

South Tahoe

Public Utility District

For Immediate Release

Public/Legislative Affairs Office

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MEDIA RELEASE

South Lake Tahoe, CA – The Board of Directors of the South Tahoe Public Utility District (District) announced today they have entered into an agreement, by unanimous vote, with Stationary Operating Engineers, Local 39 and the District’s Management Group in their labor contract negotiations.

While employee wages have been essentially frozen since 2009, medical costs have continued to increase. The District’s self-insurance plan realized significant savings since its inception in 1996; however, due to the small size of the organization, self-insurance costs have become unsustainable. These contracts reflects the elimination of medical self-insurance and replaces it with an Association of California Water Agencies (ACWA) Joint Powers Insurance Authority (JPIA) group insurance plan more consistent with other California public water agencies and achieves significant cost savings for the District’s customers.

Board President, Eric Schafer, noted, “When contract negotiations began, the Board set out to achieve two very important goals. One, to significantly decrease our medical insurance costs while simultaneously ensuring that our wages remain competitive in order to both recruit and retain high-quality employees who can continue to deliver the superior service our customers have come to expect. We have met both goals.” Mr. Schafer continued, “The District’s recent financial diligence includes major reductions in operation and maintenance costs, obtaining very low interest loans to fund capital projects, and continued success with state and federal funding efforts.”

In addition to immediate savings on medical insurance, implementation of a lower CalPERS formula for new employees will generate significant savings as current employees retire and new employees are hired.

During the term of these new labor contracts, the District estimates that it will save its customers approximately \$1.5 million over previously projected increases to the self-insured plan. These savings are achieved by shifting to the new medical plan, implementing the lower CalPERS formula, and other cost-saving changes District employees have agreed to.

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