

- **Board of Directors**
Legal, Claims and Personnel Committee

February 13, 2001 Board Meeting

8-1

Subject

Adopt resolution of intent to amend contract and agreement to pool assets and liabilities to increase to the Fourth Level of the 1959 Survivor Benefits through the Public Employees' Retirement System

Description

The current Memorandum of Understanding (MOU) executed between Metropolitan and the Employees Association/AFSCME Local 1902 requires Metropolitan to amend the contract with the Public Employees' Retirement System (PERS) to increase to the Fourth Level of 1959 Survivor Benefits. This contract amendment with PERS will affect all eligible employees, regardless of bargaining unit. Metropolitan's current contract with PERS includes the Third Level of 1959 Survivor Benefits. Currently, eligible employees are required to contribute \$0.93 per pay period to be enrolled in the Third Level 1959 Survivor Benefits. This employee cost will not increase due to the Level Four 1959 Survivor Benefit.

The 1959 Survivor Benefit provides a monthly allowance to an employee's survivor(s) upon death prior to retirement. The increased benefit ranges from an additional \$600 to \$1,400 per month depending on the survivor qualifications. Government Code Section 21574, Fourth Level of 1959 Survivor Benefits, requires an amendment to the existing contract granting the Fourth Level of 1959 Survivor Benefits to all eligible employees. Therefore, the resolution of intent ([Attachment 1](#)) to amend the contract will apply to all employees eligible for PERS. PERS also requires all agencies subject to Section 21574 to pool the 1959 Survivor Benefits assets and liabilities into a single account based on term insurance rates for local miscellaneous members. [Attachment 2](#) is the agreement to pool the 1959 Survivor Benefits assets and liabilities. Finally, Section 21574 requires the adoption of a final resolution after the resolution of intent has been signed and on file for 20 days. This final resolution will be brought to the Board for approval in March 2001.

Policy

The current Memoranda of Understanding executed between Metropolitan and the Employees Association/AFSCME Local 1902, Supervisors' Association, Management and Professional Employees Association, and Association of Confidential Employees.

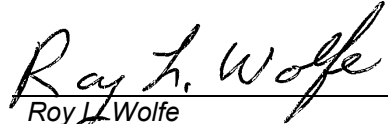
CEQA Compliance / Environmental Documentation

Since there is no possibility that providing the Fourth Level of the 1959 Survivor Benefits through PERS may have a significant effect on the environment, the recommended action is not subject to the California Environmental Quality Act (CEQA) (State CEQA Guidelines Section 15061(b)(3)).

Staff Recommendation / Fiscal Impacts

In accordance with the Employees Association/AFSCME Local 1902 negotiated labor agreement with Metropolitan and Government Code Section 21574, adopt the attached resolution of intent to amend contract with PERS ([Attachment 1](#)) and agreement with PERS to pool 1959 Survivor Benefits assets and liabilities ([Attachment 2](#)) to increase to the Fourth Level of 1959 Survivor Benefits for all eligible employees.

Fiscal Impact: None in fiscal years 2000/2001 or 2001/2002. Up to a maximum of \$122,000 to be included in fiscal year 2002/2003 O&M budget, depending on the PERS employer contribution rate.



Roy L. Wolfe
Manager, Corporate Resources

1/25/2001

Date



Ronald R. Jeter
General Manager

1/29/2001

Date

Attachment 1—Resolution of Intent

Attachment 2—Agreement to Pool Assets and Liabilities

BLA #762

**RESOLUTION OF INTENTION
 TO APPROVE AN AMENDMENT TO CONTRACT
 BETWEEN THE
 BOARD OF ADMINISTRATION
 CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 AND THE
 BOARD OF DIRECTORS
 METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

WHEREAS, the Public Employees' Retirement Law permits the participation of public agencies and their employees in the Public Employees' Retirement System by the execution of a contract, and sets forth the procedure by which said public agencies may elect to subject themselves and their employees to amendments to said Law; and

WHEREAS, one of the steps in the procedures to amend this contract is the adoption by the governing body of the public agency of a resolution giving notice of its intention to approve an amendment to said contract, which resolution shall contain a summary of the change proposed in said contract; and

WHEREAS, the following is a statement of the proposed change:

To provide Section 21574 (Fourth Level of 1959 Survivor Benefits) for local miscellaneous members.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the above agency does hereby give notice of intention to approve an amendment to the contract between said public agency and the Board of Administration of the Public Employees' Retirement System, a copy of said amendment being attached hereto, as an "Exhibit" and by this reference made a part hereof.

By: _____
 Presiding Officer

 Title

 Date adopted and approved

**AGREEMENT
 TO POOL
 1959 SURVIVOR BENEFITS ASSETS AND LIABILITIES
 BETWEEN THE
 BOARD OF ADMINISTRATION
 CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 AND THE
 BOARD OF DIRECTORS
 METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

WHEREAS, Government Code Section 21574 provides for a single employer rate to be established to provide benefits under said Section on account of members employed by contracting agencies electing to include the provision of said Section in their contracts; and

WHEREAS, Government Code Section 21574, requires pooling of all assets and liabilities of all contracting agencies subject to said Section;

NOW, THEREFORE BE IT AGREED, that assets and liabilities of the Metropolitan Water District of Southern California and its covered employees shall be pooled pursuant to the provisions of Government Code Section 21574.

BOARD OF ADMINISTRATION
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF DIRECTORS
 METROPOLITAN WATER DISTRICT
 OF SOUTHERN CALIFORNIA

BY _____
 KENNETH W. MARZION, CHIEF
 ACTUARIAL & EMPLOYER SERVICES DIVISION
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
 PRESIDING OFFICER

 Date