



DATE: September 12, 2019
TO: Programs and Administration Committee
FROM: Pat Cabrera, Administrative Services Director
SUBJECT: Proposed Benefit Changes

SUMMARY

At the September 12, 2019 Programs and Administration Committee meeting, staff will present proposed changes to employee benefits and request that the P&A Committee recommend to the WMA Board adoption of these changes.

DISCUSSION

While the Agency's Human Resources manual establishes the administrative rules that govern the Agency, the employee benefit handbook outlines the fringe benefits that employees receive including vacation, sick leave, retirement and health benefits. As part of the classification and compensation study conducted by Reward Strategy Group (RSG) in FY 17-2018, the consultant concluded that Agency benefits were comparable to the comparison agencies. However, comparable does not mean exactly the same, as each agency offers different perks and incentives for recruitment and retention. Examples of those differences would be longevity and merit pay and various allowances (technology, car, gym membership) which are commonly offered to department heads and upper management or public safety staff.

The Agency does not offer these benefits. Instead, our proposal is focused on changes that were most important to staff, would be cost neutral or minimal in cost and would be applicable to all employees (with the exception of the vacation accrual discussed below) irrespective of job classification. The changes to the Agency's tuition benefits would be a reduction in benefit, while the change in vacation accruals for newer employees, the additional floating holiday and the bike allowance, would be an increase in benefits. These changes were discussed with and supported by employees at our monthly all staff meeting. The proposed changes are as follows:

Educational Assistance

Current Benefit

Tuition reimbursement will be no greater than the California State semester or quarter tuition and fees. Books and required materials will be reimbursed as well. Employees must submit proof of a passing grade

("C" or better or "pass" in the event of a pass/no pass grade) and all applicable receipts to receive reimbursement.

At the time this limit was adopted, annual tuition and fees were approximately \$1,700 per year (undergraduate). They have increased to approximately \$8,500 for full-time undergraduate coursework and \$9,917 for graduate programs.

With respect to the Agency's comparison agencies (see attached), this benefit varies widely from \$250 per year up to the state college tuition costs.

Proposed Change

Reduce the reimbursement to \$2,000 per year per employee up to a lifetime maximum of \$10,000 which can be applied to various certification programs. Employees will still need to submit proof of passing the course or program as indicated above. The Agency will budget \$20,000 annually for this purpose; however, the allotment can be adjusted (through a line item transfer) in extraordinary cases, such as a course or program that is particularly timely or might not be offered later. Employees are expected to use personal time while pursuing the coursework.

In line with our commitment to employee development, we want to encourage employees to take advantage of this benefit, while remaining fiscally prudent.

Fiscal Impact

Since 2018 and including one outstanding reimbursement, the Agency will have spent approximately \$10,000 in educational reimbursement for two employees. Under the proposed change the employees would have only been eligible for \$4,000 in reimbursement. Additionally, under our proposed change and with an annual appropriation of \$20,000, 10 employees per year could participate in the benefit compared to two to three employees (depending on the program and units).

Vacation Accruals and Holidays

Current Benefit:

Vacation accruals per years of service

0-5 yrs.	10 days
6-10 yrs.	15 days
11+ yrs.	20 days

Compared to most member and regional agencies the Agency is less generous in terms of the time that it takes an employee to accrue 15 days of vacation. The average is about 3-4 years to reach this threshold. However, some agencies also provide for higher accruals (25 days or more after 20 years). A couple of agencies provide general leave (combining sick leave and vacation together with a sick leave bank for accruals over the maximum allotment).

Proposed Change:

Vacation accruals per years of service

0-3 yrs. 10 days

4-10 yrs. 15 days

11+ yrs. 20 days

The purpose of this change is to allow newer employees to accrue 15 days of vacation sooner than five years. We are not proposing changing the other accrual time frame or additional vacation time. However, in lieu of asking for more vacation or a shorter time frame to get to the four-week vacation level, staff is requesting an extra floating holiday.

