

# ALAMEDA COUNTY TRANSPORTATION COMMISSION



COMPREHENSIVE  
BENEFITS PROGRAM  
FOR TRANSITION AND  
FUTURE EMPLOYEES

OCTOBER 28, 2010

# RECOMMENDATIONS

- Approve Unified Benefits Program for Transition and Future Employees of Alameda CTC
- Approve initiation of new contract with CalPERS
- Approve initiation of actuarial analysis



# INITIAL TIME LINE

ACTIVITIES	TIMELINE
• Commission approves benefits program	October 2010
• Actuarial analysis and Contract with CalPERS	Nov 2010 – May 2011
• Establishment of Unified Budget and Financial Statement	Sept 2010 – May 2011
• Commission approves Salaries & Benefits Resolution	May or Jun 2011
• Commission approves Unified Budget	May or Jun 2011
• ACTIA and ACCMA employees transition to Alameda CTC	Mar 2011 – Jun 2011

# ALAMEDA CTC UNIFIED BENEFITS PROGRAM

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- Reconciliation of predecessor agencies' employees CalPERS and Public Employees' Medical and Health Care Act (PEMHCA) Benefits Program
- Unification of health benefits program through Cafeteria Plan
- Unification of retirement health benefits through Health Reimbursement Arrangement (HRA)

# ALAMEDA CTC

## UNIFIED BENEFITS PROGRAM PRINCIPLES

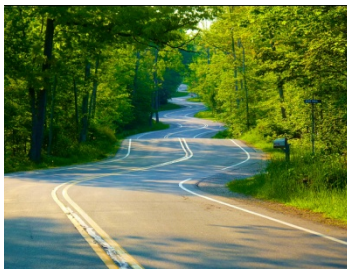
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- Seek to balance between
  - cost savings
  - future program flexibility and agency contributions
  - fairness to current staff
  
- Proposed Program will allow the Commission the flexibility to decrease its contribution to health and retirement benefits to future employees or to increase for all employees

# MAJOR COMPONENTS OF PROPOSED ALAMEDA CTC EMPLOYEE BENEFITS PROGRAM

Four major components:

1. CalPERS retirement benefits
2. Health benefits for transition employees – **Endorsed by FAC**
3. Post-retirement health benefits – **Endorsed by FAC**
4. Accrual of vacation and sick leaves, paid holidays allowance, and other benefits – **Endorsed by FAC**



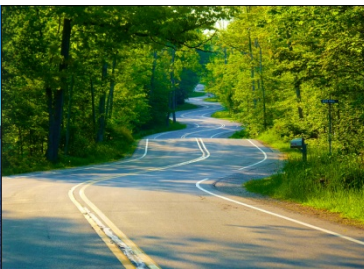
# INITIAL SAVINGS

- Initial savings of approximately \$154,000 annually, or 4% of combined payroll
  - Reduced Holidays schedule
  - Reduced Management Leave schedule
  - Capped Cafeteria Plan
  - Elimination of Non-reimbursable Medical Expenses
- Additional and actual savings to be determined from actuarial studies

# SUMMARY OF RECOMMENDED CALPERS RETIREMENT BENEFITS PROGRAM

Generally based on three primary factors:

- Retirement benefit formula/factor
- Retirement formula – 2.5% at age 55
- Employer-paid member contribution – **Increase employee contribution from the current 1% to 3%, and reducing employer contribution on behalf of employee from 7% to 5%.**
- Final compensation
  - Final compensation – Final compensation based on **36 highest-paid** consecutive months of employment
- Recommend Commission adopt 2% at age 55 formula for future ACTC employees





# COST SAVINGS FOR THE AGENCY

- Initial savings of approximately \$154,000 annually, or 4% of combined payroll
  - Reduced Holidays schedule
  - Reduced Management Leave schedule
  - Capped Cafeteria Plan
  - Elimination of Non-reimbursable Medical Expenses
- Increased employee contribution toward retirement benefit would result in saving equivalent to 2.2% of payroll
- Total cost savings to the agency would be about 6.2% of payroll
- Additional and actual savings to be determined from actuarial studies

# SUMMARY OF RECOMMENDED HEALTH BENEFITS PROGRAM

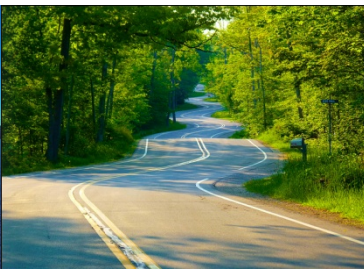
Cafeteria Plan for active employees under PEMHCA

→ Commission pays:

