

- **Board of Directors**  
**Legal and Human Resources Committee**

November 20, 2007 Board Meeting

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7-3

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**Subject**

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Adopt resolution providing for change in Metropolitan's contribution to medical plans for AFSCME employees maintained by Public Employees' Retirement System for the calendar year 2008

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**Description**

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The current Memorandum of Understanding between Metropolitan and the Employees Association/AFSCME Local 1902 provides a "cash incentive" to employees who decide to switch from PERS Care to an alternate medical plan for the 2007 or 2008 calendar years. The "cash incentive" is 50 percent of the dollar difference between the PERS Choice plan and Metropolitan's maximum contribution to PERS Care.

The current Memorandum of Understanding also states that effective January 1, 2008, Metropolitan's maximum contribution to medical insurance will be 85 percent of the total premium of PERS Care unless Metropolitan is projected to save at least \$175,000 for the life of the contract based on the "cash incentive" described above. AFSCME is not projected to save \$175,000 based on the number of individuals that have switched from PERS Care to an alternate medical plan.

Therefore, a resolution ([Attachment 1](#)) has been drafted to change the medical contribution for AFSCME employees to 85 percent of PERS Care. This medical contribution percentage will continue to cover 100 percent of the premium for all other medical plan options. AFSCME employees who elect to enroll, or remain enrolled, in PERS Care will have a 15 percent contribution requirement.

The Management and Professional Employees Association and Supervisors Association Memoranda of Understanding both contain similar language and specific goal amounts based on the "cash incentive" option. These two bargaining units are projected to reach their targeted savings by the end of the current contract. Therefore, the medical contribution for employees in these bargaining units will remain at 90 percent of the PERS Care premium.

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**Policy**

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Current Memorandum of Understanding between Metropolitan and the Employees Association/AFSCME Local 1902

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**California Environmental Quality Act (CEQA)**

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CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA, because it involves continuing administrative activities, such as personnel-related actions, general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other governmental fiscal activities, which do not involve any commitment to any specific project, which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

**Board Options**

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**Option #1**

Adopt the CEQA determination and resolution providing for change in Metropolitan’s contribution to medical plans for AFSCME employees maintained by Public Employees’ Retirement System for the calendar year 2008.

**Fiscal Impact:** \$1.26 million (includes \$75,000 savings from AFSCME reduction)

**Business Analysis:** Resolution adoption required based on Memorandum of Understanding

**Option #2**

Do not adopt resolution providing for change in Metropolitan’s contribution to medical plans for AFSCME employees maintained by Public Employees’ Retirement System for the calendar year 2008.

**Fiscal Impact:** Unknown

**Staff Recommendation**

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Option #1



*Fidencio M. Mares*  
Director of Human Resources

10/19/2007  
Date



*Jeffrey Lightlinger*  
General Manager

10/22/2007  
Date

**Attachment 1 – Resolution Fixing The Employer’s Contribution**

BLA #5680

**RESOLUTION FIXING THE EMPLOYER'S CONTRIBUTION UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT**

- WHEREAS, (1) Government Code Section 22892(a) provides that a local agency contracting under the Public Employees' Medical and Hospital Care Act shall fix the amount of the employer's contribution at an amount not less than the amount required under Section 22892(b) of the Act, and
- WHEREAS, (2) The Metropolitan Water District is a local agency contracting under the Act; now, therefore be it
- RESOLVED, (a) That the employer's contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of:

Code	Bargaining Unit	Contribution per month		
		1 party	2 party	family
001	Unrepresented	90% PERS Care	90% PERS Care	90% PERS Care
002	Employees			
	Association	85% PERS Care	85% PERS Care	85% PERS Care
003	Supervisors			
	Association	90% PERS Care	90% PERS Care	90% PERS Care
004	Management and Professional Employees			
	Association	90% PERS Care	90% PERS Care	90% PERS Care
005	Association of Confidential Employees			
		90% PERS Care	90% PERS Care	90% PERS Care

Plus administrative fees and Contingency Fund assessments.

Adopted at a meeting of the Board of Directors of the Metropolitan Water District at Los Angeles on this 20<sup>th</sup> day of November 2007.

Signed: \_\_\_\_\_

Timothy Brick, Chairman

Attest: \_\_\_\_\_

Dawn Chin, Board Executive Secretary