

**Council Meeting: October 26, 2010****SUBJECT: Amendment of the City's Contribution for CalPERS Medical Insurance for Management, SEA and SEIU Annuitants (Retirees)****BACKGROUND**

The Public Employees Medical and Hospital Care Act (PEMHCA) is part of the California government code and directs the administration of the CalPERS health program. PEMHCA regulations require that medical insurance contributions for retired annuitants paid for by a contracting agency be equal to the medical insurance contributions paid for its active employees. Additionally, PEMHCA regulations require that a contracting agency file a resolution, adopted by its governing body, with the CalPERS Board of Trustees, establishing any new contribution rate.

EXISTING POLICY

In accordance with Article 8 of PEMHCA, the City's contract with CalPERS provides that the City's contribution towards medical insurance (and the effective date of said contribution) be the same for active employees and retirees.

DISCUSSION

The current SEA and SEIU Memorandum of Understanding provide for annual increases in the City's contribution toward medical coverage for active employees; additionally, Article 5.505 of the Salary Resolution provides that effective January 1st of each year, the City's contribution for medical coverage for active management employees shall be no less than the highest City contribution for any of the represented employee groups. As a result of these provisions and in order to meet the CalPERS requirement that the City's medical contribution be the same amount for employees and retirees, the City's contribution to CalPERS for retiree medical coverage needs to increase.

Effective January 1, 2011, the City contribution for medical coverage for retirees in Management and SEA will be \$593.89 a month, an increase of \$28.29 per retiree per month. Effective January 1, 2011, the City contribution for medical coverage for retirees in SEIU will be \$326.64, an increase of \$15.56 per retiree per month.

FISCAL IMPACT

The cost of this amendment has been provided for in the 2010/2011 budget.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

ALTERNATIVES

1. Adopt the resolution amending the City's contribution for medical insurance with CalPERS in compliance with PEMHCA, and to amend the Salary Resolution to reflect the change in contribution for Management, SEA and SEIU annuitants.
2. Do not adopt the resolution amending the City's contribution for medical insurance with CalPERS and thereby fail to comply with PEMHCA.

RECOMMENDATION

Staff recommends approval of Alternative #1. Adopt the resolution amending the City's contribution for medical insurance with CalPERS in compliance with PEMHCA, and to amend the Salary Resolution to reflect the change in contribution for Management, SEA and SEIU annuitants.

Reviewed by:



Teri Silva Director, Human Resources

Prepared by: Lisa Velasco, Human Resources Manager

Approved by:



Gary M. Luebbers
City Manager

Attachments

Resolution – CalPERS; for Management, SEA and SEIU Annuitants

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SUNNYVALE FIXING THE EMPLOYER'S CONTRIBUTION UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT

WHEREAS, (1) Government Code Section 22892(a) provides that a local agency contracting under the Public Employees' Medical and Hospital Care Act shall fix the amount of the employer's contribution at an amount not less than the amount required under Section 22892(b) of the Act, and

WHEREAS, (2) the City of Sunnyvale is a local agency contracting under the Act; now, therefore be it

RESOLVED, (a) That the employer's contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of:

<u>Code</u>	<u>Bargaining Unit</u>	<u>Contribution Per Month</u>
03	Sunnyvale Employees Association	\$ 593.89
05	Management	\$ 593.89
06	Service Employees International Union	\$ 326.64

Plus administrative fees and Contingency Fund assessments.

Adopted by the City Council at a regular meeting held on _____, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

APPROVED:

City Clerk
(SEAL)

Mayor

APPROVED AS TO FORM AND LEGALITY:

David E. Kahn, City Attorney