

Inter Office Memo

AGENDA ITEM #4

To: A&F Committee

Date: 9-20-11

From: Lisa Rettig *Lisa Rettig*
Senior Manager of Human ResourcesReviewed By: *PLK***SUBJECT: History and Comparison of CCCTA Work Groups regarding Wage and Benefits****SUMMARY OF ISSUES:**

Brief historical look at wage and benefit changes to various CCCTA work groups as well as a snapshot comparison to other governmental entities within our service area

BACKGROUND:

Prior to 1998 CCCTA was covering the full cost of Kaiser Employee Only coverage for Administrative Employees. As medical benefit premiums began to increase significantly, the Board capped increases to the Authority's health care cost at 6% from the prior year. This was a cap on the Authority's share of the premium and it was set at a maximum of 6% over the Authority's cost for the year prior. As a result of the cap administrative employees absorbed the brunt of the health care cost increases. When premiums began to increase in double digits the Authority was covering a smaller and smaller % of the premium with the employee shouldering more and more of the total premium. In 2007 in an attempt to alleviate some of this burden on the employee CCCTA, chose to start a cafeteria plan for its Administrative employees. In 2007 each Administrative employee was given a sum of \$100 per month in cafeteria money to be used to offset the employee share of the medical premium, or to purchase additional benefits. In 2008 the Cafeteria Plan amount was increased to \$200/month/employee.

In, and around, 2007 CCCTA realized retirees medical benefits represented an unfunded liability of approximately \$14 million. In order to decrease this liability and stay in CalPERS healthcare (this was a Board goal at that time) the Authority fixed the premium split at 60/40. The Authority contribution is fixed at 60% of the 2009 medical premium rates and the employee contributes the remaining 40%. This change resulted in a decrease of the Authorities unfunded liability to approximately \$6.5 million. The Administrative employee group cafeteria plan has remained unchanged since 2008. Additionally the Administrative groups wages have been frozen for three years, since 2009, see Attachment A.

The 2007 contract negotiations with the ATU resulted in a cafeteria plan for this work group as well. The split of the premium was set at 50/50 between the Authority and the employee. Beginning, January 1, 2008 the ATU negotiated cafeteria plan contributions as follows:

Employee Only:	\$190.00 month
Employee +1:	\$250.00 month
Family:	\$350.00 month
No medical:	\$50.00 month

Additionally, the contract states, "The Authority will average the percentage increase in the premiums for the operators' elected coverage level under the two HMO's most commonly selected by the operators. Fifty percent (50%) of the increase in each coverage level will be added to CCCTA's Cafeteria Plan contribution for each coverage level. The remaining portion of the premium increase will be paid by the employee." The current Cafeteria Plan amounts are shown in Attachment B. The most recent ATU MOU freezes cafeteria plan increases for the calendar years 2012 and 2013. The ATU's wages have also been frozen for upcoming two years, see Attachment A.

The Transit Supervisors' work group represented by the Teamsters' also negotiated a cafeteria plan. The premium was set at a 50/50 split beginning 1/1/09 and cafeteria plan contributions were as follows:

Employee Only:	\$215.00/month
Employee +1:	\$265.00/month
Family:	\$340.00/month
No Medical:	\$50.00/month

The Teamsters' MOU has language similar to the ATU regarding the computation of annual increases in the cafeteria plan amounts. The Teamster's during their most recent MOU chose to forgo their wage increases. This resulted in a two year wage freeze. Cafeteria Plan contributions have not been frozen. Current Cafeteria Plan amounts are shown in Attachment B.

The final CCCTA work group is the Mechanics and Service Workers. This group is represented by the IAM and does not participate in CalPERS healthcare. Their medical benefits are administered by the IAM and does not provide retiree healthcare benefits. Therefore there is no unfunded retiree healthcare liability with this work group. This has allowed the authority to cover a greater share of the medical premiums. Currently, the employee pays 2% of the monthly premium towards their healthcare.

In an effort to compare CCCTA to our service area, staff surveyed our member cities and Contra Costa County. The following questions were asked:

1. What increases, if any, have your Administrative/ Management/ Miscellaneous Employee groups received recently?
2. What does the Employee pay for Kaiser Family level coverage?
3. What retirement programs to you participate in and what are the costs?

The summary of the results of this summary are shown in Attachment C-1 and C-2. Additionally, the employee cost for Kaiser Family level coverage is shown graphically in Attachment D. The Employer cost of retirement programs (as a % of payroll) is shown in Attachment E. This is a total of PERS employer rates, Employer pick up of Employee Rates (if applicable), Social Security costs, 457 and 401a contributions.

