



- Board of Directors
Organization, Personnel and Technology Committee

11/8/2011 Board Meeting

7-5

Subject

Adopt resolution implementing the Time-in-Grade Exception for employee member contribution to the Public Employees Retirement System

Description

The new Memoranda of Understanding between Metropolitan and its Bargaining Units establish a two tier system of payment of the required PERS employees' contribution. Metropolitan will continue to pay the 7 percent PERS employees' contribution for current employees, but employees hired after January 1, 2012 will pay the 7 percent employees' share of PERS contribution themselves to the extent permitted by law. Under Government Code Section 20636(e)(1), and as specifically authorized in Title 2, California Code of Regulations Section 569, this system is authorized under what is known as the time-in-grade exception. Currently, PERS limits the time-in-grade exception for newly hired employees to the first five years of employment. A resolution ([Attachment 1](#)) is necessary to implement this new system.

Policy

Newly authorized Memoranda of Understanding between Metropolitan and the Employees Association/AFSCME Local 1902, MAPA/AFSCME 1001, Supervisors Association and the Association of Confidential Employees

California Environmental Quality Act (CEQA)

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

Option #1

Adopt the CEQA determination and resolution providing for change in Metropolitan's system of paying the employees' PERS contribution by continuing to pay the 7 percent PERS contribution for existing employees and not paying the employees' 7 percent PERS contribution for employees hired after January 1, 2012 (until the employee accrues five years of total service).

Fiscal Impact: Estimated savings \$11.5 million over the next 5 years

Business Analysis: Resolution adoption required based on Memoranda of Understanding

Option #2

Do not adopt resolution providing for change in Metropolitan's system of paying the employees' PERS contribution by continuing to pay the 7 percent PERS contribution for existing employees and not paying the employees' 7 percent PERS contribution for employees hired after January 1, 2012 (until the employee accrues five years of total service).

Fiscal Impact: Unknown

Staff Recommendation

Option #1



Fidencio M. Mares
Director of Human Resources

10/27/2011
Date



Jeffrey Kightlinger
General Manager

10/27/2011
Date

Attachment 1 – Resolution For Employer Paid Member Contributions With Time-In-Grade Exception

Ref# hr2614928

RESOLUTION

**RESOLUTION FOR EMPLOYER PAID MEMBER CONTRIBUTIONS
WITH TIME-IN-GRADE EXCEPTION**

WHEREAS, the governing body of The Metropolitan Water District of Southern California has elected to pay all or a part of the normal member contributions to the California Public Employees' Retirement System (CalPERS) pursuant to Government Code Section 20691, and applicable labor policies or agreements;

WHEREAS, the governing body of The Metropolitan Water District of Southern California may elect a time-in-grade Exception to said Employer Paid Member Contributions (EPMC) within a given group or class of employees as defined in Government Code Section 20636(e)(1) and as specifically authorized in Title 2, California Code of Regulations Section 569;

WHEREAS, the governing body of The Metropolitan Water District of Southern California has identified the following conditions for the application of said Exception:

- This exception shall apply to all employees of AFSCME Local 1902, MAPA/AFSCME Local 1001, Supervisors Association, and Association of Confidential Employees.
- The Metropolitan Water District of Southern California elects to pay 7% for all current employees.
- For employees hired after January 1, 2012 The Metropolitan Water District of Southern California will pay EPMC according to the following time-in-grade schedule:

Year 1 through 5 at 0%.

- Once a newly-hired employee accrues five (5) years of total service (either on a continuous or cumulative basis), s/he shall be entitled to payment of EPMC on the same terms that apply to all other employees in the group or class. In so resolving, the governing body of The Metropolitan Water District of Southern California agrees to abide by Section 569, the terms of which are incorporated-by-reference as if fully set forth herein.
- The effective date of this Resolution shall be January 1, 2012.

NOW, THEREFORE, BE IT RESOLVED that the governing body of The Metropolitan Water District of Southern California elects a time-in-grade Exception as set forth above.

BY

John V. Foley
Chairman of The Board

(Date adopted and approved)