

**SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT**

**ATU/LOCAL 1555 and SEIU/LOCAL 1021 GENERAL NEGOTIATIONS**

**TENTATIVE AGREEMENT – PERS-MEDICAL & PRESCRIPTION DRUG BENEFITS**

**April 7, 2016**

The San Francisco Bay Area Rapid Transit District (“BART”) and SEIU/Local 1021 (“SEIU”), and ATU/Local 1555 (“ATU”) have negotiated and reached a tentative agreement on this provision of the Collective Bargaining Agreement (“CBA”). No tentative agreement shall be a final agreement except as a part of a total package agreement between the parties. All parties agree that final approval of the tentative collective bargaining agreement is subject to ratification by SEIU membership, ATU membership and the BART Board of Directors.

The parties agree to revise Section 5.2 as follows:

**5.2 PERS-MEDICAL & PRESCRIPTION DRUG BENEFITS \***

**A. PERS Medical and Prescription Drug Benefits**

The District will provide group medical and prescription drug benefits, as provided below, through the Public Employees’ Retirement System (PERS). The PERS rules, regulations and plan documents will control on all issues concerning benefits, including the types and levels of benefits offered and eligibility for those benefits.

The Unions acknowledge that they understand these benefits may not equate to benefits previously available to employees and retirees through the various optional medical plans and the prescription drug plan. Because coverage will be provided through PERS, the District and the Unions understand that PERS may terminate or change covered expenses, benefit payments and co-payments on covered benefits, deductibles, lifetime and/or annual maximums and may implement various cost control features.

Except for Survivors Benefits, as provided for in Section 5.8, the Unions waive the right to any group medical or prescription drug benefit granted expressly or impliedly under other sections of this Agreement, or by any other agreement between the parties or by any District guideline, policy or practice if that benefit is not offered through the PERS medical plan.

**B. Employee and Retiree Contributions for Health Insurance**

All employees eligible for PERS medical benefits who enroll for such benefits shall be responsible for a premium contribution in the amount of twenty-five dollars (\$25.00) per month, except as provided below.

1. The employee's twenty-five dollar (\$25.00) monthly employee contribution toward the medical insurance premium shall increase by fifty dollars (\$50) on January 1, 2006. Each January 1 thereafter, the monthly employee contribution shall increase by an escalator amount of three percent (3%). For example, the total monthly employee contribution on January 1, 2007 will be seventy-seven dollars and twenty-five cents per month. (The calculation that arrives at this number is as follows:  $\$25 + \$50 = \$75 \times 1.03 = \$77.25$ .) The employee contribution amounts provided below shall be in addition to any costs for coverage in excess of the amounts specified in paragraph C below.

<u>DATE</u>	<u>Maximum Employee Monthly Contribution</u>
01 Jan. - 06	\$75.00
01 Jan. - 07	\$77.25
01 Jan. - 08	\$79.57
01 Jan. - 09	\$81.95
01 Jan. - 10	\$84.41
01 Jan. - 11	\$86.95
01 Jan. - 12	\$89.55
01 Jan. - 13	\$92.24
01 Jan. - 14	\$95.01
01 Jan. - 15	\$97.86
01 Jan. - 16	\$100.79
01 Jan. - 17	\$103.82
01 Jan. - 18	\$106.93
01 Jan. - 19	\$110.14
01 Jan. - 20	\$113.44

01 Jan. – 21	\$116.85
01 Jan. – 22	\$120.35
01 Jan. – 23	\$123.96
01 Jan. – 24	\$127.68
01 Jan. – 25	\$131.51
01 Jan. – 26	\$135.46
01 Jan. – 27	\$139.52
01 Jan. – 28	\$143.02
01 Jan. – 29	\$148.02
01 Jan. – 30	\$152.46
01 Jan. – 31	\$157.03
01 Jan. – 32	\$161.74
01 Jan. – 33	\$166.60
01 Jan. – 34	\$171.59

2. During the term of this Agreement, the employees' premium contribution shall be increased by thirty seven dollars (\$37) per month as follows: 2014 - \$132.01; 2015 - \$134.86; 2016 - \$137.79; 2017 - \$140.82; 2018 - \$143.93; 2019 - \$147.14; 2020 - \$150.44; and 2021 - \$153.85. For active employees the additional thirty-seven dollars (\$37) per month shall be deducted from the one and six hundred and twenty seven one thousandth percent (1.627%) money purchase pension plan contribution.
3. Each eligible retiree shall pay the same premium contribution as active employees. Employees' premium contributions will be paid for through tax-exempt payroll deductions. Retiree premium contributions will be deducted from the retirement allowance paid by PERS. If a retiree's retirement allowance is not sufficient to pay the entire contribution, the retiree must pay the balance due on such premium contribution directly to PERS. If such payment is not received by the due date, health care coverage will automatically, immediately and permanently cease. These rules are intended to comply with the premium contribution procedures established by PERS, which may be

modified by PERS. The District, Unions and employees shall comply with the PERS procedures in effect from time to time.

