

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

May 15, 2001 Board Meeting

8-2

Subject

Adopt resolution reporting the value of employer-paid member contributions to the Public Employees' Retirement System and approve action to implement benefits parity

Description

The current Memoranda of Understanding (MOU) executed between The Metropolitan Water District of Southern California (Metropolitan), the Supervisors' Association, and the Management and Professional Employees Association require Metropolitan to pay the employees' normal contribution to the Public Employees' Retirement System (PERS). AFSCME has been receiving this benefit since January 1, 2001 according to December 12, 2000 Board Letter 8-6. Metropolitan is currently paying the employees' seven percent normal contribution to PERS. The MOU's state that Metropolitan will begin reporting the value of the normal contribution as additional compensation according to Government Code Section 20636. When an employee retires, this additional compensation will be used in the final compensation calculation for an employee's retirement allowance. Section 20636 requires (1) a signed resolution by the public agency, and (2) that the employer's labor policy or agreement specifically provide the employer-paid member contributions be reported as additional compensation.

The Association of Confidential Employees (ACE) has a favored nations clause that allows ACE to select benefits each May based on the benefits other units have negotiated. For administrative ease, we are including ACE in this Board action so that one resolution can be approved for all three remaining bargaining units. The MOU for ACE will be updated accordingly.

Metropolitan currently pays the employees' normal contribution to PERS for all Unrepresented employees. This Board action will also modify the Administrative Code to report the Unrepresented employees' normal contribution as additional compensation.

Metropolitan's Administrative Code Section 6523 describes dental benefits for all Unrepresented employees. This Board action will also revise Administrative Code Section 6523 to implement benefits parity and give all employees the same dental coverage.

The proposed action is not defined as a project under the California Environmental Quality Act (CEQA) because the proposed action involves continuing administrative activities such as personnel-related actions (Section 15378 (b)(2) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

Policy

The current Memoranda of Understanding executed between Metropolitan and the Supervisors' Association, Management and Professional Employees Association, and Association of Confidential Employees; and Metropolitan Water District Administrative Code Sections 6521 and 6523.

Board Options/Fiscal Impacts

Option #1

- a. Determine that the proposed action is not subject to CEQA per Sections 15061(b)(3) and 15378 (b)(2) of the State CEQA Guidelines.
- b. In accordance with (1) the Supervisors' Association and the Management and Professional Employees Association negotiated labor agreements with Metropolitan, (2) the Association of Confidential Employees upcoming favored nations benefit election, and (3) Government Code Section 20636 (c)(4), adopt the attached resolution ([Attachment 1](#)). This resolution reports the value of employer-paid member contributions to the Public Employees' Retirement System for employees in classifications represented by these units, and all Unrepresented employees, effective May 27, 2001.
- c. In accordance with Metropolitan's philosophy of benefits parity, approve the revision of Administrative Code Section 6523 to implement a change in dental benefits for Unrepresented employees effective June 1, 2001 in line with all other employee bargaining units.

Fiscal Impact: None in fiscal years 2001/2002 and 2002/2003. This additional cost will be factored into the employer rate determined by the PERS actuarial report effective July 1, 2003. PERS estimates these costs to be a maximum of \$975,600 in fiscal year 2003/2004. Financial impact beyond fiscal year 2003/2004 will depend on the actuarial report determining Metropolitan's overall employer contribution rate. The increased cost for the dental plan changes for the Unrepresented employees is estimated to be \$8,400. This amount will be absorbed in the last month of this fiscal year's budget, and will be budgeted in the next fiscal year.

Option #2

- a. Determine that the proposed action is not subject to CEQA per Sections 15061(b)(3) and 15378 (b)(2) of the State CEQA Guidelines.
- b. In accordance with (1) the Supervisors' Association and the Management and Professional Employees Association negotiated labor agreements with Metropolitan and (2) the Association of Confidential Employees upcoming favored nations benefit election, adopt the attached resolution ([Attachment 2](#)). This resolution reports the value of employer-paid member contributions to the Public Employees' Retirement System for employees in classifications represented by these units only, excluding Unrepresented employees, effective May 27, 2001.
- c. Do not revise Administrative Code Section 6523 to implement a change in dental benefits for Unrepresented employees.

Fiscal Impact: None in fiscal years 2001/2002 and 2002/2003. This additional cost will be factored into the employer rate determined by the PERS actuarial report effective July 1, 2003. PERS estimates these costs to be a maximum of \$866,500 in fiscal year 2003/2004. Financial impact beyond fiscal year 2003/2004 will depend on the actuarial report determining Metropolitan's overall employer contribution rate.

Staff Recommendation

Option #1

Alana Kokuy-Schreder 04/20/2001
for Roy L. Wolfe Date
Manager, Corporate Resources

Ronald R. Jeter 4/23/2001
General Manager Date

Attachment 1 – Resolution for the Supervisors’ Association, Management and Professional Employees Association, Association of Confidential Employees, and Unrepresented Employees

Attachment 2 – Resolution for the Supervisors’ Association, Management and Professional Employees Association, and Association of Confidential Employees

BLA #985

RESOLUTION FOR PAYING AND REPORTING THE VALUE OF EMPLOYER-PAID MEMBER CONTRIBUTIONS

WHEREAS, the governing body of The Metropolitan Water District of Southern California has the authority to implement Government Code Section 20636(c) (4) pursuant to Section 20691;

WHEREAS, the governing body of The Metropolitan Water District of Southern California has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of The Metropolitan Water District of Southern California of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of The Metropolitan Water District of Southern California has identified the following conditions for the purpose of its election to pay EPMC;

- **This benefit shall apply to all employees of the Supervisors’ Association, the Management and Professional Employees Association, Association of Confidential Employees and all Unrepresented Employees.**
- **This benefit shall consist of paying seven (7) percent of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable {excluding Government Code Section 20636(c)(4)} as additional compensation.**
- **The effective date of this Resolution shall be May 27, 2001.**

NOW THEREFORE, BE IT RESOLVED that the governing body of The Metropolitan Water District of Southern California elects to pay and report the value of EPMC as set forth above.

Adopted at a meeting of the Board of Directors of The Metropolitan Water District of Southern California at Los Angeles on the 15th day of May 2001.

Signed _____
Phillip J. Pace, Chairman

Signed _____
Dawn Chin, Executive Secretary

RESOLUTION FOR PAYING AND REPORTING THE VALUE OF EMPLOYER-PAID MEMBER CONTRIBUTIONS

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WHEREAS, the governing body of The Metropolitan Water District of Southern California has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of The Metropolitan Water District of Southern California of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of The Metropolitan Water District of Southern California has identified the following conditions for the purpose of its election to pay EPMC;

- **This benefit shall apply to all employees of the Supervisors’ Association, the Management and Professional Employees Association and the Association of Confidential Employees.**
- **This benefit shall consist of paying seven (7) percent of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable {excluding Government Code Section 20636(c)(4)} as additional compensation.**
- **The effective date of this Resolution shall be May 27, 2001.**

NOW THEREFORE, BE IT RESOLVED that the governing body of The Metropolitan Water District of Southern California elects to pay and report the value of EPMC as set forth above.

Adopted at a meeting of the Board of Directors of The Metropolitan Water District of Southern California at Los Angeles on the 15th day of May 2001.

Signed _____
Phillip J. Pace, Chairman

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Dawn Chin, Executive Secretary