



● **Board of Directors**  
***Organization, Personnel and Technology Committee***

9/11/2018 Board Meeting

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**7-5**

**Subject**

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Adopt CEQA determination and adopt resolution designating Metropolitan's maximum contribution for medical benefits in order to comply with the current authorized Memoranda of Understanding

**Executive Summary**

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Metropolitan is required to set the employer contribution for medical benefits, as necessary, on an annual basis under the Public Employees' Medical and Hospital Care Act, and CalPERS requires that a resolution be approved by the Board of Directors in order to reflect any changes as required. Metropolitan's maximum contribution is currently based upon the highest Health Maintenance Organization (HMO) rate of all six regions. Under the new authorized Memoranda of Understanding (MOUs) between Metropolitan and the Employees Association/AFSCME Local 1902, MAPA/AFSCME 1001, Supervisors Association and the Association of Confidential Employees, the maximum premium Metropolitan pays for medical insurance is now 100 percent of the highest cost HMO plan in either the Los Angeles and Other Southern California regions, not to exceed the premiums of the medical plan elected by the employee. These two regions are where the vast majority of Metropolitan employees are located.

CalPERS requires that a new resolution be approved by the Board of Directors in order to reflect and comply with any MOU changes. In order to implement these changes with an effective date of January 1, 2019, an approved resolution must be submitted to CalPERS prior to that date.

**Details**

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**Background**

CalPERS establishes separate medical rates for six different geographic regions: Los Angeles; Other Southern California; Bay Area; Sacramento; Other Northern California; and Out of State. In order to comply with our current MOUs, CalPERS requires Metropolitan to evaluate the following year's medical premiums and to select a specific plan in a specific geographic region upon which to base its maximum contributions. Whenever the selected plan and geographic region changes, Metropolitan is required to submit a board-approved resolution to CalPERS 60 days prior to any change being implemented.

Effective January 1, 2017, Metropolitan complied with the new MOU agreements by selecting Anthem Traditional HMO plan for the Sacramento region, which was the highest HMO plan of CalPERS' six geographic regions. Beginning January 1, 2019, Metropolitan is only required to base its maximum contribution on the highest cost HMO plan in either the Los Angeles and Other Southern California regions. Effective January 1, 2019, that plan will be the Anthem Traditional HMO, Los Angeles Region, basic rate. Therefore, a new Resolution must be adopted which reflects this plan effective January 1, 2019. (Attachment 1)

**Policy**

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

Metropolitan Water District Administrative Code Section 6522: Medical Insurance

**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 (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because the proposed action will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and involves continuing administrative activities such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not defined as a project under CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project that 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 defined as a project under Public Resources Code Section 21065 and 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 that the proposed action is not defined as a project, and

Adopt resolution requiring Metropolitan to base its maximum medical contributions on the highest cost HMO plan between Los Angeles and Other Southern California regions, Anthem Traditional HMO, Los Angeles Region, for employees and annuitants under Government Code Section 22892(a).

**Fiscal Impact:** Estimated annual savings of \$110,283.

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

**Option #2**

Do not adopt resolution providing for change in Metropolitan’s health benefit premium contribution for employees and annuitants under Government Code Section 22892(a).

**Fiscal Impact:** Unknown

**Staff Recommendation**

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Option #1

  
\_\_\_\_\_  
Diane Pitman  
Human Resources Group Manager

8/27/2018  
Date

  
\_\_\_\_\_  
Jeffrey Kightlinger  
General Manager

8/27/2018  
Date

**Attachment 1 - Resolution Fixing The Employer Contribution at an Equal Amount for Employees and Annuitants under the Public Employees’ Medical and Hospital Care Act**

**RESOLUTION NO. Number**

**FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS UNDER THE PUBLIC EMPLOYEES’ MEDICAL AND HOSPITAL CARE ACT**

- WHEREAS, (1) Metropolitan Water District of Southern California is a contracting agency under Government Code Section 22920 and subject to the Public Employees’ Medical and Hospital Care Act (the “Act”); and
- WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and
- WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and
- RESOLVED, (a) That the employer 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:

<b>Medical Group</b>	<b>Monthly Employer Contribution</b>
001 Unrepresented	100% Anthem HMO Traditional Los Angeles Region Basic Rate
002 Employees Association	100% Anthem HMO Traditional Los Angeles Region Basic Rate
003 Field Sup & Prof EE Association	100% Anthem HMO Traditional Los Angeles Region Basic Rate
004 Mgmt & Prof EES Association	100% Anthem HMO Traditional Los Angeles Region Basic Rate
005 Association of Confidential EE	100% Anthem HMO Traditional Los Angeles Region Basic Rate

Plus administrative fees and Contingency Reserve Fund assessments; and be it further

- RESOLVED, (b) Metropolitan Water District of Southern California has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (c) That the participation of the employees and annuitants of Metropolitan Water District of Southern California shall be subject to determination of its status as an “agency or instrumentality of the state or political subdivision of a State” that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Metropolitan Water District of Southern California would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.
- RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct,

Human Resources Group Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Metropolitan Water District of Southern California all functions required of it under the Act.

Adopted at a regular meeting of the Board of Directors of Metropolitan Water District of Southern California at Los Angeles, this 11 day of September, 2018 with an effective date of January 1, 2019.

Signed: \_\_\_\_\_  
Randy A Record, Chairman of the Board

Attest: \_\_\_\_\_  
Rosa Castro, Board Administrator

**INSTRUCTIONS**

This resolution form is the approved form designated by the California Public Employees' Retirement System (CalPERS). It should be used by a contracting agency subject to Public Employees' Medical and Hospital Care Act (PEMHCA) when the agency desires to change the monthly employer health contribution for employees and annuitants in accordance with Government Code Section 22892.

The resolution is **effective on the first day of the second month** following the month in which the resolution is filed (date stamped as received by CalPERS; See address below).

WHEREAS, (1) should be completed with full name of the contracting agency and recognized employee organizations.

RESOLVED, (a) should be completed to specify the amount of the employer contribution toward the cost of enrollment for active employees and annuitants. The amount specified must be an amount equal to or greater than that prescribed by Section 22892(b).

Commencing January 1, 2009, the employer contribution shall be adjusted annually by the Board to reflect any change in the medical component of the Consumer Price Index, and shall be rounded to the nearest dollar.

RESOLVED, (b) should be completed with full name of the contracting agency.

RESOLVED, (c) should be completed with full name of the contracting agency.

RESOLVED, (d) requests the position title of the individual who handles the PEMHCA resolution for the contracting agency.

RESOLVED, (d) should be completed with full name of the contracting agency.

**Because resolutions serve as a legally binding document, we require the original resolution, certified copy with original signatures, or a copy of the resolution with the agency's raised seal.**

**For resolution processing, deliver to the following:**

**Overnight Mail Service**

California Public Employees' Retirement System  
Health Resolution & Compliance Services, HAMD  
400 Q Street  
Sacramento, CA 95811

**Regular Mail**

California Public Employees' Retirement System  
Health Resolution & Compliance Services, HAMD  
PO BOX 942714  
Sacramento, CA 94229-2714

The certification shown following the resolution is to be completed by those individuals authorized to sign for the contracting agency in legal actions and is to include the name of the executive body; i.e. Board of Directors, Board of Trustees, etc., the location and the date of signing.