**C. Maximum District Contributions for Health Insurance**

Beginning on January 1, 2010, the District shall contribute an amount up to the applicable level of plan participation (i.e. one party, two party, or family) and the same Medicare status as elected by the eligible employee or retiree equal to the Bay Area Basic Premium Rates for the PERS HMO Blue Shield Access + or PERS HMO Kaiser Plan, whichever is greater, less the employee and retiree contributions provided for in 5.2B above. This District contribution shall be the District's maximum payment toward employee health insurance premiums. Employees and retirees electing coverage with a cost greater than the District's maximum contribution shall have the difference deducted automatically from the unit member's pay or as set forth in 5.2 B 2. above, in addition to amounts to be deducted in accordance with subsection B above.

**D. Retiree Insurance Funding**

1. Beginning July 1, 2007, the District shall contribute into its Retiree Health Benefit Trust ("RHBT") amounts that, at minimum, reflect an eight (8) year "ramp up" to District payment of the full Government Accounting Standards Board ("GASB") compliant Annual Required Contribution ("ARC") beginning July 1, 2013 using an open group valuation method with a closed 30 year amortization schedule for unfunded liability ending June 30, 2034. Except as provided in paragraph 3 below, each pay period the District shall contribute to the RHBT an amount equal to the below-listed percentages of straight time bargaining unit base pay paid to bargaining unit members in that pay period into the RHBT. (For example, if base pay in the pay period in FY 07 is one million dollars [\$1,000,000], the District will contribute \$34,900 into the RHBT for that pay period).

<b>Date</b>	<b>Percentage</b>
July 1, 2007 (FY 08)	3.49%
July 1, 2008 (FY 09)	3.64%
July 1, 2009 (FY 10)	3.79%
July 1, 2010 (FY 11)	3.94%

July 1, 2011 (FY 12) 4.10%

July 1, 2012 (FY 13) 4.27%

2. In addition, on or before June 30, 2009 the District shall, at minimum, contribute into the RHBT an amount equal to three and twenty-two one-hundredths percent (3.22%) of straight time bargaining unit base pay paid in FY 06 and three and thirty-six one-hundredths percent (3.36%) of straight time bargaining unit base pay paid in FY 07. These figures represent the "ramp up" percentages for those fiscal years.
3. The District shall perform an actuarial study of the retiree medical insurance plan liabilities and funding needs (including the Annual Required Contribution – "ARC") after the end of each fiscal year. For each fiscal year beginning with FY 2007, the actuaries shall adjust the above ramp up percentages for the fiscal year for which the study was prepared and for each remaining fiscal year in the ramp up period. The last such adjustment will be in the study performed prior to July 1, 2013 for FY 2013. The revised percentages shall be the percentages contributed by the District to the RHBT for those years, except that the District shall pay no less than the percentages specified in subsections 1 and 2 above.
4. Beginning July 1, 2013, the District shall, at minimum, contribute to the RHBT each pay period an amount equal to the full GASB compliant Annual Required Contribution (ARC) percentage of straight time base pay paid to bargaining unit members during that pay period using an open group valuation method with a closed thirty (30) year amortization schedule for unfunded liability ending June 30, 2034. (For example, if the base pay during the pay period is one million dollars [\$1,000,000] and the ARC percentage is fourteen percent [14%], the District will contribute one hundred forty thousand dollars [\$140,000] to the RHBT for that pay period.)
5. During the term of this Agreement, the District shall retain .0888% of the one and six hundred twenty-seven one-thousandths percent (1.627%) of the Money Purchase Plan contribution in addition to the \$37/month to be used as specified in Paragraph B2, above.
6. Effective July 1, 2013, the District shall retain the remainder of the 1.627% MPPP contribution, to the extent necessary to compensate the District for paying the difference between the actual ARC and the baseline ARC described below. The District shall retain this amount through June 30, 2034. In any year in which the actual ARC does not exceed the baseline ARC by an amount equal to the amount of the retained 1.627% MPPP contribution, the District shall pay the appropriate portion of the 1.627% into the employees' MPPP accounts, but only to the extent that the difference between

the actual ARC and the baseline ARC is less than the dollar value of the retained MPPP 1.627%.

EXAMPLE: Assume that the actual ARC is fifteen percent (15%) in the particular year, the baseline ARC is fourteen percent (14%) in the particular year, and that the difference between the two is one million dollars (\$1,000,000). Assume further that the value of the retained 1.627% is one million five hundred thousand dollars (\$1,500,000). The District would then pay a total of five hundred thousand dollars (\$500,000) into the employees' collective MPPP accounts. These payments would be prorated in the same manner as would result from full payment of the 1.627% into the employee accounts.

The baseline ARC is as follows:

<b>FY Year Beginning</b>	<b>Baseline ARC</b>
07/1/13	11.88%
07/1/14	11.94%
07/1/15	12.00%
07/1/16	12.06%
07/1/17	12.12%
07/1/18	12.18%
07/1/19	12.24%
07/1/20	12.30%
07/1/21	12.36%
07/1/22	12.42%
07/1/23	12.48%
07/1/24	12.54%
07/1/25	12.60%
07/1/26	12.66%

07/1/27	12.72%
07/1/28	12.78%
07/1/29/	12.84%
07/1/30	12.90%
07/1/31	12.96%
07/1/32	13.02%
07/1/33	13.08%

7. Effective July 1, 2013 the District shall direct the Trustee of the RHBT to pay retiree health insurance premiums from the RHBT. No premiums will be paid from the RHBT prior to July 1, 2013.

**E. In Lieu of Medical Payments**

During any open enrollment period after July 1, 2009, an eligible employee who has medical coverage under a spousal or other alternate plan may elect, in accordance with procedures established by the District to opt out of the group medical and prescription drug benefits covered under Section 5.2(A) ("5.2A Coverage").

The District shall make a monthly payment of three hundred and fifty dollars (\$350.00) "in lieu of medical" to each eligible employee who opts out of 5.2A coverage.

Tax treatment of these payments will be subject to applicable Internal Revenue Code ("IRC") and Internal Revenue Service ("IRS") rules. The payments will be made in a manner that will not impact the income tax status of medical premiums under IRC requirements and to allow an employee to receive the amounts as cash monthly payments.

An eligible employee who opts out of 5.2(A) coverage may subsequently enroll in such coverage as permitted under the terms of the plan(s) described in Section 5.2(A).

**F. Trust Review Committee**

1. The District's five (5) unions shall each appoint one (1) member to serve on a trust review committee ("TRC"). The District Labor Relations Manager and Human Resources Manager shall serve on the TRC for the District. The TRC shall meet quarterly.

Employee members of the TRC will be released from regularly scheduled duty with pay for quarterly TRC meetings.

2. The District will direct the Trustee of the Trust to provide the Unions with quarterly reports of all RHBT operations, including audited and unaudited financial statements and investment performance reports, and other consultant reports in advance of the quarterly TRC meeting. (The parties acknowledge that audited financial statements are performed only once per year.)
3. The Trustee will attend the TRC meeting to answer questions concerning the information provided to the TRC. However, the TRC shall in no way attempt to assist, direct, or otherwise involve itself in matters concerning the investment of Trust assets. However, the TRC may advise the Trustee on other Trust matters to the extent such advisory activity does not affect the legal status of the Trust. It shall be within the sole discretion of the Trustee whether to follow or not follow such advice.
4. The TRC members shall be released from regularly scheduled duty with pay to attend meetings of the Human Resources Manager and Labor Relations Manager with the District's actuaries and other professionals to discuss assumptions to be included in annual GASB valuation studies, the preliminary and final results of such studies, etc. Such studies shall include ARC projections through at least 2035. The District will provide the unions with a copy of the final version of such study on or before February 1 each year or as soon thereafter as is practicable.

