

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
10	02/28/11	Open	Action	02/07/11

Subject: Enrolling ATU Group Into CalPERS Medical Insurance Program

ISSUE

Whether or not to authorize the participation and enrollment of Amalgamated Transit Union Local 256 (ATU) employees in the CALPERS health benefit system pursuant to the Public Employees' Medical and Hospital Care Act and authorize the General Manager/CEO to execute any and all agreements, forms and documents necessary to effectuate enrollment.

RECOMMENDED ACTION

Adopt Resolution 11-02-_____, Authorizing Regional Transit (RT) to Elect to be Subject to the Public Employees' Medical and Hospital Care Act with Respect to the Amalgamated Transit Union Local 256 (ATU) Employee Group, Fixing the Contribution for Employees and the Employers' Contribution for Retirees at Minimum Unequal Contribution Rates and Authorizing the General Manager/CEO to Execute Any and All Agreements, Forms and Documents Necessary to Effectuate Enrollment.

FISCAL IMPACT

Budgeted:	Yes	This FY:	\$	(123,674.19)**
Budget Source:	Operating	Next FY:	\$	
Funding Source:	Federal/State/Local	Annualized:	\$	
Cost Cntr/GL Acct(s) or	520003	Total Amount:	\$	10,177,694
Capital Project #:				
Total Budget:	\$ 10,301,368*			

*Amount budgeted District-wide for FY 2011

**Estimated savings May 1 through June 30, 2011

DISCUSSION

In the Fall of 2009, District staff began a review of the costs/cost savings associated with transitioning from current medical benefits contracted directly between RT and medical providers HealthNet and Kaiser to medical benefits provided through CALPERS.

Based on a thorough review of current rates and the projected annual rate increases compared to the projected CALPERS increases, RT will experience savings by enrolling in the CALPERS' Medical Program. The projected savings extends to the share of premiums paid by active employees, as well as retirees, thus benefitting both the active employees and retirees.

Approved:

Presented:

FINAL 2/21/11

General Manager/CEO

Director, Human Resources

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Throughout negotiations with the ATU, RT offered to provide retirees the minimum unequal contribution amount required under the CALPERS provisions. Once enrolled in the CALPERS program, ATU retirees will begin to receive a monthly stipend, provided by RT, toward their medical costs.

Staff recommends the Board adopt the attached resolution authorizing the enrollment of Regional Transit's ATU employees and retirees into the CALPERS Public Employees' Medical and Health Care Act, and authorizing the General Manager/CEO to execute any and all agreements, forms, and documents necessary to effectuate the enrollment.

RESOLUTION NO. 11-02-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

February 28, 2011

AUTHORIZING REGIONAL TRANSIT (RT) TO ELECT TO BE SUBJECT TO THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT WITH RESPECT TO THE AMALGAMATED TRANSIT UNION LOCAL 256 (ATU) EMPLOYEE GROUP, FIXING THE CONTRIBUTION FOR EMPLOYEES AND THE EMPLOYERS' CONTRIBUTION FOR RETIREES AT MINIMUM UNEQUAL CONTRIBUTION RATES AND AUTHORIZING THE GENERAL MANAGER/CEO TO EXECUTE ANY AND ALL AGREEMENTS, FORMS AND DOCUMENTS NECESSARY TO EFFECTUATE ENROLLMENT

- WHEREAS, (1) Government Code Section 22922(b) provides that a contracting agency may elect upon proper application to participate under the Public Employees' Medical and Hospital Care Act with respect to a recognized employee organization only; and
- WHEREAS, (2) Government Code Section 22892(c) provides that a contracting agency may fix the amount of the employer's contribution for employees and the employer's contribution for retirees and survivors at different amounts, provided that the monthly contribution for annuitants is annually increased to equal an amount not less than the number of years the contracting agency has been subject to this subdivision multiplied by 5 percent of the current monthly contribution for employees, until such time as the amounts are equal; and
- WHEREAS, (3) Government Code Section 22920(b) defines any Special District as a contracting agency, and
- WHEREAS, (4) A Special District is hereby defined as a non-profit, self-governed public agency within the State of California, and comprised solely of public employees performing a governmental rather than proprietary function, and
- WHEREAS, (5) Sacramento Regional Transit District, hereinafter referred to as Special District is an entity meeting the above definition; and
- WHEREAS, (6) The Special District desires to obtain for the members of Amalgamated Transit Union Local 256, who are active and retired employees and survivors of the agency, the benefit of the Act and to accept the liabilities and obligations of an employer under the Act and Regulations; now, therefore, be it
- RESOLVED, (a) That the Special District elect, and it does hereby elect, to be subject to the provisions of the Act; and be it further

RESOLVED, (b) That the employer's contribution for each active employee shall be the amount necessary to pay the full cost of his enrollment, including the enrollment of his family members in a health benefits plan up to a maximum of the minimum contribution of \$108 per month,; and be it further

RESOLVED, (c) That the employer's contribution for each retiree (annuitant) shall be the amount necessary to pay the cost of his enrollment, including the enrollment of his family members, in a health benefits plan up to a maximum of \$1.00 per month; and be it further

RESOLVED, (d) That the employer's contribution for each annuitant shall be increased annually by five percent of the monthly contribution for employees, multiplied by number of years of employer's participation in PEMHCA, until such time as the contributions are equal;
And that the contributions for employees, retired employees and survivors shall be in addition to those amounts contributed by the Special District for administrative fees and to the Contingency Reserve Fund; and be it further

RESOLVED, (e) That Sacramento Regional Transit District 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, that the executive body appoint and direct, and it does hereby appoint and direct the RT General Manager/CEO or his designee to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said Special District all functions required of it under the Act and Regulations of the Board of Administration; and be it further

RESOLVED, that the General Manager/CEO is hereby authorized and directed to execute and submit any agreements, contracts, forms or documents necessary to effectuate Sacramento Regional Transit District's enrollment and participation in PEMCHA.

RESOLVED, that coverage under the Act be effective on May 1, 2011.

Adopted at a regular meeting of the Sacramento Regional Transit District Board of Directors at Sacramento, California this 28th day of February 2011.

DON NOTTOLI, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary