

Date: November 28, 2007

Committee Meeting Date: November 15, 2007

Board Meeting Date: December 13, 2007

BOARD MEMORANDUM

ACTION ITEM

TO: Administration and Finance Committee
Santa Clara Valley Transportation Authority
Board of Directors

THROUGH: Michael T. Burns
General Manager

FROM: Bill Lopez
Chief Administrative Officer

SUBJECT: Non-Represented Employees Benefits Program

Policy-Related Action: Yes

Government Code Section 84308 Applies: No

RECOMMENDATION:

Approve benefits program changes for Non-Represented employees. These changes shall be effective as indicated below.

DISCUSSION:

Changes were made to the benefits offered to SEIU, TAEA, and AFSCME represented employees as a result of collective bargaining with these groups. In order to provide consistency, facilitate administration, and promote other policy objectives, such as cost containment and employee retention, it is recommended that similar changes be implemented for non-represented employees.

- 1) Non-Represented employees hired on or after 2/11/08 must have eight years of VTA service (increased from five) to be eligible for retiree medical coverage.
- 2) Effective 2/11/08, the sick leave and scheduled time off (vacation) accrual and usage rules recently adopted for AFSCME represented employees will be implemented for Non-Represented Administrative and Support Employees. These include the following:
 - a. Employees shall accrue 10 days of sick leave per year. The first day of sick leave will no longer be charged to the vacation bank for Non-Represented Administrative employees.
 - b. Vacation shall accrue according to the following schedule.
 - 1st Year - 17 days
 - 2-4 yrs - 19 days
 - 5-9 yrs - 23 days

10-14 yrs-25 days
15-19 yrs-27 days
20+ yrs - 29 days

- 3) Effective 5/19/08, medical premium contributions for all active Non-Represented employees shall be increased from \$25 to \$35 per month, plus any premium in excess of the lowest-cost monthly premium (previously based on the Kaiser family rate).

ALTERNATIVES:

Maintain the current benefits plans for Non-Represented employees. The Board may also choose to implement some, but not all, of these changes.

FISCAL IMPACT:

It is anticipated that these changes will contribute to the long-term financial stability of VTA. The change to the sick and vacation accrual and usage rules is not expected to result in any significant cost impact.

Higher employee contributions and the requirement of eight years of service to qualify for retiree medical coverage will help offset continuing escalation in health plan costs. The increase in employee contributions for medical coverage will be approximately \$30,000 annually. The savings from increasing the retiree medical “vesting” period is expected to be in the range of \$17,000 - \$30,000 annually starting in five years, with additional cumulative savings in the future based on retirement patterns and health care costs. This will have a positive actuarial impact on the retiree medical liability.

Prepared by: Shellie Albright