

CENTRAL BASIN MUNICIPAL WATER DISTRICT

NOVEMBER 28, 2006 - Board Meeting

Prepared by: Dan Lam

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Approved by: Art Aguilar

ACTION CALENDAR

DISABILITY AND RETIREE HEALTH BENEFITSSUMMARY:**Disability**

Central Basin MWD's (District) current policy states that "an employee who is disabled for more than 180 days on an unpaid leave shall not be eligible for the District's paid health premiums and benefits. The employee would be given the option to continue their health coverage through COBRA. Premiums for COBRA coverage are made entirely by the employee." The policy also states that "if keeping the job open for the employee during the paid or unpaid leave would be detrimental to the operation of the District, employment termination may occur."

The proposed addition to the current policy is as follows:

"An employee who is terminated from employment with the District, receiving disability benefits, and has no work income from any sources, will be eligible for COBRA coverage in which the premiums would be paid by the District for up to 36 months for the employee and his/her dependents. Once work income is earned, the employee may still be entitled to COBRA coverage but the employee becomes liable for the premiums. When and if the former employee is able to resume work (certified by a physician), he/she would be considered over other applicants, except those laid off for lack of work or funds, for the first vacancy for any position for which he/she is qualified."

Retirement

The District's current retirement policy requires an employee to be at age 55 or above with 10 years of District service credit with PERS and be receiving PERS retirement benefits to be entitled to full health benefits upon employment termination.

The proposed retirement policy provides for additional ways to separate from the District with full health benefits, as follows:

- Retire from the District at age 50 or above with service formula (age plus years of PERS service credit) equal to 75 or higher of which five (5) years of PERS service credit is with the District.
- With approved PERS disability retirement, no minimum age requirement but must have at least five (5) years of service credit with PERS.

FISCAL IMPACTS:

Disability

Statistical information on the ACWA Group Policy for the past three years shows approximately 2% of the group received disability benefits. Along with the District's limited liability of up to 36 months of COBRA insurance premiums, the fiscal impact would be minimal.

Retirement

Based on the latest actuarial study, dated February 2006, which includes Central and West Basin Municipal Water District's, the annual contribution for the retiree health benefits program would have an increase of no more than 20%.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance/Administration Committee on November 16, 2006 and was recommended for approval at the November 28, 2006 Board Meeting.

RECOMMENDED MOTION:

That the Board approves, adopts, and authorizes the President to sign Resolution No. 11-06-723, "A RESOLUTION OF THE BOARD OF DIRECTORS OF CENTRAL BASIN MUNICIPAL WATER DISTRICT AMENDING RESOLUTION NO. 3-04-693 AS IT RELATES TO THE ADMINISTRATIVE CODE." These changes will be reflected in the future revision of the Administrative Code.

LIST OF EXHIBITS:

Exhibit "A" - Resolution No. 11-06-723 and Summary of Proposed Benefits

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EXHIBIT “A”

RESOLUTION NO. 11-06-723

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
CENTRAL BASIN MUNICIPAL WATER DISTRICT
AMENDING RESOLUTION NO. 3-04-693 THE
ADMINISTRATIVE CODE**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF CENTRAL BASIN
MUNICIPAL WATER DISTRICT** as follows:

Section 1. Purpose

This resolution restates Part 3 of the Administrative Code with revisions to Chapters 4, Article 2 Benefits.

Section. 2. Resolution

The Central Basin Administrative Code Part 3 – Human Resources, Chapter 4 General Terms of Conditions and Employment, Article 2 Benefits is hereby restated to include the revisions to the Administrative Code.

Section 3. Other

Except as provided herein, Resolution No. 3-04-693 the Administrative Code is reaffirmed and readopted.

PASSED, APPROVED AND ADOPTED on November_____, 2006.

President

ATTEST:

Secretary

(SEAL)

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**Central Basin Municipal Water District
Summary of Proposed Disability and Retiree Health Benefits**

Disability Benefits	Current Policy	Proposed Policy
Paid COBRA health premiums for up to 36 months	N/A	<u>Qualifications (all must apply):</u> <ul style="list-style-type: none"> • Receiving disability benefits • Employment termination from the District • No work income from any sources
Retiree Health Benefits	Current Policy	Proposed Policy
Full - Paid health premiums and 100% of health expense reimbursement fund	<u>Qualifications:</u> <ul style="list-style-type: none"> • PERS Retirement and - Age 55 with 10 years District service 	<u>Qualifications:</u> <ul style="list-style-type: none"> • PERS Retirement and - Age 55 with 10 years District service or - Age 50 or above plus PERS service credit equaling 75 or higher of which five years of PERS service credit is with the District • PERS disability retirement

Disability Policy Change

Advantages

- Limits the District's liability.
- Employment termination allows re-staffing of position to prevent economic injury to the operation of the District.
- Provides more competitive benefits for recruitment and retention.
- Gives some security to employees for unexpected events in life.

Disadvantages

- District's inability to tract compliance with qualification of "no work income from any source".

Retirement Policy Change

Advantages

- Provides more competitive benefits for recruitment and retention.
- Gives some security to employees for unexpected events in life.

Disadvantages

- Rise in cost of retirement program.
- Lost of institutional knowledge with the five year District service credit.