



*Inverness Public Utility District*

## **Board Agenda Item Staff Report**

Subject: Recommendations for Personnel Committee  
Meeting Date: August 25, 2021  
Date Prepared: August 16, 2021  
Prepared by: Shelley Redding, Administrator  
Attachments: Premium Analysis CalPERS vs SDRMA; CalPERS Public Agency Vesting requirements

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**Recommended Action:** Accept and present the proposed recommendations to the Board of Directors

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**Overview:** Staff members Shelley Redding and Jim Fox met with the Personnel Committee (Press and Whitney) to discuss several personnel related items including recruitment options for Fire Chief and Water Superintendent, additional administrative staff needs, changes to the CalPERS PPO Plans (that take effect January 1, 2022) and potential changes to contribution amounts, dependent coverage and vesting requirements for retirement and other pension employment benefits. Also discussed was extending the probationary period from 3 months to 6 months or 1 year.

**Discussion:**

*Staffing:* Fire Chief recruitment will be suspended as staff assesses options and Jim Fox has temporarily delayed his retirement plans. The position of the Water Superintendent is a higher priority. Jim Fox has committed to staying with the District until the Tenney Tank Project is completed and current staff can achieve the required certifications needed for the operator positions. Discussion about the water operation needs for an additional employee to assist with drought related activities including meter readings. The position could be part-time, temporary. The office wants to begin recruitment for an office assistant to begin training with Wade Holland for water billing. The budget will be impacted with less staffing costs for the current fiscal year.

*Health Benefits:* The District pays 100% of health benefits for both active employee and their dependents and retirees and their dependents, after a vesting period of 5 years. The current policy, adopted under resolution 177-2009 states that the coverage paid by the district would be up to the "PERS Basic" premium amount. However, the District currently pays up to the "PERS Choice" premium amount. CalPERS is now changing their PPO offering to be named "Pers Gold"(80/20) or "PERS Platinum" (90/10). The current "PERS Choice" would convert to the "PERS Platinum" and with that conversion, the premium is increasing 23.22%.

Staff was asked to research what other similar agencies offer for health benefits and vesting requirements and then research health benefits premiums from current and potential providers to determine the best option for both the district and employees. After contacting Kaiser directly, discussing their offerings (and the complications for us) and comparing the premiums offered by SDRMA (Special District Risk Management Authority) with CalPERS the following has been determined:

### **Other Agency Comparison Analysis:**

- **North Marin Water:** Employees shall receive \$137 plus 85% of the current year Kaiser Basic Medical Plan annual 2-party premium amount less \$3,830 proportionate to the employee's FTE status. This is the same for employee, employee plus one dependent, etc. They offer additional benefits for dental and vision. Retirees are covered for health benefits upon retirement after 12 years and at least 55 years old up to 65 years and cover 85% of the Kaiser basic premium for both employee and dependent(s). Probationary period is 1 year with option to extend an additional 6 months.
- **Stinson Beach Water:** Employees are covered 100% of Kaiser premium through CalPERS and 80% of dependents. They also provide Dental and Vision coverage. Retirees do not appear to have benefits. Probationary period is 6 months.

### **Health Coverage Provider Analysis:**

- Kaiser cannot provide us with a stand-alone policy as we are a government agency and would need to have our policy sponsored by an agent, and, with the retiree coverage of health care, that further complicates things. They recommended we research each person obtaining their own insurance and we would reimburse them for the premium.
- SDRMA Health benefits coverage is comprehensive, and they offer other benefits such as dental and vision and employee resources, but their premium amounts are higher than CalPERS.
- CalPERS is already our contracted provider, and we would be able to amend our health contract to set the minimum premium amount at the PERS Gold amount (for both active and retiree) and change our vesting requirement. See the fiscal impact below for comparisons.
- The current policy for vesting of 5 years is uncommon in most public agencies. The impact is seen in our GASB 75 report that anticipates the future costs to the district increased in 2 years (2018-2020) by over \$300,000 in projected obligations. By extending the vesting to 15 years, we can control the obligation increase and ensure the district achieves a return on investment with a career placement.

### **Fiscal Impact:** (assuming enrollments remain as they exist now):

- 1) Setting the maximum premium amount coverage for both employee and dependents at the CalPERS Gold rate would save the district \$2,283.55 per month or \$27,402.60 per year by sharing the cost of premium above the maximum amount with the employee/retiree.
- 2) Set the maximum premium at PERS Gold for Employee plus 1 dependent would save the district \$2,039.07 per month or \$24,468.84 per year.
- 3) Setting the maximum premium amount at the Kaiser premium rate would save the district \$254.55 per month or \$3,054.60 per year by sharing the cost of premium above the maximum amount with the employee/retiree.
- 4) Cost Sharing the premium with the employee / retiree at 85% coverage would save the district \$714.49 per month or \$8,573.88 per year.
- 5) Covering the employee/retiree 100% and cost sharing dependent coverage 80% would save the district \$990.59 per month or 11,887.08 per year.

### **Recommendation:**

- 1) Remain with CalPERS for Health Benefits.
- 2) ~~Amend the vesting age for post-employment retirement benefits to 15 years from 5 years.~~  
Amend the Resolution to reflect the vesting requirement per GC 22893 which allows an employee to obtain medical coverage through CalPERS with the employer contributing a percentage based on total years of service with a CalPERS Agency and a minimum of 5 years with Inverness Public Utility District. This applies to any employee hired after August 1, 2009.
- 3) Amend coverage setting the maximum premium rate at the CalPERS Gold PPO rate.
- 4) Pursue optional dental and vision group policies for employees and dependents that is cost shared with district.
- 5) Amend policy for probationary period from 3 months to 1 year.

These changes would improve our financial obligations year over year but will also reduce our future OPEB liabilities. It will also add enhanced benefits for future employees. Extending the probationary period will allow the district to better assess a new employee through high and low seasons of activity.