

# EID Reports



## Summary of the March 29, 2010 EID Special Board Meeting

El Dorado Irrigation District — serving people, agriculture, businesses, and the environment in El Dorado County since 1925

**For Immediate Release**  
**March 29, 2010**

### **Labor Agreement Cuts Costs by \$2.2 Million – \$2.8 Million Over 4 Years**

**Placerville, CA...** During a special meeting today, the El Dorado Irrigation District board of directors approved a four-year memorandum of understanding (MOU) with the district's employee association. Provisions in the MOU will achieve between \$2.22 million and \$2.85 million in savings from 2010 through 2013. The MOU was ratified last week through a vote of employees represented by the association.

"I'm satisfied with this agreement," said board president John Fraser. "During the recent rate increase process, our customers told us we needed to re-examine personnel costs. As one result, our general manager announced a re-organization last week that included 14 layoffs at a savings of \$1.3 million. And today we have an agreement that means more savings for our customers through employee-sanctioned changes to the compensation package.

"I commend the employees and management in coming up with a solution that saves money while treating employees fairly within our tight budget constraints."

Doug Venable, environmental compliance technician and president of the employees' association, said the association was overwhelmingly in favor of the MOU. "More than 80 percent of the members participated in the vote, and 85.8 percent of them voted for the new contract," Venable said. "I believe the vote reflects support for the new contract as well as support of the leadership now in place at the district.

"EID employees understand that the district and our customers are in challenging financial times, and this contract helps get us back on a sustainable course. I thank the association's executive board members and our attorney Joe Rose, the management team, and the district's board of directors for their tireless efforts and professionalism throughout the process."

"Employees and management have worked for seven months to reach this agreement," said EID general manager Jim Abercrombie. "We rewrote the previous MOU and updated most of its provisions to be more consistent with current industry practices. The new contract is a good compromise in this recessionary economy as we continue to pay close attention to our financial bottom line and to the well being of our employees." He also stated that he will apply most of the MOU's provisions to employees who are not association members.

EID human resources director Rob DiNunzio outlined highlights of the MOU, as follows.

#### **Retirement system changes**

- **Increased employee pension contributions.** In 2010 and 2011, current employees will pay double the amount they now contribute into the retirement system, and the district will reduce its contribution by an equal dollar amount. In 2012 and 2013, the district will return to the current practice. The overall estimated savings are \$1.12 million. In addition, any new employees will pay the higher retirement contribution throughout the 4 years of the MOU.

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- Rollback of pension benefit. New employees with at least 5 years of employment at the district may retire at 55 years of age. For each year worked, they will receive 2 percent of the average of their final 3 years of salary. This rolls back the pension formula to what was in place before 2005. Current employees with 5 years of service retire with 2.7 percent (for each year worked) of their highest annual salary. Current EID retirees will see no changes in pension benefits.
- Stricter requirements for retiree medical benefits. After 10 years (5 have to be at EID), new employees will be eligible for just 50 percent of the retiree medical benefit. That figure will increase 5 percent per year after the 10 years, reaching 100 percent only after 20 years of service. Current employees are eligible for 100 percent of the medical benefit when they retire so long as they have 5 years of service. Current retirees' medical benefits do not change.

“It’s not possible to project the additional savings from the reduced pension and retiree medical benefits for new employees,” DiNunzio said. “The savings will depend on how many new employees may eventually be hired, and we have no plans to increase staffing above current levels.”

Abercrombie and EID general counsel Tom Cumpston added that it is virtually impossible from a legal standpoint to change retirement commitments for existing employees and retirees. “But savings from the changed retirement benefits for new employees should be significant in the future,” Abercrombie said.

### **Pay freezes**

- No cost-of-living allowance in 2010. This year, employees will not receive a cost-of-living allowance. The estimated overall savings are \$0 because the district did not include a cost-of-living allowance in its 2010 budget.
- Wage/salary freeze in 2011. Next year, a wage/salary freeze will go into effect. There will be no cost-of-living allowances and no merit increases. A one-percent cost-of-living allowance will go into effect in 2012 and in 2013; merit increases will also be allowed for eligible employees in those years. The estimated overall net savings are \$250,000.

### **Furlough option**

- Potential furloughs in 2010 and 2011. If needed to achieve the full projected savings, employees will be furloughed up to 40 hours in 2010 and again in 2011, beginning in July of each year—“...but only as a last resort, given the 30 percent reduction in our workforce over the past 2 years,” DiNunzio said. The estimated maximum overall savings are \$626,000. To maintain high levels of customer service, furloughs would be scheduled to avoid office closures.

### **Other changes**

- No fitness reimbursements. Elimination of the employee fitness reimbursement benefit (\$500 per employee per year for proactive health-related expenses related to weight loss, smoking cessation, and exercise programs) at an estimated overall savings of \$504,000.
- No paid overtime meals. Elimination of overtime meal payments at an estimated overall savings of \$255,000.
- No biohazard pay. The elimination of the biohazard pay rate (beginning in November 2010) for an estimated overall savings of \$95,000.
- Labor-management committee. The MOU establishes a labor-management committee to work informally on labor issues as they arise. “I’ve had great success in using this type of committee elsewhere,” Abercrombie said. “It fosters a respectful, professional approach to labor relations and helps resolve problems early, before they turn into expensive legal battles.”

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## Other business

- The board approved and authorized the signing of a one-year contract between the U.S. Bureau of Reclamation and the district for up to 4,560 acre-feet of water that the district has rights to. The water is taken from Folsom Reservoir.

EID has been working since 2004 to obtain a longer-term contract, which would alleviate the need to negotiate a contract every year. “We believe most of the hurdles have been cleared, and the long-term contract may be ready later this spring,” said EID’s David Witter. “But we need to solidify the one-year contract now in case the long-term contract is delayed.”

The water is taken from the reservoir through EID’s Folsom Reservoir pumping facility to meet customer demand in the El Dorado Hills area.

- The board approved a request by information technology director Tim Ranstrom to renew the district’s existing Cisco Smartnet equipment repair and support agreement in the amount of \$56,866. Ranstrom noted that the cost of the agreement has been reduced by \$14,365 through a staff-initiated, improved spare parts and redundancy strategy.

The agreement supports the district’s network and telephone systems, including 60 local area network switches and access points, 23 routers and controllers, and 5 specialized telephone servers installed throughout EID facilities.

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