

Livermore Area Recreation and Park District

TO: Chair Faltings and Finance Committee

FROM: Mathew Fuzie, General Manager

PREPARED BY: Jeffrey Schneider, Administrative Services Manager

DATE: June 15, 2020

SUBJECT: Salary and Benefits for Fiscal Year 2020-21

Personnel Commission: Reviewed June 9, 2020
Board of Directors: Reviewed June 9, 2020 during Preliminary Budget Review
Personnel Committee: Reviewed June 11, 2020

The District has developed its assumptions for salaries and benefits in support of our annual operating budget process for FY20-21. The intent of this memo is to outline these assumptions for your review and comment. Ultimately, any recommendations that are made to revise staff's compensation assumptions will be incorporated in the Final budget that will be presented to the Board at its June 24, 2020 meeting.

Timing: any changes to compensation components would be effective with the first pay period in July, except for the District's contribution to health coverage, which is updated each February.

BACKGROUND: Each year the District updates its salary schedule, reflecting various changes associated with factors such as market compensation studies, minimum wage requirements, and input from Supervisors and Managers related to recruiting and retention challenges. In addition, the Human Resources team surveys its health providers to gauge anticipated changes in medical and dental premiums and determines the extent to which changes to the District's contribution to benefited employees' health insurance coverage are warranted.

Staff recommendations for salary and benefits for the upcoming fiscal year are reviewed with the Personnel Commission and the Board's Personnel and Finance Committees prior to the annual Board Budget Workshop (when the District's preliminary operating budget is reviewed).

Changes to the District's salary schedule and benefit contributions are finalized prior to the completion of the District's final operating budget (no later than June 30, 2020). Adjustments to salaries are to be completed in time for the first pay period in July, 2019, while benefits changes will be effective in February, 2020, when open enrollment has been completed and the new medical and dental plan years begin.

SALARY AND BENEFIT PROPOSALS for FY20-21:

1. **HEALTH BENEFITS:** No changes to the District’s contributions for medical, dental, and vision/hearing coverage are proposed.
 - a. Recall that the District made significant increases to coverage levels in February 2019 while simultaneously introducing the Regular, full-time employee status that enabled 45 staff members to move to full-time benefit levels from part-time; in addition, 46 part-time benefited staff members saw their benefit contribution increased significantly, as outlined below:
 - b. Medical increased from \$1,500 to \$1,600 per month for full-time staff, and from \$900 to \$1,200 per month for part-time benefitted staff;
 - c. Dental increased from \$95.37 to \$100.00 per month for full-time and from \$32.91 to \$75.00 per month for part-time benefitted staff;
 - d. Hearing and vision increased from \$375 per year to \$560 per year for part-time benefited staff, while the contribution for full-time staff remained at its \$750 per year level.
 - e. **Our working assumption, based on estimated increases to our existing plans from the County, through whom we obtain our plans, is for 5% increases to premiums for the Feb21-Jan22 plan year.**
 - f. **Table A**, below, illustrates amounts that Full-time and Part-time benefited staff will contribute, alongside the District’s contribution, to the various health and dental plans that are available at present. **The main conclusions to be drawn from this table are:**
 - i. Employee-only participants continue to be fully funded for any plan they choose for medical and dental;
 - ii. 6 part-time benefited employees will see increases to their health contributions for medical: \$34 per pay period for EE+1 and \$49 per pay period for EE+Family.
 - iii. 18 Full-time employees will see a \$49 per pay period increase in their contributions for medical.
 - iv. For dental, the increases per pay period will be \$2.86 or less, and will impact 14 part-time and 26 full-time employees.

