

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
15	12/08/14	Open	Action	11/21/14

Subject: Management and Confidential Employee Group (MCEG) Terms and Conditions of Employment Effective January 1, 2015

ISSUE

Whether to approve certain changes to terms and conditions of employment applicable to employee members of the Management and Confidential Employee Group (MCEG) to be effective January 1, 2015.

RECOMMENDED ACTION

Adopt Resolution No. 14-12____, Approving Changes to Certain Terms and Conditions of Employment Applicable to Employee Members of the Management and Confidential Employee Group (MCEG) to be Effective January 1, 2015.

FISCAL IMPACT

Budgeted:	Yes	This FY:	\$	416,000
Budget Source:	Operating	Next FY:	\$	416,000
Funding Source:	Federal, State and Local	Annualized:	\$	832,000
Cost Cntr/GL Acct(s) or Capital Project #:	Various Departmental Labor Accts.	Total Amount:	\$	832,000*
Total Budget:	\$ 1,306,000			

* This amount includes an estimated \$8,000 in initial savings due to changes in the provisions of the Retirement Plan. It also includes costs associated with employee step increases within their pay ranges. There are no costs due to a cost of living allowance (COLA) adjustment to salaries during the calendar year 2015.

DISCUSSION

Periodically, the District proposes changes to certain terms and conditions of employment applicable to its non-represented employees of the Management and Confidential Employee Group (MCEG). Those provisions of the Districts Personnel Rules and Procedures which have not been specifically modified as they apply to the MCEG, apply equally to MCEG members as well as other District Staff not covered by the terms of a Collective Bargaining Agreement.

Over the past 18 months, the District has been focused on revising employee group work rules and provisions of the retirement plans to reduce costs related to escalating retirement costs. Management has been particularly focused on the Retirement Plan's vesting provisions, employee contributions toward employee retirement benefits, adjusting the multiplier formula and revising provisions which contribute to spiking final compensation which boosts an employee's retirement benefit at the time of separation from employment.

Approved:

Presented:

Final 12/2/14

General Manager/CEO

Chief Administrative Officer

J:\Board Meeting Documents\2014\20 December 8, 2014\MCEG Terms and Conditions of Employment Effective 1-1-15oc.doc

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
15	12/08/14	Open	Action	11/21/14

Subject: Management and Confidential Employee Group (MCEG) Terms and Conditions of Employment Effective January 1, 2015

The following are the proposed changes to the Personnel Rules and Procedures and provisions of the Non-Represented Employee Retirement Plan.

1. PERSONNEL RULES AND PROCEDURES

- Article 11: Vacation

- ✓ For all employees hired on or after January 1, 2015, the maximum amount of vacation an employee may accumulate is that which can be earned in 2 years of employment.
- ✓ For all employees hired on or after January 1, 2015, vacation hours cashed out at the time of separation from employment will not be included as compensation for purposes of determining the employee's retirement benefit.

- Article 13, Sick Leave

- ✓ Accumulated sick leave balances will be reduced to a maximum of 480 hours by July 1, 2019. The reduction in maximum allowed sick leave accruals will be phased in over a 5 year period as follows:

7/1/2015	960 hours
7/1/2016	840 hours
7/1/2017	720 hours
7/1/2018	600 hours
7/1/2019	480 hours

- Article 21: Retired Employee and Dep. Health and Welfare Benefits

- ✓ For all employees hired on or after January 1, 2015 that retire with more than 5 and fewer than 10 years of service, the amount paid toward the retiree's post-employment medical insurance will not exceed the minimum amount required by the Plan (currently \$140/mo.)
- ✓ For all employees hired on or after January 1, 2015 that retire with 10 or more years of service, the amount paid toward a retiree's post-employment medical insurance will be the same as the amount paid toward an active employee's medical insurance (currently 90% of the cost of the medical insurance premium for the coverage selected by the employee).

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
15	12/08/14	Open	Action	11/21/14

Subject: Management and Confidential Employee Group (MCEG) Terms and Conditions of Employment Effective January 1, 2015

2. RETIREMENT PLAN

Revise provisions of the Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented Employees, applicable to employees hired on or after January 1, 2015, who retire as members of the MCEG, to provide for the following:

✓ Employee Contribution as a Percentage of Monthly Pay

Employees hired on or after January 1, 2015 will be required to pay into the Retirement Fund. The percentage of pay required will increase annually as follows:

<u>1/2015</u>	<u>1/2016</u>	<u>1/2017</u>	<u>1/2018</u>
1.5%	3.0%	4.5%	½ Normal Cost

✓ Revise the retirement age multiplier as follows:

<u>Age at Retirement¹</u>	<u>Multiplier</u>
62 or less	2.0%
63	2.1%
64	2.2%
65	2.3%
66	2.4%
67 and over	2.5%

✓ Vesting

Employees will be fully vested for a benefit under the Retirement Plan with 5 years of service, which is consistent with the current language.

