



- **Board of Directors**
Organization, Personnel and Technology Committee

10/11/2022 Board Meeting

7-13

Subject

Adopt a resolution designating Metropolitan's maximum contribution for medical benefits for retired employees to comply with the current authorized Memoranda of Understanding; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Metropolitan is required to set the employer contribution for medical benefits, as necessary, on an annual basis under the Public Employees' Medical and Hospital Care Act. CalPERS requires that resolutions be approved by the Board of Directors in order to reflect any changes as required to comply with current Memoranda of Understandings (MOUs). At the September 2022 Organization, Personnel and Technology (OP&T) Committee, a resolution was approved in compliance with CalPERS regulations. Once that resolution was submitted to CalPERS, Human Resources was informed that a second resolution is required to ensure that all retirees receive the same maximum employer contributions as active employees. This board action approves a second resolution for retiree medical contributions in compliance with negotiated MOUs. In the future, if resolutions are required, two will be created simultaneously.

Timing and Urgency

A second resolution must be received by CalPERS no later than October 28, 2022, to be effective January 1, 2023 to ensure all retirees receive the same maximum employer contribution as active employees.

Details

Background

In order to comply with our current MOUs, CalPERS requires Metropolitan to evaluate the following year's medical premiums and to select a specific plan in a specific geographic region upon which to base its maximum employer contributions. Whenever the selected plan and geographic region changes, Metropolitan is required to submit board-approved resolutions to CalPERS 60 days prior to any change being implemented. Effective January 1, 2020, Metropolitan complied with the new MOU agreements by selecting Anthem HMO Traditional, Region 2, Basic rate which was the highest HMO plan of CalPERS' two geographic regions. Effective January 1, 2023, to comply with the current MOU language, the highest HMO plan will be Anthem HMO Traditional, Region 3, Basic rate. A resolution was approved at the September 2022 OP&T Committee that complies with CalPERS regulations for active employees. Human Resources was informed that a second resolution must be adopted, which reflects this new plan effective January 1, 2023, to ensure retirees covered under the 10/20 vesting schedule originally implemented January 1, 2012, receive the same maximum employer contribution as active employees. (**Attachment 1**).

Policy

Current authorized Memoranda of Understanding between Metropolitan and the Employees Association/AFSCME Local 1902, MAPA/AFSCME 1001, Supervisors Association and the Association of Confidential Employees Metropolitan Water District Administrative Code Section 6522: Medical Insurance.

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because the proposed action involves continuing administrative activities, such as general policy and procedure making, and will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt a resolution designating Metropolitan's maximum contribution for medical benefits for retirees to comply with the current authorized Memoranda of Understandings and align to active employees and retirees under Government Code 22892(a).

Fiscal Impact: The current budget for FY 22/23 and FY 23/24 includes estimated costs, and the fiscal impact will be absorbed in the current and future budgets.

Business Analysis: A revised resolution is required based on the current authorized Memoranda of Understandings and to provide benefits to Metropolitan retirees.

Option #2

Do not adopt a resolution to align Metropolitan's health benefit premium contribution for retirees under Government Code Section 22893(a)(1) to be equivalent to active employees and retirees under Government Code Section 22892(a).

Fiscal Impact: Unknown

Business Analysis: This option would require a renegotiation of the current MOU's and may result in an unfair labor practice for not complying with the existing MOU.

Staff Recommendation

Option #1


Diane Pitman
Human Resources Group Manager

10/6/2022
Date


Adel Hagekhalil
General Manager

10/7/2022
Date

Attachment 1 – 2023 Health Plan Board Resolution

Ref# hr12684317

RESOLUTION NO. Number
FIXING THE EMPLOYER CONTRIBUTION FOR PUBLIC AGENCY VESTING UNDER SECTION 22893
OF THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT

WHEREAS, (1) The Metropolitan Water District of Southern California is a contracting agency Under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act"); and

WHEREAS, (2) The Metropolitan Water District of Southern California is a contracting agency that has filed a resolution with the Board of the California Public Employees' Retirement System to provide a postretirement health benefits vesting requirement to employees who retire for service in accordance with Government Code Section 22893; now, therefore be it

RESOLVED, (a) That the employer contribution for each annuitant subject to vesting shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of:

| Medical Group | Monthly Employer Health Contribution |
|--|--|
| 001 Unrepresented | 100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3) |
| 002 Employees Association | 100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3) |
| 003 Field Supervisors & Professional Employees Association | 100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3) |
| 004 Management & Professional Employees Association | 100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3) |
| 005 Association of Confidential Employees | 100% Anthem HMO Traditional Region 3 Basic (Party Rates 1-3) |

but not less than the amounts prescribed by Section 22893(a)(1), plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (a) That the employer contribution for each annuitant subject to vesting shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of the amounts prescribed by Government Code Section 22893(a)(1), plus administrative fees and Contingency Reserve assessments; and be it further

RESOLVED, (b) The Metropolitan Water District of Southern California 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, (c) That the participation of the employees and annuitants of The Metropolitan Water District of Southern California shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a

State” that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that The Metropolitan Water District of Southern California would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, the California Public Employees’ Retirement System may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and be it further

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, the Human Resources Group Manager to file with the Board a verified copy of this resolution, and to perform on behalf of The Metropolitan Water District of Southern California all functions required of it under the Act; and be it further

RESOLVED, (e) That coverage under the Act be effective on January 1, 2023.

Adopted at a regular meeting of the Board of Directors at The Metropolitan Water District of Southern California at Los Angeles, CA, this 11th day of October 2022.

Signed: _____
Gloria D. Gray, Chairwoman of the Board

Attest: _____
Rosa Castro, Board Administrator