→ \$1,638 per month per employee

→ Includes PEMHCA-required minimum contribution rate of \$105

→ Maximum flexibility for Commission to establish future contribution rates on annual basis



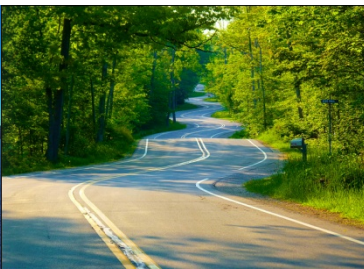
# TWO EXAMPLES OF HEALTH BENEFITS CAFETERIA PLAN

## Example 1:

- PERSCARE – Employee and family (spouse plus three children)
- 2011 rate is \$2,324.27 per month
- Commission pays \$105 to CalPERS
- Additional \$1,533 per month employer contribution to Cafeteria Plan
- Employee monthly contribution = **\$686.27**

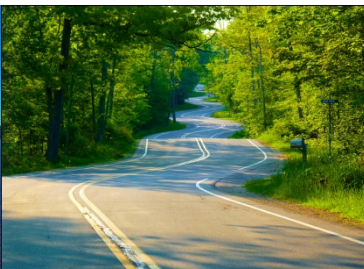
## Example 2:

- Kaiser – Employee and family (spouse plus three children)
- 2011 rate is \$1,479.37 per month
- Commission pays \$105 to CalPERS
- Additional \$1,533 per month employer contribution to Cafeteria Plan
- Employee monthly contribution = **None**



# SUMMARY OF RECOMMENDED RETIREMENT HEALTH BENEFITS PROGRAM -- HRA

- HRA is premium reimbursement plan for retiree health care premiums
- Commission pays:
  - \$105 per month to CalPERS under PEMHCA for eligible retiree
  - HRA benefit amount of up to \$1,100 per month for eligible retiree to cover **Kaiser North for Two Parties**
- Retiree responsible for out-of-pocket premium cost (\$0 based on 2011 rates)



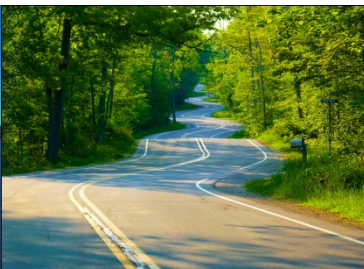
# TWO EXAMPLES OF RETIREE REIMBURSEMENT

## Example 1:

- PERSCARE – Employee and spouse (100% vested)
  - 2011 rate is \$1,787.90 per month
  - Commission pays \$105 to CalPERS
  - CalPERS deducts \$1,682.90 per month from retiree's retirement check
  - Commission reimburse retiree \$1,100 from HRA
  - Retiree's monthly contribution = **\$582.90**

## Example 2:

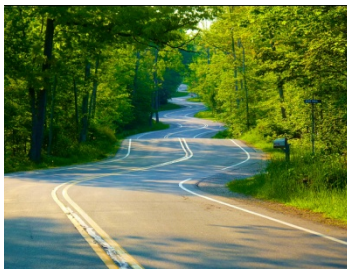
- Kaiser – Employee and spouse (100% vested)
  - 2011 rate is \$1,137.98 per month
  - Commission pays \$105 to CalPERS
  - CalPERS deducts \$1,032.98 per month from retiree's retirement check
  - Commission reimburse retiree \$1,032.98 from HRA
  - Employee monthly contribution = **\$0**



# RETIREMENT HEALTH ELIGIBILITY AND VESTING SCHEDULE

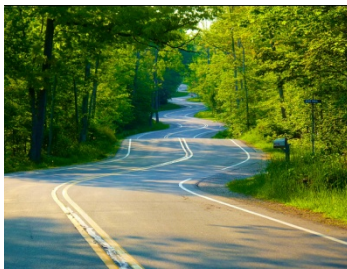
→ Vesting schedule for benefit eligibility under HRA:

Years of CalPERS Service	Vested Percentage
<10	0%
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20	100%



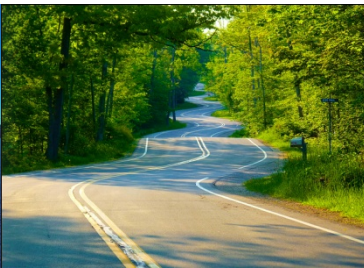
# SUMMARY OF PROPOSED ACCRUAL OF VACATION, SICK AND OTHER LEAVES, AND PAID HOLIDAY ALLOWANCE <sup>15</sup>

