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Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Dave Van Mullem, Air Pollution Control Officer

CONTACT: Bob Van Beveren, Administrative Manager (961-8863)

SUBJECT: Modification of the District's health insurance contribution with its employees

RECOMMENDATION:

1. Authorize the Air Pollution Control Officer (APCO) to enter into a side letter agreement between the Santa Barbara County Air Pollution Control District (District) and the Service Employees International Union, Local 620 (SEIU) to modify the District's health insurance contribution with an effective date of January 1, 2015 through June 30, 2015;
2. Authorize the APCO to enter into a side letter agreement between the District and the Engineers and Technicians Association (ETA) to modify the District's health insurance contribution with an effective date of January 1, 2015 through June 30, 2015;
3. Authorize the APCO to enter into a side letter agreement between the District and the Santa Barbara County Air Pollution Control District Employees Association (SBCAPCDEA) to modify the District's health insurance contribution with an effective date of January 1, 2015 through June 30, 2015; and
4. Adopt a Resolution amending the Management Personnel Benefits Policy for Management and Confidential-Unrepresented Employees to modify the District's health insurance contribution with an effective date of January 1, 2015 through June 30, 2015.

DISCUSSION:

In 2010 your Board adopted a resolution authorizing the District's participation in the Special District Risk Management Authority (SDRMA) medical benefits program. By joining in SDRMA's medical benefits program, the District realized an immediate reduction in premium

cost, and has continued to receive lower rates in comparison to other benefit providers due to their group plans.

Even with the lower rates we receive through SDRMA, health insurance premiums continue to rise each year and 2015 is no exception. Effective January 1, 2015, premiums are set to increase 6.8% for the PPO medical plan and 10.3% for the HMO medical plan. In order to help mitigate this increase for employees, the District would like to contribute an additional amount to the employees' medical plan coverage for six (6) months.

The terms of this contribution are as follows:

For the period of January 1, 2015 through June 30, 2015 the District shall contribute an additional amount of \$14.79 semi-monthly toward the cost of the monthly medical plan premium for each employee enrolled in the District medical plan. This contribution is based on full-time employment; part-time employees shall receive a prorated contribution based on their percentage of full-time employment.

In anticipation of this additional contribution, the District met with employee groups in order to open discussions concerning medical costs, as well as make them aware that any additional contribution was dependent upon Board approval.

FISCAL IMPACT:

Providing a one-time additional contribution of \$14.79 semi-monthly per employee enrolled in the Districts' medical plan for the period of January 1, 2015 through June 30, 2015 only, will have a one-time fiscal impact of an amount not to exceed \$8,350. Since this contribution only lowers the employee cost on the back-end of payroll, retirement costs will not be effected. Due to unanticipated vacancies, salary costs for our fiscal year 2014-15 budget were overestimated and the line item currently carries a surplus. Because of this surplus, the net fiscal impact for providing the additional contribution will be zero for fiscal year 2014-15.

ATTACHMENTS:

- A) Side letter agreement between the District and SEIU
- B) Side letter agreement between the District and ETA
- C) Side letter agreement between the District and SBCAPCDEA
- D) Resolution to amend the Management Personnel Benefits Policy for Management and Confidential-Unrepresented Employees