In summary, CCCTA administrative employees contribute the most toward their healthcare and CCCTA pays the least for the retirement program it provides.

ACTION REQUESTED

Staff believes that this information is significant and a benefit for the full Board to have as a point of reference for any future decisions regarding employee wages and benefits.

Comparison of CCCTA Work Groups, Wage and Cafeteria Increases and Freezes

Work Group	Year of last Wage Increase/%	Year of Last Cafeteria Increase *
Administration	2009/2%	2008
IAMI	2009/3%	n/a
Teamsters	2009/2.5%	2012
ATU	2010/3%	2011

*Increase varies due to numerous factors, see attachment B

[Type text]

[Type text]

Attachment B

2011 Monthly Cafeteria Plan Amounts by Employee Group

Coverage Level	Administration	Teamsters	ATU	IAM
Employee Only	\$ 200.00	\$ 258.92	\$ 250.24	n/a
Employee +1	\$ 200.00	\$ 352.82	\$ 370.46	n/a
Employee +2 or more	\$ 200.00	\$ 454.17	\$ 507.60	n/a
No Medical Benefits	\$ 200.00	\$ 50.00	\$ 50.00	n/a

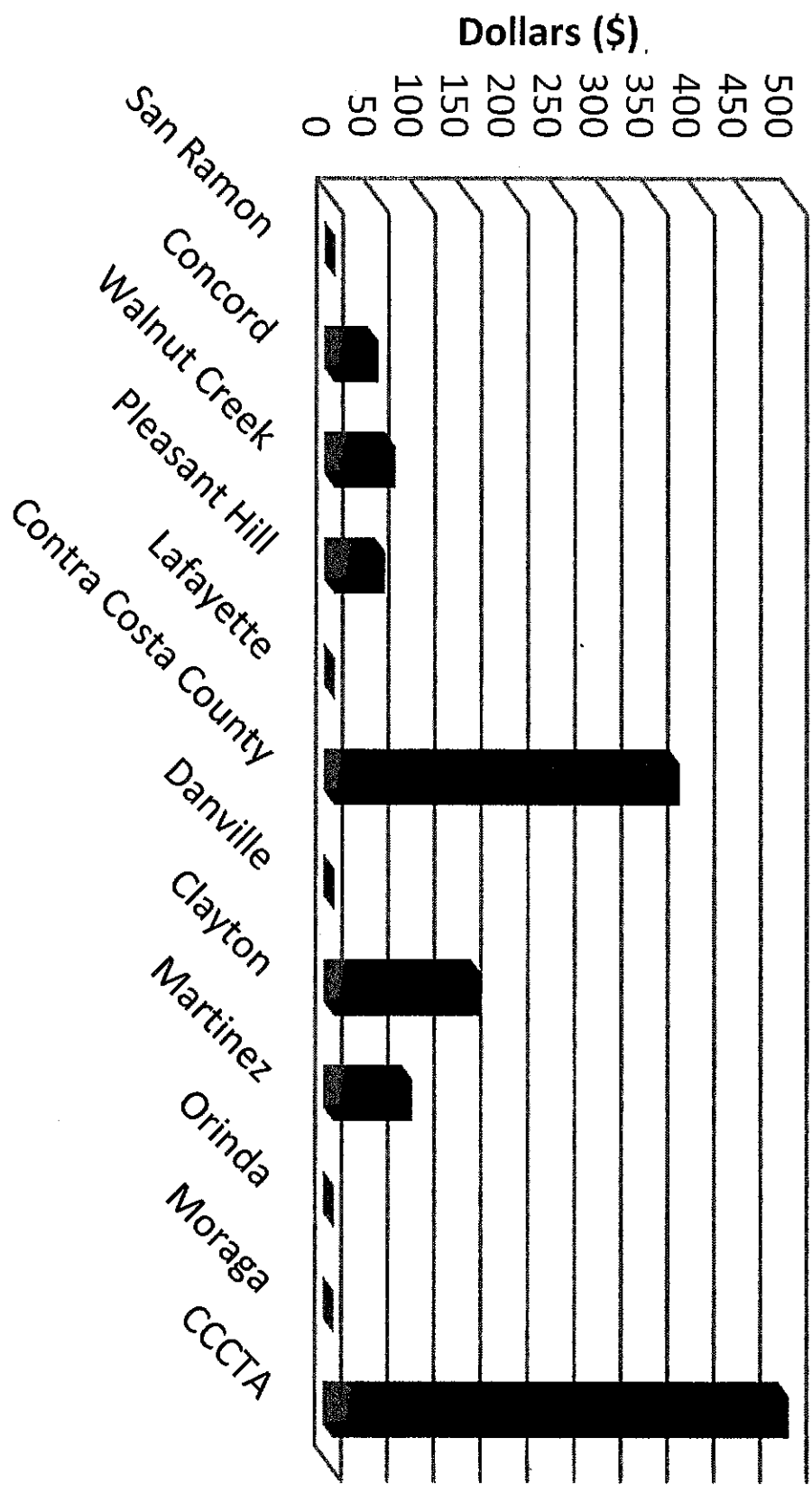
2011 Comparison of Benefits and Wage Increases Administration/Management/Miscellaneous Employee Groups