Holidays

Current Benefit

Twelve paid holidays and two floating holidays, which is within the average range compared to other agencies. Of the comparison agencies, seven provide more paid holidays.

Proposed Change

Add one additional floating holiday. Staff would prefer this change over increasing vacation accruals beyond the four weeks since it would benefit everyone regardless of seniority. If approved, the Agency would have the same amount of paid holidays as Pleasanton, Zone 7 and EBMUD, but less than Oro Loma and Berkeley (each have 16 paid holidays).

Fiscal Impact

There isn't a dollar value associated with these two benefits unless an employee separates from employment with accrued vacation hours (which for newer employees is generally very little if any). Floating holidays must be used within the fiscal year and cannot be cashed out upon separation. Therefore, these benefits would constitute a productivity cost rather than a monetary one. With respect to the additional floating holiday, the productivity cost would be less than 0.4%. The productivity cost associated with the newer employees reaching the three-week vacation threshold after three years instead of five is more difficult to quantify. That is because there is an offsetting "wellness" benefit associated with the extra vacation that aids in work-life balance and minimizes employee "burn out." However, based on the number of eligible employees that would benefit, the productivity cost would be less than 1%.

Mass Transit Policy

The Agency provides commuter checks to encourage employees to use mass transit. This benefit helped the Agency to achieve its LEED Platinum status. However, the program did not include a bike allowance, which is an even stronger environmental practice in addition to promoting a healthier lifestyle. Approximately ten employees bike to work on a regular basis. Staff is requesting a bike reimbursement benefit of \$25 per month for employees that bike to work at least 50% of the time. The Agency can use the current voucher program to implement this benefit. Between January 1, 2009 and December 31, 2017, a

bike allowance was covered under the IRS 132 tax code as a qualified transportation fringe benefit but had been eliminated effective January 1, 2018.

Fiscal Impact

Minimal cost to the Agency. Based on current usage the cost would be approximately \$3,000 per year.

Executive Director Authority

Based on past practice, staff has taken any change in benefits other than those mandated by law to the WMA Board for approval. While changes to benefits are rare (it has been over ten years since the Agency initiated benefit changes), it would be expedient to both staff and the Agency to authorize the Executive Director to make changes under very specific and limited circumstances. We are recommending that the Executive Director be granted authority to make changes to employee benefits that 1) result in savings to the Agency, 2) are cost neutral or 3) are de minimis in cost (no more than \$15,000 per year). The Executive Director will discuss any proposed changes with and obtain input and support from employees prior to making any changes. The exclusions to this authority would be any vested benefit such as PERS retirement or any changes to the employee compensation plan outlined in the Human Resources Manual, which would still require WMA approval.

RECOMMENDATION

That the P&A Committee discuss this item and recommend that the WMA adopt the requested changes as follows:

1. Reduce the Educational Assistance benefit to \$2,000 per year per employee for a maximum lifetime reimbursement of \$10,000.
2. Change the vacation accrual to 15 days per year (prorated accordingly for less than full-time employees) beginning after three years of service. All other accruals remain the same.
3. Add one additional floating holiday (hours prorated accordingly for less than full-time employees).
4. Add a bike reimbursement benefit to the Agency's mass transit policy allowing for a \$25 per month reimbursement for employees who use their bicycle to commute to and from work at least 50% of the time.
5. Allow the Executive Director to make changes to the benefit manual that 1) result in savings to the Agency, 2) are cost neutral or 3) are de minimis in cost (no more than \$15,000 per year). The Executive Director will discuss any proposed changes with and obtain input and support from employees prior to making any changes. The exclusions to this authority would be any vested benefit such as PERS retirement or any changes to the employee compensation plan outlined in the Human Resources Manual, which will still require WMA approval.
6. Implement the changes effective October 6 to coincide with the beginning of the payroll cycle with the exception of any outstanding education assistance requests that have already been approved.