Vacation	<ul style="list-style-type: none"><li>→ First three years: 10 days per year (accrual limit 120 hours)</li><li>→ Years 4-10: 15 days per year (accrual limit 240 hours)</li><li>→ Years 11-15: 20 days per year (accrual limit 320 hours)</li><li>→ 16+ years: 25 days per year (accrual limit 400 hours)</li></ul>
Sick leave	<ul style="list-style-type: none"><li>→ One per month (accrual limit 480 hours)</li><li>→ At retirement, may exchange for 60 days of service credit</li></ul>
Holidays	→ 11 days per year (New Year's Day, MLK Jr.'s Birthday, President's Day, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day and Day after Thanksgiving, Christmas Eve, Christmas Day)
Floating holidays	→ Two (no accrual)



# SUMMARY OF PROPOSED ACCRUAL OF VACATION, SICK AND OTHER LEAVES, AND PAID HOLIDAY ALLOWANCE (CONT.)

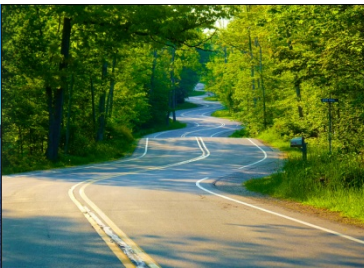
Management Leave	→ FLSA exempt employees; administrative leave for hours in excess of 8 hours/day or 40 hours/week (Subject to Executive Director's discretion and approval) → No carry-over from year-to-year
Deferred Compensation	→ voluntary → Only applicable to Executive Director
Transit Subsidy	→ \$188 per month commuter checks or \$120 for commute and \$68 for BART parking
Tuition Assistance	→ Following completion of probation full-time employees eligible for 90% of tuition fee up to \$500 annually (requires Executive Director's approval)
Health insurance, dental and other benefits	→ Paid from Flex Spending Account – \$1,638 per month





# SUMMARY OF PROPOSED ACCRUAL OF VACATION, SICK AND OTHER LEAVES, AND PAID HOLIDAY ALLOWANCE (CONT.)

Long term care	→	Optional from PERS (fully paid by employee)
Medical expenses, non-reimbursable	→	See pre-tax savings account
Pre-tax savings account	→	Medical, dependent care, and parking through Cafeteria Plan (fully paid by employee)
Employee retirement contribution	→	Employer pays 7% of employee contribution → Employee pays 1% of employee contribution
Retiree health	→	See HRA



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Questions?



# SUMMARY OF CALPERS RETIREMENT PROVIDED BY ACCMA AND ACTIA

## Elected optional benefits

- One year final compensation
- Limit prior service
- Fourth level of 1959 survivor benefits

## Mandated optional benefits

- Credit for unused sick leave – .004 year of service credit per day
- Public service credit for periods of layoffs – up to one year
- Public service credit for Peace Corps or AmeriCorps: VISTA service – up to three years
- Military service credit as public service – up to four years
- Public service credit for service rendered to a non-profit corporation
- Military service credit for retired person – up to four years with conditions
- Local system service credit included in basic death
- Pre-retirement option 2W death benefit

# COMPARISON OF ACCMA AND ACTIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Agency	PERS			
	ER Paid Member Contribution	EE Paid Member Contribution	Formula	Enhancements
Alameda County Congestion Management Agency	7%	1%	2.5% @ 55	SHY
Alameda County Transportation Improvement Authority	7%	1%	2.5% @ 55	SHY



# ACCMA RETIREE HEALTH BENEFITS PROGRAM

Hired before 1/26/06:

- Eligible for retiree health benefits if retired under PERS
- Vested upon five years of service and age 50 or older
- Covers 90% Kaiser North plus family
- Increases 5% per year; 100% in year 2013

Hired after 1/26/06:

- Eligible after 10 years of public service (at least five years with CMA)
- Pays 50% to 100% of weighted average based on years of PERS service
- CMA pays 100% of premium after 20 years, including family
- Current max = \$1,384.66
- After 15 years vesting, employee can separate or work elsewhere and retain retiree health coverage



# ACTIA RETIREE HEALTH BENEFITS PROGRAM

Hired on or before 10/31/04:

- Vested upon hire with five years PERS service
- Employee receives 100% Kaiser North
- Contribution never exceeds contribution to active EE

Hired after 11/1/04:

- Eligibility based on vesting schedule; vested after five years
- Employee receives 50% to 100% weighted average; 100% after 15 years
- Employee only coverage; spouse/family not covered
- After 15 years vesting, employee can separate or work elsewhere and retain retiree health coverage



# OVERVIEW OF COMPREHENSIVE EMPLOYEE BENEFITS PROGRAM

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- CalPERS Retirement Benefit and Health Benefit Recommendations
  - Summary of Proposed Alameda CTC Employee Benefits Program
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