefits Investment Committee expire on October 31, 2002 and need to be extended to December 31, 2002.

Reason for the Report:

Council approval is required to authorize execution of the Trust Agreement and appointment of the City's members of the Board of trustees.

History:

The City of Winnipeg and the Unions commenced negotiations in 1998 for purposes of determining a process for allocating surpluses in the City of Winnipeg Employee Benefits Program (EBP) and changes to the structure, governance and funding requirements of the EBP. In November of 1999, the parties agreed to ratify the new pension plan restructuring the EBP, with July 1, 2000 being the anticipated implementation date.

Owing to the complexity of the arrangement, the need for amendments to legislation, the required Court approval and the approval of the Manitoba Pension Commission, in order to gain an immediate benefit from the current surplus, the Unions and the City agreed to an interim arrangement adopted by Council on November 22, 2000 which will end December 31, 2002. That agreement allows both the City and the Unions to utilize up to $150 million of the existing surplus

for purpose of improving benefits and allowing the City of Winnipeg to continue with a contribution holiday in year 2000 and subsequent years until fully utilized. Since the adoption of that interim agreement, appropriate amendments have been made to *The City of Winnipeg Act* and the approval of the Manitoba Court of Queen's Bench has been obtained. The Unions and the City are now able to continue with their application to the MPC for its consideration and approval of the restructuring of the EBP pursuant to *The Manitoba Pensions Act.*

The new plan is now scheduled to come into effect on January 1, 2003.

Discussion:

The Chief Financial Officer is of the view that it is in the best interests of the City of Winnipeg that the Trust Agreement is executed and is recommending the City of Winnipeg's appointees to the Board of Trustees. This will allow the City to benefit as soon as possible from the funding structure of the new pension plan and assure that the City has taken all necessary steps to facilitate the Unions and the City obtaining the approval of the MPC and that the new pension plan can be implemented as intended on January 1, 2003.

Financial Impact Section:

There is no financial impact to this report.

This Report Submitted By:

Department: Chief Administrative Officer Secretariat
Division:
Prepared by: Chief Administrative Officer
File No.