Table A: Health and Dental Elections – Costs to Employees and District

Excludes counts for EE who Waive		FY19-20						FY20-21					
Medical Costs PER PAY PERIOD	# of Employees	Premium		EMPLOYEE SHARE		NET to LARPD		Premium		EMPLOYEE SHARE		NET to LARPD	
		thru Jan20	Feb20+	thru Jan20	Feb20+	thru Jan20	Feb20+	thru Jan21	Feb21+	thru Jan21	Feb21+	thru Jan21	Feb21+
Kaiser PT EEOnly	25	\$336.01	\$344.96	\$0.00	\$0.00	\$336.01	\$344.96	\$344.96	\$362.00	\$0.00	\$0.00	\$344.96	\$362.00
Kaiser PT EE+1	4	\$672.02	\$689.93	\$118.17	\$136.08	\$553.85	\$553.85	\$689.93	\$724.00	\$136.08	\$170.15	\$553.85	\$553.85
Kaiser PT Family	2	\$950.91	\$976.25	\$397.06	\$422.40	\$553.85	\$553.85	\$976.25	\$1,025.00	\$422.40	\$471.15	\$553.85	\$553.85
United PT EEOnly	2	\$483.30	\$502.06	\$0.00	\$0.00	\$483.30	\$502.06	\$502.06	\$527.00	\$0.00	\$0.00	\$502.06	\$527.00
United PT EE+1	0	\$966.57	\$1,004.08	\$412.73	\$450.23	\$553.85	\$553.85	\$1,004.08	\$1,054.00	\$450.23	\$500.15	\$553.85	\$553.85
United PT Family	0	\$1,367.69	\$1,420.75	\$813.84	\$866.91	\$553.85	\$553.85	\$1,420.75	\$1,492.00	\$866.91	\$938.15	\$553.85	\$553.85
Kaiser FT EEOnly	32	\$336.01	\$344.96	\$0.00	\$0.00	\$336.01	\$344.96	\$344.96	\$362.00	\$0.00	\$0.00	\$344.96	\$362.00
Kaiser FT EE+1	29	\$672.02	\$689.93	\$0.00	\$0.00	\$672.02	\$689.93	\$689.93	\$724.00	\$0.00	\$0.00	\$689.93	\$724.00
Kaiser FT Family	18	\$950.91	\$976.25	\$212.45	\$237.78	\$738.46	\$738.46	\$976.25	\$1,025.00	\$237.78	\$286.54	\$738.46	\$738.46
United FT EEOnly	0	\$483.30	\$502.06	\$0.00	\$0.00	\$483.30	\$502.06	\$502.06	\$527.00	\$0.00	\$0.00	\$502.06	\$527.00
United FT EE+1	0	\$966.57	\$1,004.08	\$228.11	\$265.62	\$738.46	\$738.46	\$1,004.08	\$1,054.00	\$265.62	\$315.54	\$738.46	\$738.46
United FT Family	0	\$1,367.69	\$1,420.75	\$629.22	\$682.29	\$738.46	\$738.46	\$1,420.75	\$1,492.00	\$682.29	\$753.54	\$738.46	\$738.46
Dental Costs	# of Employees	TOTAL PREMIUM		EMPLOYEE SHARE		NET TO LARPD		TOTAL PREMIUM		EMPLOYEE SHARE		NET TO LARPD	
		thru Jan20	Feb20+	thru Jan20	Feb20+	thru Jan20	Feb20+	thru Jan21	Feb21+	thru Jan21	Feb21+	thru Jan21	Feb21+
Delta HMO PT EEOnly	1	\$13.86	\$13.59	\$0.00	\$0.00	\$13.86	\$13.59	\$13.59	\$14.27	\$0.00	\$0.00	\$13.59	\$14.27
Delta HMO PT EE+1	1	\$23.45	\$22.98	\$0.00	\$0.00	\$23.45	\$22.98	\$22.98	\$24.12	\$0.00	\$0.00	\$22.98	\$24.12
Delta HMO PT Family	0	\$35.94	\$35.22	\$1.32	\$0.60	\$34.62	\$34.62	\$35.22	\$36.98	\$0.60	\$2.36	\$34.62	\$34.62
Delta PPO PT EEOnly	20	\$19.74	\$19.74	\$0.00	\$0.00	\$19.74	\$19.74	\$19.74	\$20.72	\$0.00	\$0.00	\$19.74	\$20.72
Delta PPO PT EE+1	10	\$37.44	\$37.44	\$2.82	\$2.82	\$34.62	\$34.62	\$37.44	\$39.31	\$2.82	\$4.69	\$34.62	\$34.62
Delta PPO PT Family	4	\$57.18	\$57.18	\$22.56	\$22.56	\$34.62	\$34.62	\$57.18	\$60.03	\$22.56	\$25.41	\$34.62	\$34.62
Delta PPO FT EEOnly	34	\$19.74	\$19.74	\$0.00	\$0.00	\$19.74	\$19.74	\$19.74	\$20.72	\$0.00	\$0.00	\$19.74	\$20.72
Delta PPO FT EE+1	30	\$37.44	\$37.44	\$0.00	\$0.00	\$37.44	\$37.44	\$37.44	\$39.31	\$0.00	\$0.00	\$37.44	\$39.31
Delta PPO FT Family	26	\$57.18	\$57.18	\$11.02	\$11.02	\$46.15	\$46.15	\$57.18	\$60.03	\$11.02	\$13.88	\$46.15	\$46.15

* no FT staff participate in the Delta HMO plan.

2. **LIFE INSURANCE** – was modified, effective January 2020, at no material cost increase to the District. All employees will now receive 1.5 times their annual salary, up to a maximum of \$200k. Previously, the maximum amounts available to part-time and full-time employees were \$20k and \$50k, respectively. This plan is in place for 36 months, with no changes in premiums during this time.
3. **RETIREMENT BENEFITS:** 457 Plan Contributions and Match (Deferred income)
 - a. No change to the District’s 2% contribution to Regular (full-time but non-pensioned) staff is proposed (implemented in January, 2019, this elective contribution was implemented in conjunction with the onset of the Regular employee status).
 - b. No change is proposed to the District’s 457 match, which is up to 4% of employee salaries and available to all Part-Time Benefited and Regular employees.
 - c. Data Points on 457 Plan participation:

	Total Count	Participating	% participating	Avg District Contribution %
PTB Staff	43	19	44%	3.89%
FT Regular Staff	46	40	87%	5.73%

SALARIES:

- a. **Changes to Salary Schedule Structure:** After having made significant changes (*) to the District's Salary Schedule Structure for FY19-20, staff recommend no changes for FY20-21.
(*) creation of uniform step sizes of 5%; establishing 5 steps for each job classification; introduction of Salary Ranges to which each job classification was mapped

- b. **COLA:** No Cost of Living Adjustment (COLA), which would be effective in July, 2020, is proposed due to the financial impact of the COVID-19 pandemic (data from the Bureau of Labor Statistics (BLS) for the Bay Area indicate a change of 2.9% February 2020 over the prior year, while similar data for April reflect a more modest 1.1% change. Staff had considered a COLA of 2.5% when plans were created in March. Eliminating a COLA of that magnitude saves approximately \$280k for the fiscal year.

- d. **Complying with Minimum Wage Requirements:** for FY19-20, the Salary Schedule Structural revisions approved by the Board resulted in changes to non-exempt pay scales that left the lowest salary in the District at \$14.35. As the mandated minimum wage for California, as of January, 2021, is \$14.00, we have met the mandated minimum wage for January 2021 and recommend no change to the salary schedule as a result.