



DECISION PAPER




March 14, 2016

Issue:

Full time employees and upcoming Affordable Care Act (ACA), requiring medical coverage for all Full Time-Equivalents (FTE), effective starting October 1, 2016.

Background:

The Board of Directors have provided us with approval to hire 70 full time employees, who are benefit eligible. The new ACA requires us to offer medical insurance, only, to approximately 15 additional full-time equivalents (FTE), at our open enrollment, on October 1, 2016. FTE's are now Federally defined, as those working 1,560 hours in a year (30 hours a week for 52 weeks). We would like to start filling the approved additional positions between the approval date and October 1, 2016, if approval amount is more than the current approved number of 70. With the requirements of the ACA, we are requesting the 70 full-time employees be changed to 85. The primary purpose in authorizing this increase immediately is to retain key individuals in a timely fashion and not wait until the last minute requirements of ACA on October 1, 2016. It is not anticipated that all 15 eligible employees would be immediately offered FTE status, but phased in over the next several months before the October 1, 2016 deadline.




The estimated maximum cost to TDA, if all 15 FTE's enroll in family coverage for medical and it was at the current family rate (in CA) of \$1,702 (of which TDA pays 75% or \$1,276/month). The maximum estimated amount would be \$19,146/month or \$229,757. TDA's 75% of medical costs, all types of coverage, for Feb'16 averaged \$850 per employee. This $\$850 \times 15p \times 12$ months equates to \$153,000 as an estimated Federal law incremental cost for TDA medical health insurance.

Dental Insurance for employer 75% share ran an average per employee of \$64 for Feb'16. This $\$64 \times 15p \times 12$ months equates to \$11,500 as an incremental cost for TDA.

Vision Insurance for employer 75% share ran an average per employee of \$12 for Feb'16. This $\$12 \times 15p \times 12$ months equates to \$2,200 as an incremental cost for TDA.

Paid Time Off (PTO) is a combination of holidays and vacation time. 1 to 5 years tenure accrual is 12.67 per month or 152 hours per year. Assuming an average rate of pay for the incremental 15p of \$40,000, this equates to an effective hourly rate of \$19.23 per hour. Calculating 152 hours $\times 15p \times \$19.23$ equals \$44,000 in annual accrued benefit. Including burden, \$52,000.



Sick Time Off Paid currently falls under two levels. 1st, as a benefit to FTE employees with an accrual of 6.67 hours per month or 80 hours per year. All other employees are



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required by CA Law to be offered 24 hours per year (accrued monthly). This difference equates to 56 hours per year. Assuming an average rate of pay for the incremental 15p

of \$40,000, this equates to an effective hourly rate of \$19.23 per hour. Calculating 56 hours x 15p x \$19.23 equals \$16,200 in annual potential benefit. Including burden, \$19,000. Note sick time is not accrued and use it or lose it, so applying a discount factor of estimated 70%, values this at \$13,400.

The costs of long term disability and flex spending admin fees average \$16 for employee. This \$16 x 15p x 12 months equates to \$2,900 as an incremental cost for TDA.

Options:

1. Stay at 70 full-time employees and offer an expected 15 employees, FTE medical benefits only, \$153,000 estimated annual incremental cost effective October 1, 2016.
2. Start offering an expected 15 employees, FTE medical benefits only, \$153,000 estimated annual incremental cost effective immediately as appropriate.
3. Effective immediately, Change full-time employees to 85 and offer all benefits, including dental, vision, flex spending, life, LTD, PTO, and sick, \$235,000 estimated annual incremental cost.
4. Wait until October 1, 2016 to change full-time employees to 85 and offer all benefits, including dental, vision, flex spending, life, LTD, PTO, and sick, \$235,000 estimated annual incremental cost.

Recommendation:

Staff recommends Option 3, to immediately authorize the number of full-time employees as 85, offering a consistent level of FTE benefits as currently offered to all TDA FTEs.

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Board Meeting Date: 3/18/16

General Manager Approval:

