

Burkhart, Kelly

From: Paul Shiners <PaulS@KitsapTransit.com>
Sent: Thursday, July 13, 2023 5:38 PM
To: Conway, Sen. Steve; Stokesbary, Rep. Drew; Robinson, Sen. June; MacEwen, Sen. Drew; Ormsby, Rep. Timm; Braun, Sen. John; Fitzgibbon, Rep. Joe; Volz, Rep. Mike; Schumacher, David; 'Tracy Guerin, DRS -'; Thompson, J. Pat; Watson, Wally (CVSD); Yestramski, Mike; Zabelka, William (SCPP); Creekpaum, Annette; Legard, Dan (SCPP); Hermanson, Beverly; Office State Actuary, WA; Gutierrez, Aaron
Cc: Dylan Doty
Subject: Request for Review and Consideration of a Pension Related Issue - Kitsap Transit
Attachments: 2023.07.13 Ltr to Select Cmte on Pension Policy re Request for Exemption.pdf

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Honorable Committee Members and staff, please find the attached letter asking for this Committee's review of an important pension-related issue impacting Kitsap Transit and some of its valued team members. We look forward to working with the Committee on a workable solution for all. Thank you.

Best Regards,

Paul Shiners

Finance Director
Kitsap Transit

60 Washington Ave., Ste 200
Bremerton, WA 98337
360-824-4908
pauls@kitsaptransit.com



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July 13, 2023

60 Washington Ave. Ste. 200
Bremerton, WA 98337
Phone: 360.479.6962
Fax: 360.377.7086



www.kitsaptransit.com

Honorable Members of the Select Committee on Pension Policy:

Kitsap Transit is a public transportation benefit area (PTBA) that serves the entirety of Kitsap County, including service for the Puget Sound Naval Shipyard (PSNS). Kitsap Transit is considering a legislative request to amend the RCW to clarify that a small set of unique part-time bus drivers exclusively operating to and from PSNS be exempted from eligibility in the Public Employees Retirement System (PERS). Prior to crafting any such legislation, however, Kitsap Transit respectfully requests that this Committee add this topic to its September agenda to allow for review and discussion with subject matter experts and interested stakeholders.

By way of brief background regarding Kitsap Transit's service for PSNS, the commuters and the bus operators that serve PSNS are employees of PSNS or a division of the United States armed services and are eligible for benefits under the Federal Employees Retirement System (FERS). Due to several issues, including federal restrictions on access to the PSNS, Kitsap Transit hires and compensates a group of part-time lead and backup drivers to operate its commuter service to and from PSNS (PSNS Operators).

For years, Kitsap Transit and its PSNS Operators believed this unique set of drivers was excluded from PERS participation because the position class predominantly does not qualify for PERS hour eligibility requirements. Following a recent review, however, it was determined that this group of drivers does not meet the exemption criteria set forth in Washington State law, and that moving forward they would be automatically enrolled in PERS for their time spent driving to and from their federal jobs.

Kitsap Transit has discussed the issue at length with both the PSNS Operators and their union representatives, which recently voted to seek this exemption. A number of factors have led to this request, including the existing pension coverage for these drivers in FERS pursuant to their primary employment at PSNS. Additionally, given the relatively miniscule compensation they earn from Kitsap Transit when compared with what they earn at PSNS, the retirement benefits accrued from PERS would be similarly small. Additionally, the vast majority of PSNS Operators fail to meet the vesting criteria (based on a review of current and historical PSNS Operators back to 2008, just 2 out of a total 97 PSNS Operators would have both met initial PERS eligibility criteria and vesting criteria).

In addition to speaking internally and with its labor partners, Kitsap Transit has also engaged with the Department of Retirement Systems (DRS). Although officially neutral on any proposed change, DRS appreciates the rationale for exemption, and agrees that a change in RCW would be needed to accomplish this goal. As to the exemption's final breadth, parties are currently agnostic; however, all support a review and discussion before this Committee prior to crafting any legislation.

For these reasons and others, Kitsap Transit is asking for consideration and discussion regarding an exemption for part-time employees of a PERS-eligible employer (Kitsap Transit) who exclusively drive themselves and other workers to and from their primary employment (PSNS) where they obtain the majority of their income and accrue benefits under a different retirement system (FERS).

Thank you for your attention and interest in this matter. Kitsap Transit looks forward to discussing this issue with the Committee in more detail at an upcoming meeting.

Sincerely,



John W. Clauson
Executive Director