



Council Meeting: September 10, 2013

SUBJECT: Approve Amendment to 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.

CEQA REVIEW

N/A

DISCUSSION

As established during negotiations with SEA and SEIU, the current Memoranda of Understanding for these respective bargaining units 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 1 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, 2014, the City contribution for medical coverage for retirees in Management will be \$687.50, an increase of \$18.87 per retiree per month. The City contribution for SEA retirees will also be \$687.50 a month, an increase of \$32.74 per retiree per month. The City contribution for medical

coverage for retirees in SEIU will be \$378.14, an increase of \$18.01 per retiree per month.

FISCAL IMPACT

The cost of this amendment has been provided for in the 2013/2014 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.

RECOMMENDATION

Staff recommends adoption of the resolution amending the City's contribution for medical insurance with CalPERS in compliance with PEMHCA, as well as the SEA and SEIU Memoranda of Understanding, 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: Doug Baker, Human Resources Manager

Approved by:

Gary M. Luebbers

City Manager

Attachments

1. Resolution – CalPERS; for Management, SEA and SEIU Annuitants
2. Resolution to Amend the Salary Resolution

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 ("PEMHCA")**

WHEREAS, 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, the City of Sunnyvale is a local agency contracting under the Act;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SUNNYVALE DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. (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	\$ 687.50
05	Management	\$ 687.50
06	Service Employees International Union	\$ 378.14

Plus administrative fees and Contingency Reserve Fund Assessments; and

(b) That the City of Sunnyvale has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above.

Section 2. This Resolution shall become effective immediately upon its passage and adoption but the employer's contribution specified will be effective on January 1, 2014.

Adopted by the City Council at a regular meeting held on September 10, 2013, by the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

ATTEST:

APPROVED:

City Clerk

Mayor

(SEAL)

APPROVED AS TO FORM:

Joan A. Borger, City Attorney

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUNNYVALE AMENDING SALARY RESOLUTION NO. 190-05 TO MODIFY THE CITY'S CONTRIBUTION FOR MEDICAL INSURANCE FOR MANAGEMENT, SEA AND SEIU EMPLOYEES

WHEREAS, pursuant to the Memoranda of Understanding (MOU) between the City of Sunnyvale and the Service Employees International Union (SEIU) and the Sunnyvale Employees Association (SEA), an amendment to the City's Salary Resolution is necessary to amend the City's contribution for health insurance under the Public Employees' Medical and Hospital Care Act (PEMHCA);

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUNNYVALE THAT Section 5.505 is hereby amended to read:

5.505. CITY CONTRIBUTION FOR MEDICAL INSURANCES.

The City will contribute the following amounts toward the cost of premiums for medical insurance under the Public Employees Medical and Hospital Care Act (PEMHCA) for each employee in the respective categories listed below, and his or her eligible dependents, and for each annuitant in CalPERS formerly in the respective categories listed below and his or her eligible dependents:

- (a) [Text unchanged]
- (b) Categories B and G. The cost of the premium or \$687.50 per month, whichever is less.
- (c) [Text unchanged]
- (d) Category L. The cost of the premium or \$378.14 per month, whichever is less.
- (e) Categories D/E, F, and K. The cost of the premium or \$687.50 per month, whichever is less. Effective January 1st each year, the City's contribution will be the lesser of the cost of the premium or the lowest cost HMO premium for single coverage of the lowest cost HMO plan available through the CalPERS Bay Area regional medical plans. Additionally, the City's contribution shall be no less than the highest City contribution for any of the employee represented units, including COA, PSOA, SEA, and SEIU.
- (f) [Text unchanged]

Adopted by the City Council at a regular meeting held on September 10, 2013, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

APPROVED:

City Clerk

Mayor

(SEAL)

APPROVED AS TO FORM:

Joan A. Borger, City Attorney