#### **G. Retiree Health Benefits Trust**

Within one hundred twenty (120) days after the signing of this agreement by the parties hereto, the District shall amend the Trust Agreement to provide that:

1. Trust assets shall be held for the sole and exclusive purpose of providing health benefits to eligible BART retirees and to defray the reasonable expenses of administering the RHBT.
2. The only District benefit plans for which payments may be made from the RHBT shall be those retiree health benefit plans offered to eligible District retirees as a result of its collective bargaining agreements, or District policy which extends such plans to non-represented employees. In addition, for District personnel on a District plan that is no longer generally offered to District employees, payments may be made from the RHBT. However, the District shall ensure sufficient separate funding and the Trustee shall separately account for benefits paid for such personnel.



3. The District may terminate the RHBT, subject to its duty to bargain in good faith to agreement or impasse over such termination with the union. If the District gives the Unions notice of the termination of the RHBT, the Trust shall not terminate until the assets then remaining are exhausted. Such assets shall be used only as provided in paragraph 1 above.

The District reserves the right to terminate or change any part or all of the health benefits program at any time with respect to active or retired employees, however, any such action will be taken only after the District has satisfied its obligations under applicable Collective Bargaining Agreements. The District's contractual obligation to provide health benefits coverage to retired employees shall terminate upon the expiration of this Agreement. By providing benefits to retirees, the parties do not intend to vest retirees with such benefits.

#### **H. Retiree Medical Insurance Eligibility**

The parties agree that with respect to District employees first hired after January 1, 2014, the District shall make no contribution for postretirement health benefits on behalf of such individuals with less than ten years of credited service with the District, and that the full District contribution for postretirement health benefits shall be made only on behalf of individuals who have completed a minimum of fifteen (15) years of credited service with the District. Eligibility for this benefit is, in addition to the specified criteria, subject to current provision which require that the employee retire from CalPERS within one hundred and twenty (120) days of separation from the District.

The parties agree that:

1. This provision applies to unrepresented employees, members of the Board of Directors to the extent they are eligible under existing law, and members of any unit of employees whose terms and conditions of employment are determined through collective bargaining and who agree that it should apply to its members.
2. Contributions shall be subject to:
  - a. Credited years of District service
  - b. An Agreement with all represented employees mutually agreed upon through collective bargaining;
3. The District contribution shall be a percentage of the employer contribution for applicable credited years of service as follows:  
10 years – 50%; 11 years – 60%; 12 years – 70%; 13 years – 80%;

14 years – 90% and 15 years 100%.

4. The full contribution level shall be available for postretirement health benefits for those employees who are approved for and exercise a disability retirement with at least five years of credited service with the District.
5. This section shall only apply to District employees or Board members who are first hired by the District or newly elected to the Board and first serve on or after January 1, 2014.
6. Any agreement to adopt these provisions by any collective bargaining unit shall apply only if the agreement is expressly incorporated into or made a part of a memorandum of understanding.
7. This provision shall not apply to any employee who retires before the effective date of the memorandum of understanding referenced above. In the event that the memorandum of understanding establishes a retroactive effective dates, this section will govern, limiting its applicability only to prospective retirements.
8. The District shall provide, in the manner prescribed by CalPERS, a notification of each agreement established pursuant to this section and any additional information necessary to implement it.

The Parties recognize that implementation of this agreement requires statutory changes to the California Government Code and agree to jointly seek a sponsor for and support the passage and signing into law of the provisions as set forth herein. If the law is not successfully passed, then the Parties agree to mutually agree on alternative provisions.

**\* MINUTE CLARIFICATION**


Members who would like to realize the benefit of the in lieu payment as a pre-tax contribution to their deferred compensation accounts can accomplish this result by increasing their deferral amount for the deferred compensation plan by the amount of the in lieu payment, subject to Internal Revenue Code limitations on maximum annual contributions.

**\* MINUTE CLARIFICATION**

The parties mutually understand that the only obligation to continue the health benefits of active employees after the expiration of the Agreement is that which may arise from the general legal duty to bargain in good faith.

**\*See Letter of Understanding Dated 10/23/13 and Side Letter 10-1**

**FOR THE DISTRICT**

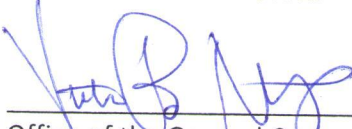


Grace Crunican  
General Manager



Carol Isen  
Chief Labor Relations Officer

**APPROVED AS TO FORM:**



Office of the General Counsel  
by Victoria R. Nuetzel

**FOR SEIU**



John Arantes  
President, BART Chapter



Olivia Rocha  
President, BART Professional Chapter

**FOR ATU**



Chris Finn  
President/Business Agent, ATU Local 1555