In El Dorado County
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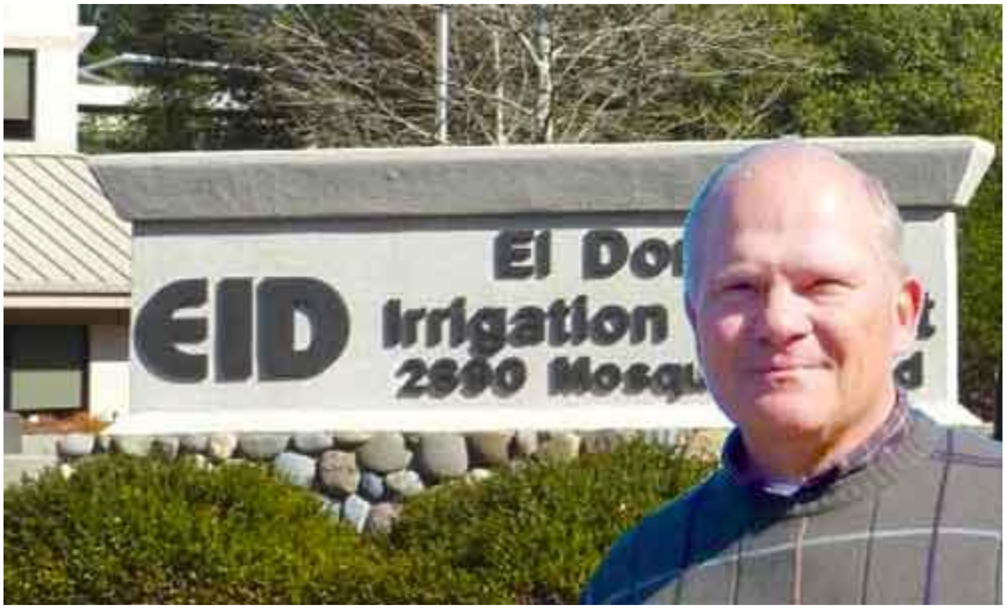
EID Employee Pay to Surge at Ratepayer Expense



"Opinion: EID employees already average a lofty $127,000 of annual wages and benefits. It is unjust for EID ratepayers to be forced to absorb 102% of water rate increases while EID employees gain millions of dollars of further increased compensation and benefits"

Greg Prada | Feb 22 2013

While EID water rates continue their 102% surge for 2010-2015, following are costly inclusions in a proposed 2013-2016 employee labor agreement that EID General Manager Jim Abercrombie is recommending for Board approval at EID's February 25, 2013, 9am Board meeting:

Employee pay hikes

- 5% annual pay hikes for all employees who receive an annual performance appraisal that "Meets Job Standards".
- Additional 2% annual cost of living pay hikes (albeit not to exceed CPI increase)
- Additional 5% (or more) pay hikes for all employees who are promoted (including from Level I to II, etc.)
- In total, EID employees project to receive $3.8 million of pay hikes under the proposed three year labor agreement extension, an average of $17,000 per employee.

Paid time off

- Continuation of up to 50 paid days off annually per employee (EID's General Manager receives 55 paid days off annually while overall, EID employees average 42 paid days off annually.)
- For exempt employees, continuation of no charge against paid time off for partial days off
- EID employee paid time off costs ratepayers $2.8 million annually

Medical premiums

- Continuation of 90% ratepayer/10% employee payment of medical premiums… unless medical premiums increase more than 10% annually, in which case premium cost sharing shifts modestly to 85% ratepayer/15% employee. *(EID's proposed cost sharing formula remains substantially more generous to its employees than the 73%/27% national average premium split between employers and employees as reported by the Kaiser Family Foundation in their 2012 study).*
- EID employee/retiree medical premiums are budgeted to cost ratepayers $4.3 million in 2013.

Pensions

- Despite a return in employee contributions back up 4% to the 8% level which they paid in 2010, EID ratepayers continue to pay more than 75% of employee pension costs (and with no ratepayer-paid limit per employee as is typical for most employers).
- EID employee pensions are budgeted to cost EID ratepayers $4.7 million in 2013. In comparison, employees will pay just $1.3 million annually even after their return to the 8% they contributed in 2010.

Financial misrepresentations to EID Board: General Manager Abercrombie has represented to the Board that the new labor agreement will save ratepayers $325,000 in 2013 and an annual average of $700,000 for 2014, 2015 and 2016. But, in actuality, the three year labor agreement extension collectively will lock in millions of dollars of increased ratepayer paid wage hikes, medical cost hikes, and pension cost hikes in addition to continuing most generous employee paid time off.

Opinion: EID employees already average a lofty $127,000 of annual wages and benefits. It is unjust for EID ratepayers to be forced to absorb 102% of water rate increases while EID employees gain millions of dollars of further increased compensation and benefits… including 7% annual regular wage hikes, lavish paid time off, and medical benefits and pensions that disproportionately are paid by ratepayers instead of consistent with typical employer-employee benefit cost-sharing practices of employers across America.

Further note that during the 2008-2011 recession, while many Americans lost their jobs, faced large pay cuts, and saw their 401K's decimated, EID employees did not participate in these downward-spiraling financial hardships; in contrast, per employee pay and benefits increased each year. In addition, EID ratepayers have paid millions of dollars extra to shore up CalPERS market losses and maintain full, rich pension benefits for EID employees.

Especially in the face of 102% water rate hikes for 2010-2015, EID's Board members have a heightened fiduciary responsibility to EID ratepayers. When voting on Management's recommended employee labor agreement, the Board should recognize they owe first allegiance to protecting ratepayer financial interests and for requiring full and accurate disclosure from Management of the millions of dollars of increased labor costs embedded within the proposed agreement.

On February 25th, EID ratepayers deserve that EID's Board reject Management's costly and ratepayer-insensitive proposed extension to the numerous lavish pay and benefit provisions of EID's existing employee labor agreement.

Greg Prada

Ratepayer Advocate

www.FixEID.org