

## Agenda Item #12

# Employee Benefits Review

**To:** ITOC Committee Members

**From:** Kevin M. Bewsey, Executive Director

**Re:** Employee Benefits Review and Recommendations to the STA Governing Board

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### Background

During the September 2022 board meeting staff updated the Board on the search for a human resources consultant to complete a review of STA employee benefits. The current employee benefits were established twenty years ago in 2003 and the last benefits study was completed seventeen years ago in 2006. Industry standard practice is to complete these studies every three to five years. The Authority then hired Koff and Associates in February to complete an employee benefits study and make recommendations. As part of this effort the Independent Taxpayer Oversight Committee nominated a delegate, Jose Luis Caceres, to review the study and recommendations. The result of this study and recommendations are described in the discussion section of this staff report.

### Discussion

STA staff have been working with the Koff and Associates and the Independent Taxpayer Oversight Committee ("ITOC") delegate on benefit revisions that would align STA's benefits with comparator agencies to both retain staff and hire staff, as needed. The results of the benefit revisions are documented below. The major changes to the benefit revisions include providing an employer contribution for medical benefits up to 90% of the CalPERS Kaiser plan level, providing employer matching funds for deferred compensation up to a similar level as social security, and other miscellaneous benefits that comparable agencies provide. It is anticipated that these changes could be implemented by October 8th, 2023. STA's proposed budget can accommodate this change in benefits.

The updated employee benefits that are anticipated to be recommended to the STA Governing board are shown below and the draft benefit study and recommendations are attached. Please note that in some cases recommendations to improve benefits from Koff and Associates are not included in recommendations on the next page, this would include things such as administrative leave, auto allowances



## EMPLOYEE BENEFITS

All full-time STA employees shall receive the following benefits. Part-time employees shall receive these benefits or portions thereof in accordance with the STA's Personnel Ordinance.

A. Cafeteria Plan: The STA shall provide employees the choice of the following options:

Option 1: The STA will provide a monthly amount of \$600 plus 5.0% of the employee's monthly salary equivalent to each employee. At the employee's discretion, the employee may use this amount, and may contribute additional amounts, to purchase the following benefits. Any funds remaining after the purchase of the following benefits is to be paid to the employee ("cash back").

i. Health/Medical benefits (insurance, health maintenance, etc.) as offered in the current contract between the STA and the Public Employees Retirement System.

ii. In addition to the above, the STA's cafeteria plan will provide the option for employees to participate in a as offered dependent care assistance plan, and an unreimbursed medical plan.

Option 2: The STA will provide a monthly amount equal to 90% of the CalPERS Kaiser health plan premium at the level enrolled to each employee. Any funds remaining after purchase of the enrolled plan will be returned to STA.

B. Retirement Benefits: CalPERS retirement 2.5%@55 (three highest years) for classic members or 2%@62 for new members under PEPR. For classic and PEPR CalPERS members, the STA shall provide retirement benefits through the Public Employee's Retirement System (PERS), paying the Employer Normal Cost Rate and the employee is responsible for the CalPERS required Employee Rate. The Authority does not participate in Social Security

C. Dental Benefits: The STA shall provide dental benefits through the purchase of a dental insurance policy.

D. Vision Benefits: The STA shall provide vision benefits through the purchase of a vision insurance policy.

E. Life Insurance: The STA shall provide life insurance for employees with a \$50,000 maximum death benefit.

F. Deferred Compensation: The STA shall provide its employees with the option of participating in a deferred compensation plan with a STA matching contribution up to 4%. STA employees do not currently participate in the Social Security program.

G. PEPRA Offset: For those employees enrolled in CalPERS as a Public Employees' Pension Reform Act (PEPRA) member, STA will provide its employees the option of participating in a deferred compensation plan with a STA matching contribution of an additional 2%.

- H. Retiree Health: STA provides the minimum retiree employer contribution under the Public Employees' Medical and Hospital Care Act (PEMHCA). In 2023 it is \$151 per month. All full-time employees who retire directly from the Authority, at a minimum age of 52, with a minimum of five years of service, including surviving spouses, are eligible. To assist employees in covering health expenses in retirement, STA will contribute \$100 per month to a Retiree Health Savings Account (RHSA). Employees are automatically enrolled in the RHSA with a mandatory contribution of 1% of their salary.
- I. Employee Assistance Program: The STA shall provide its employees with an Employee Assistance Program.
- J. Workers' Compensation Insurance and Unemployment Insurance: The STA will provide mandated workers' compensation and unemployment insurance for its employees.
- K. Paid Holidays, Vacation, and Sick Leave: The STA will provide paid holidays, vacation, and sick leave in accordance with the STA's Personnel Ordinance. Holidays observed shall be the same as the County of Sacramento's.
- L. Accrual of Vacation Leave: Annual vacation leave with pay shall be accrued by all regular, exempt, provisional, and probationary employees at the following rates:

| Years of Qualified Service* | Vacation accrual per 2-week pay period |
|-----------------------------|--|
| 0 through 3                 | 4.00 hours                             |
| 4 through 9                 | 5.55 hours                             |
| 10 through 14               | 6.16 hours                             |
| 15 or greater               | 7.39 hours                             |

\*Qualified service is employment with any government agency such as a CalPERS-participating agency/California County.

STA may allow employees with 200 hours or more accumulated vacation, to elect to reduce their accumulated vacation by up to 40 hours in a calendar year and to receive cash payment in lieu of the vacation.

- M. Longevity Pay: The STA shall provide employees with good performance reviews with longevity pay of 2.5% for 10 years or more of service and 5.0% for 15 years or more of service.
- N. License/Certification Reimbursement: The STA shall reimburse employees for the cost associated with maintaining licenses and certifications that are work related. The determination of if a license or certified is work related will be made by the Executive Director.
- O. Education/Professional Development Reimbursement: The STA shall provide reimbursement for education/professional development up to \$1,750 per year on a first-come basis up to the budgeted amount for this type of reimbursement and with approval of the Executive Director.
- P. Mobility Subsidy: The STA shall provide a reimbursement of up to \$100 a month for transit passes, bike and scooter share or similar mobility service.



- Q. Teleworking: The STA will provide telework options to its employees as determined by the Executive Director.
- R. Mobile Phone Allowance: The STA will offer a mobile phone allowance for employees that utilize their mobile phones for business purposes of up to \$60 per month.
- S. State Disability Insurance: The STA requires employees to participate in the State Disability Insurance Program.