




EXPOSITION METRO LINE CONSTRUCTION AUTHORITY

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DATE: OCTOBER 12, 2005

TO: BOARD OF DIRECTORS

FROM: RICHARD D. THORPE 
INTERIM CHIEF EXECUTIVE OFFICER

ACTION: APPROVE THE EXPOSITION METRO LINE CONSTRUCTION
AUTHORITY PROPOSED EMPLOYEE BENEFITS PLAN

RECOMMENDATION

Approve the attached Exposition Metro Line Construction Authority (Authority) Employee Benefits Plan.

SUMMARY

In order for the Authority to assume responsibility for completion and delivery of the Project, the recruitment of an executive management team and staff is required. A key element to acquiring the best expertise available is establishing a competitive Employee Benefits Plan.

DISCUSSION

On August 4, 2005, the Board approved a Project Organization and Staffing Plan that described an executive management team led by the CEO. The proposed Employee Benefits Plan (Attachment A) is required prior to hiring and mobilizing this Authority executive management team and any supporting staff. The proposed level of benefits is consistent with other similar transit agencies and is within the approved project Funding Plan.

The Employee Benefits Plan establishes levels for time-off-with pay, deferred compensation, flexible spending benefits and transportation pass programs. It is proposed that the Authority utilize CALPERS or another similar program for pension benefits. Since the Authority will have a very small staff, certain benefits may be more effectively provided by utilizing the lower cost structure of an existing agency with a large number of plan participants. Until Authority staff is in place, the plan proposes utilizing the Metro Insurance Plan for health, medical, vision, long-term disability and life insurance. Once the Authority has sufficient staff, a review of using Metro insurance

versus Authority insurance will be conducted to determine the most cost-effective means of providing these benefits.

As the CEO and executive management team assess the most effective means of acquiring additional staff expertise, the cost of these benefits will be factored into the decision to utilize direct hire, consultants, or seconded Metro staff.

FINANCIAL IMPACT

This Employee Benefits Plan is consistent with the Project Cost as shown in the Metro approved Full Funding Plan.

ATTACHMENT

- A. Employee Benefits Plan

**EXPOSITION LRT CONSTRUCTION AUTHORITY
PROPOSED BENEFITS AND COMPARISON**

	<u>PROPOSED AUTHORITY BENEFITS</u>	<u>PGL AUTHORITY</u>	<u>METRO</u>
Retirement*	CALPERS or equivalent. CALPERS currently offers ONLY the following retirement plans: 2.5% @ 55, 2.7% @ 55 and 3% @ 60. Use the least expensive plan, with the Authority providing the employee contribution.	CALPERS plan with the Authority providing the employee contribution with retirement option of 2% at 55 with a 5-year vesting.	CALPERS plan with PTSC providing the employee contribution of 7% of base pay with retirement option of 2% at 60 with a 5-year vesting.
Time Off With Pay	<p>Paid time off for vacation, illness, injuries, etc. as follows:</p> <ul style="list-style-type: none"> - 1-4 Years: 25 days - 5+ Years: 30 days - Holidays: 11 days/year 	<p>Paid time off for vacation, illness, injuries, etc. as follows:</p> <ul style="list-style-type: none"> - 1-4 Years: 25 days - 5+ Years: 30 days - Holidays: 11 days/year 	<p>Paid time off for vacation, illness, injuries, etc. as follows:</p> <ul style="list-style-type: none"> - 1-4 Years: 20 days - 5+ Years: 25 days - 10-14 Years: 30 days - Holidays: 10 days/year
Deferred Compensation	Eligible for Section 457 Deferred Compensation Plan and 401 (k) Thrift Savings Plan. No employer contribution.	Eligible for Section 457 Deferred Compensation Plan. No employer contribution.	Eligible for Section 457 Deferred Compensation Plan and 401 (k) Thrift Savings Plan. No employer contribution.
Flexible Spending	Employees can set aside up to \$5,000 of their salary for health care expenses and \$5,000 for dependent care expenses.	Employees can set aside up to \$3,000 for health care expenses and \$5,000 for dependent care expenses.	Employees can set aside up to \$5,000 for health care expenses and \$5,000 for dependent care expenses.

**EXPOSITION LRT CONSTRUCTION AUTHORITY
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PROPOSED AUTHORITY BENEFITS

Medical, Dental, Vision Insurance Utilize the Metro plan, with employees contributing \$50 per month, not to exceed 10% of insurance costs.

PGL AUTHORITY

Available to employees and eligible dependents. Coverage may be waived and monthly payroll credit given if proof of coverage under different plan is provided. Medical benefits require \$50/month co-pay by employees.

METRO

Employees can choose from 3 separate medical and dental plans. Separate vision plan is included in each medical plan. Employee pays no more than 10% of insurance costs. Coverage may be waived and monthly payroll credit given if proof of coverage under different plan is provided.

Long-Term Disability Utilize the Metro plan

Available at 60% of monthly salary to \$6,000 /month with benefits payable after 90 days at no cost to employee.

Provides employees with minimum income of 60% of earnings after 6 months of disability. Buy up or down options available. 100% employer paid.

Life Insurance Utilize the Metro plan

Group life insurance equal to one year's salary up to max of \$150,000, may be subject to medical and financial underwriting.

Group life insurance equal to one year's salary, rounded to nearest \$1,000. Minimum amount is \$30,000. 100% employer paid. Employees may buy up to 2x-5x annual salary at their expense.

Transportation Pass Utilize the Metro plan

Eligible for up to \$102/month towards purchase of monthly transit pass as long as employee uses public transportation to/from work at least 3 times per week (amounts in excess of \$65/month subject to federal taxes).

Employees and/or eligible dependents ride free on any Metro owned trains and buses. Monthly transit pass subsidy also available up to \$102/month provided that employee commutes by transit a minimum of 75% of days worked per month.