Attachment: Survey of vacation allotment, paid holidays and educational reimbursement

Member Agency benefit info	Floats	Holidays	Vacation	Educational Reimbursement
WMA	2	12	Years of Service Days Per Year 0-5 10 6-10 15 11+ 20	Tuition reimbursement will be no greater than the California State semester or quarter tuition and fees.
AC Transit	2	8	1-5 yrs 80 hours, 5-10 yrs 120 hours, 10-15 yrs 160 hours, 15-25 yrs 200 hours, 25+ yrs 240 hours	To the extent funding is available, which shall be determined solely by the District, the District agrees to maintain the tuition reimbursement program during the term of this agreement
Ala Co Water District		11	10 days first year, increasing to 25 days after 20 years. Maximum Accrual: 400 hours per year. 1-24 mos.: 80hrs; 25- 48 mos:104hrs, 49-120: mos.: 136hrs, 160hrs: 121-180 mos., 176hrs: 181-240 mos., 241+:mos.: 200hrs	100% tuition reimbursement for courses related to District up to a max of \$5250 per calendar year
Alameda County	4	12	1-4 yrs: 2 wks, 5-11 yrs: 3 wks, 12-20 yrs: 4 wks, 20+ yrs: 5 wks	Depends on MOU bargaining unit.
Alameda	3.5	10	Department heads can start with up to 4 weeks vacation; normally 2 weeks up to 4 years then a half a day each consecutive year up to 25 days @ 25yrs	\$750 per FY
Albany	3	11	11 days 1st-3rd yrs., 16 days 4th-8th yrs, 18 days 9th-13th yrs, 20 days 14-18 yrs, 22 days after 19 years	\$2000 per FY
Berkeley	3	13	2 weeks to start, 3 weeks after 4 years, 4 weeks after 12 years, 5 weeks after 18 years, and 6 weeks after 25 years	60 hours off with pay
Castro Valley	0	12	11.75 days to start, increases in year 4 to 17 days, in year 11 to 19.25 days and after 15 years to 21.5 days	Self Funded. (Annual pooled amount at General Manager discretion)
Dublin	1	12	For regular employees: 22 days per year through 5th yr; 27 days per year for 5th year through 10th year; 29 days per yr for 10th year through 15th year; 31 days per yr. following the 15th yr. Designated Management employees accrue 24 days through 5th year, the same as regular after that. This is general leave which combines sick leave. However sick leave does accrue once an employee reaches the max general leave accrual for a max s/l accrual of 360 hrs.	75% not to exceed \$1400 per fiscal year, prorated for employees working 20 -39 hours per week
Dublin San Ramon Services District	5	9	15 days vacation first year, one additional day each year for a max of 25 days (in year 11)	Tuition, registration, and lab fees connected to course. (100% reimbursement for instruction related to current job, 50% for instruction indirectly related. Must maintain grade of "C" or higher for reimbursement.)
East Bay MUD		15	12 days per year (not sure when/if it increases)	Educational benefit offered to all employees with a cap of \$3,500 per FY. No difference between bargaining unit.
Emeryville	2 to 3	11	0-4 yrs 10 days, 5-10 yrs 15 days, 11-20 yrs 20 days, 20+ yrs 25 days	Employees may be eligible for reimbursement for courses taken and completed with 'C' grade or better. Requires department head approval prior to taking course
Fremont	1	12	0-5 yrs 26.25 days, 6-10 days 29.25 days, 11-15 yrs 32.25 days, 16+ yrs 35.25 days general leave with sick leave accrual bank	Max \$2K reimbursement per FY; lifetime max \$20K
Hayward	0	14.5	0-5 yrs - 10 days; 5-9 yrs - 15 days; 10-19 yrs - 20 days; 20+yrs - 25 days	Per management MOU: \$1,000 per fiscal year for educational reimbursement. For professional development up to \$500 per fy. This includes various fees for certifications, books, attendance at conferences, etc.
Livermore	0	12	Accrual per year: 1st year* 80.6 hours 2nd through 5th 120.12 hours 6th through 10th 135.98 hours 11th through 15th 160.94 hours 16th through 19th 180.18 hours 20th or more 192.4 hours	75% tuition and books. \$4,000 FY for undergrad (cap \$16,000) and \$5,000 FY for graduate level (cap \$10,000)
MTC	3*	11	One day per month paid vacation leave; for each year of service, an additional day per year is granted to a maximum of 25 days per year.	

Member Agency benefit info	Floats	Holidays	Vacation	Educational Reimbursement
Newark	1	11	1 through 9 - 184 hours, 10 through 14- 224 hours, 15 through 19 - 240 hours, 20 or more - 264 hours	Management and Professionals: 100% for work related courses & up to \$10,000 for tuition and books (repayment caveat)
Oakland	1	12	Date of hire to 4 years: Ten (10) days per year; 4th anniversary to 13 years: Fifteen (15) days per year; 13th anniversary to 16 years: Eighteen (18) days per year; 16th anniversary to 20 years: Nineteen (19) days per year 20th anniversary to 26 years: Twenty (20) days per year 26th anniversary to 30 years: Twenty-five (25) days per year; 30th anniversary: Thirty (30) days per year	Confidential Management MOU: Educational reimbursement for tuition and books as follows: Grade A or B: 100% or \$820 whichever is less; Grade C: 50% or \$410 whichever is less. If Pass fail grade 75% of the tuition fee or \$615 which ever is less. Also Professional development reimbursements (up to \$1200 for certain represented employees with some carryover provisions). Educational reimbursement slightly lower, professional development reimbursement for books, subscriptions , examination fees, etc., in specific classifications can receive \$150 per year)
Oro Loma	7	9	1-5 yrs: 11 days; 6-15 yrs: 15 days; 16-20 yrs: 20 days; 21years-21 days (one additional day per yr up to 25 days)	
Piedmont	1	12 (including birthday) and any day proclaimed by the City Council as a holiday	1-4 yrs - 11 days; 5-8 yrs - 15 days; 9-11 yrs - 17 days; 12-14 yrs - 19 days; 15-18 yrs - 20 days; 19-22 yrs - 22 days; 23+ yrs - 25 days	\$250 per FY
Pleasanton	4	11	Accrual Schedule: 1-4 years = 10 days/year; 5-9 years = 15 days/year; 10-14 years = 20 days/year; 15 years = 21 days/year; 16 years = 22 days/year; 17 years = 23 days/year; 18 years = 24 days/year; 19+ years = 25 days/year	Annual maximum tuition reimbursement is the total tuition levied by CA State East Bay for the year, beginning Fall Quarter. Book reimbursement \$300 per fiscal year.
San Leandro	2	12	12 days/yr up to a max. 25 days/yr after 18 years of service. Max accrual: 2 yrs. of entitlement. Employees may sell up to 100 hours of vacation annually in June and Dec.	\$1,500 per year for reimbursement of job-related college classes or training courses with prior approval
SFMTA	2	11	**could not find**	\$5,000 per FY
Union City	3.375**	10	0-3 yrs - 80 hours; 4-9 yrs - 120 hours; 10-12 yrs - 136 hours; 13-15 yrs - 160 hours; 16+ yrs 200 hours	depending on bargaining unit \$1,500 - \$3,000 per year to cover the cost of the course upon successful completion.
Zone 7 Water Agency	4	11	2 to 5 weeks depending upon years of service and the union bargaining unit	Under management benefits: up to \$7,500 per fiscal year for tuition and related materials for job related education expenses, job-related conference fees, or job-related seminar fees to maintain or upgrade the employee's skills or prepare the employee for promotional opportunities

* Personal business days

** for most bargaining units