



Santa Clara Valley Water District

File No.: 24-0401

Agenda Date: 4/23/2024
Item No.: 11.1.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes No
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Adopt a Resolution Authorizing the CEO, or his Designee, to Execute Side Letters of Agreement with Employees Association-AFSCME Local 101, Engineers Society-IFPTE Local 21, and Professional Managers Association-IFPTE Local 21, with Changes to Employee Pension Contribution Levels or Employer 401(a) Contributions for Classic Tier 2 CalPERS Employees; Adopt Resolution Approving Terms of Fifth Amended Compensation Plan for Unrepresented Employees in the Executive Service.

RECOMMENDATION:

- A. Adopt the Resolution AUTHORIZING THE CEO, OR HIS DESIGNEE, TO EXECUTE SIDE LETTERS OF AGREEMENT WITH EMPLOYEES ASSOCIATION-AFSCME LOCAL 101, ENGINEERS SOCIETY-IFPTE LOCAL 21, AND PROFESSIONAL MANAGERS ASSOCIATION-IFPTE LOCAL 21, WITH CHANGES TO EMPLOYEE PENSION CONTRIBUTION LEVELS OR EMPLOYER 401(A) CONTRIBUTIONS FOR CLASSIC TIER 2 CALPERS EMPLOYEES; and
- B. Adopt a Resolution APPROVING FIFTH AMENDED COMPENSATION PLAN FOR UNREPRESENTED EMPLOYEES IN THE EXECUTIVE SERVICE

SUMMARY:

Santa Clara Valley Water District (Valley Water) currently has a two-tier Classic formula for their CalPERS pension program in addition to PEPRA. Tier 1 is for employees that were in the 2.5% @ 55 with highest 12 months of income before March 19, 2012. New Hires after March 19, 2012, from other CalPERS agencies, go into Tier 2 Classic Formula with highest income in 36 months if they have not had a break in service of 6 months or more.

Tier 2 new hires tend to be highly experienced staff with previous public agency experience which is a valuable factor in employment for a leading public agency as Valley Water. The existing CalPERS Classic Tier 2 affects retention and recruitment of these experienced employees as their formula is less favorable than Classic Tier 1 Plan. Many of these new hires are coming from other public agencies with a more favorable formula than our Tier 2 formula. We have also found it hard to retain these employees because they can return to their past agency and regain the more favorable formula or transfer to another public agency that has only one Tier that is more favorable.

Staff have attempted to improve this challenge through CalPERS and legislative efforts without success. To increase Valley Water's ability to retain and attract future Tier 2 Classic employees, Staff is proposing implementing an enhanced benefit for current Tier 2 employees and for future Tier 2 hires. There are currently 93 employees in Tier 2. The 93 employees represent 65 members from AFSCME - Local 101; 12 members from Engineer's Society - IFPTE Local 21; 5 members from Professional Managers Association - IFPTE Local 21; and 11 unrepresented employees in the executive service.

This enhanced benefit provides two options for Tier 2 employees only: 1) Valley Water will cover the 7% employee CalPERS contributions OR 2) Valley Water will contribute 7% to the employee's 401(a) account with Valley Water. If Valley Water obtains an amendment to its contract with CalPERS to modify the Tier 2 pension formula so that it is the same as the Tier 1 formula (2.5% at 55), this enhanced benefit will terminate upon the effective date of such amendment.

As such a resolution will be provided for authorization to execute future side letters with Valley Water's three bargaining units to institute this change. In addition, corresponding changes to the Compensation Plan for Unrepresented Employees in the Executive Service are provided for approval in a separate resolution. The second resolution includes an updated benefits summary as an attachment.

The referenced Resolutions will be provided in a Supplemental Board Agenda memo and published on April 19, 2024.

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

There are no environmental justice and equity impacts associated with the side letter agreement or resolutions. This action is unlikely to or will not result in adverse impacts and is not associated with an equity opportunity.

FINANCIAL IMPACT:

The estimated cost of this change that benefits Valley Water's three bargaining groups and Executive employees including the BAOs is approximately \$1,095,426 annually.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

None.

UNCLASSIFIED MANAGER:

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Anna Lee, 408-630-2052

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