✓ Compensation

For all employees hired on or after January 1, 2015, the definition of “Compensation” will be amended to delete reference to any cash received for the cash out of vacation or sick leave accruals at the time of retirement. (Section 2.7 (a)(4)).

¹ Provisions of the Retirement Plan that provide for retirement at age 55 (provided you are vested) or with 25 years of service are to be retained. Retirement under these provisions at age 62 or less will be with a multiplier of 2%.

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
15	12/08/14	Open	Action	11/21/14

Subject: Management and Confidential Employee Group (MCEG) Terms and Conditions of Employment Effective January 1, 2015

Staff recommends the Board approval of the foregoing proposed changes to the terms and conditions of employment applicable to employee members of MCEG, effective January 1, 2015.

RESOLUTION NO. 14-12-_____

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

December 8, 2014

**APPROVING CHANGES TO CERTAIN TERMS AND CONDITIONS OF
EMPLOYMENT APPLICABLE TO EMPLOYEE MEMBERS OF THE MANAGEMENT
AND CONFIDENTIAL EMPLOYEE GROUP (MCEG) TO BE EFFECTIVE
JANUARY 1, 2015**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the terms and conditions of employment applicable to employees of the
MCEG, as set forth in Exhibit A, are hereby approved to become effective January 1, 2015.

THAT, the terms and conditions of employment set forth in the Personnel Rules and
Procedures adopted by the Board by Resolution No. 10-03-022 that are undisturbed by the
changes set forth in Exhibit A, will remain in effect for members of the MCEG.

THAT, the General Manager/CEO is authorized and directed to effectuate the
changes described in Exhibit A.

PHILLIP R. SERNA, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary

**MCEG TERMS AND CONDITIONS OF EMPLOYMENT
EFFECTIVE JANUARY 1, 2015**

1. PERSONNEL RULES AND PROCEDURES

• Article 11: Vacation

- ✓ For all employees hired on or after January 1, 2015, the maximum amount of vacation an employee may accumulate is that which can be earned in 2 years of employment.
- ✓ For all employees hired on or after January 1, 2015, vacation hours cashed out at the time of separation from employment will not be included as compensation for purposes of determining the employee's retirement benefit.

• Article 13, Sick Leave

- ✓ Accumulated sick leave balances will be reduced to a maximum of 480 hours by July 1, 2019. The reduction in maximum allowed sick leave accruals will be phased in over a 5 year period as follows:

7/1/2015	960 hours
7/1/2016	840 hours
7/1/2017	720 hours
7/1/2018	600 hours
7/1/2019	480 hours

• Article 21: Retired Employee and Dep. Health and Welfare Benefits

- ✓ For all employees hired on or after January 1, 2015 that retire with more than 5 and fewer than 10 years of service, the amount paid toward the retiree's post-employment medical insurance will not exceed the minimum amount required by the Plan (currently \$140/mo)
- ✓ For all employees hired on or after January 1, 2015 that retire with 10 or more years of service, the amount paid toward a retiree's post-employment medical insurance will be the same as the amount paid toward an active employee's medical insurance (currently 90% of the cost of the medical insurance premium for the coverage selected by the employee).

2. RETIREMENT PLAN

Revise provisions of the Sacramento Regional Transit District Retirement Plan for AFSCME, AEA and Non-Represented Employees, applicable to employees hired on or after January 1, 2015, who retire as members of the MCEG, to provide for the following:

✓ Employee Contribution as a Percentage of Monthly Pay

Employees hired on or after January 1, 2015 will be required to pay into the Retirement Fund. The percentage of pay required will increase annually as follows:

<u>1/2015</u>	<u>1/2016</u>	<u>1/2017</u>	<u>1/2018</u>
1.5%	3.0%	4.5%	½ Normal Cost

✓ Revise the retirement age multiplier as follows:

<u>Age at Retirement¹</u>	<u>Multiplier</u>
62 or less	2.0%
63	2.1%
64	2.2%
65	2.3%
66	2.4%
67 and over	2.5%

✓ Vesting

Employees will be fully vested for a benefit under the Retirement Plan with 5 years of service, which is consistent the current language.

✓ Compensation

For all employees hired on or after January 1, 2015, the definition of "Compensation" will be amended to delete reference to any cash received in lieu of vacation or sick leave (Section 2.7 (a)(4)).

¹ Provisions of the Retirement Plan that provide for retirement at age 55 (provided you are vested) or with 25 years of service are to be retained. Retirement under these provisions at age 62 or less will be with a multiplier of 2%.