Attachment C-1

<u>Entity</u>	<u>Wage Changes</u>	<u>PERS Retirement</u>	<u>Social Security</u>	<u>Health Benefits - EE Cost</u>	<u>Other/Notes</u>
San Ramon	Freeze since 1/1/09	PERS 2.7%@55 rate: 10.263%	ER No	No cost to employee	PERS EE rate 8%; City pays 7%, EE pays 1%
Concord	Cola, Step and Merit Frozen until further notice, 5% (13 day) furlough	PERS 2.5%@55 Rate 15.305%	ER Yes ER rate 6.2%	EE contributes 50% of health increases in Kaiser rate, currently \$47.35/mo for Kaiser Family	457 ER Contributions and Flexible Spending Benefit suspended in FY 11/12 PERS EE pays 5%, ER pays 3%
Walnut Creek	No Scheduled increases	PERS 2.5%@55 Rate 14.814%	ER No	1% of actual gross earnings General Employees	Retirement Health Savings: ER pays \$125/mo for years 15-25, 457: ER contributes 2% of salary; PERS EE pays: 1.75%, ER pays 5.25%
Pleasant Hill	3/1/11 - 0% cola	PERS 2%@55 ER rate: 12.012%	No	\$55 for Family Coverage	457: EE contributes 4% of monthly salary, ER matches, ER pays 7% EE share of PERS
Clayton	2nd year of unpaid furloughs and frozen salaries	PERS 2%@55 ER rate: 14.178%	No	EE pays for Kaiser: EE only \$0/mo. Family \$159.47/mo.	City picks up EE portion of PERS rate, full 7%
Martinez	Salaries last changed 1/1/2010	PERS 2%@55 rate: 8.894%	ER No	Hired before 1/1/07 do not contribute for health benefits, Hired after 1/1/07 pay: EE only: \$39.08/mo. Family: \$85.14/mo.	\$65/mo. ER contribution to Deferred Compensation, Management Group 1.6% to Deferred Comp
Moraga	1% increase 7/1/11	PERS 2%@60 rate 8.475%	ER No	No cost to employee for Kaiser coverage at any level	PERS EE rate 7%, ER pays 3%, EE pays 4%

<u>Entity</u>	<u>Wage Changes</u>	<u>PERS Retirement</u>	<u>Social Security</u>	<u>Health Benefits - EE Cost</u>	<u>Other/Notes</u>	<u>Attachment C-2</u>
Contra Costa County		CCERA 2%@55 (PERS reciprocal) ER rate 10-16%	Yes ER rate 6.2%	EE pays for Kaiser: EE only: \$159.50/mo. Family: \$371.65/mo.	ER contributes \$150 per mo. To County Deferred Comp Plan and EE contributes minimum \$25/mo.	
Orinda	No Scheduled increases	No	No	No cost to employee for Kaiser coverage at any level	401a: ER rate 10% of base salary 457: ER matches up top 3% EE contribution	
Lafayette	Frozen for 2 years beginning FY10	No	Yes ER rate 6.2%	ER gives EE amount equal to 15% of base salary towards benefit with remainder to deferred comp. (At minimum city pays for Kaiser Family)	401a: ER contributes 10% of base salary; if EE contributes an additional 5%, the ER matches it. Therefore the total city contribution is 15%	
Danville	Last increase 2008, anticipating increase end of 2011	No	No	No cost to Employee	401a: ER pays 10-15% of gross pay, EE pays 0-5% of gross pay	
CCCTA	Frozen since 2009	PERS 2%@60 rate: 4.874%	ER No	EE pays for Kaiser: EE only: \$65.43/mo. Family: \$490.11/mo.	7% PERS Employee Rate, ER pays 7% for Management and 3.5% for non management	

Employees Monthly Cost for Kaiser Family Coverage



Employers Retirement Contributions Including PERS, 457, 401a, Social Security as Applicable

