





MEMORANDUM

TO: CITY COUNCIL

FROM: DEBORAH MALICOAT, DIRECTOR OF ADMINISTRATIVE SERVICES 

BY: KAREN SISKO, HUMAN RESOURCES MANAGER 

SUBJECT: CONSIDERATION OF A RESOLUTION FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT WITH RESPECT TO THE UNREPRESENTED MEMBERS' GROUP

DATE: OCTOBER 27, 2015

RECOMMENDATION:

It is recommended the City Council adopt the attached resolution fixing the employer contribution at an equal amount for employees and annuitants under the Public Employees' Medical and Hospital Care Act ("PEMHCA") with respect to the Unrepresented Members' Group (Group 005).

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

There is no financial impact since there are no employees in the Unrepresented Members' Group (Group 005).

BACKGROUND:

In 2000, the City of Arroyo Grande established a contract under the Public Employees' Medical and Hospital Care Act for health benefits for the employees. Six separate groups were created under the contract to establish the City contribution amounts. These groups included the Management Group, Services Employees International Group - Local 620, Police Officers' Association, Firefighters' Association, Elected Officials, and an Unrepresented Members' Group.

ANALYSIS OF ISSUES:

In 2007, the City established a Cafeteria plan for health benefits. Most of the above plans were eventually modified to establish the City contribution at the PEMHCA minimum which is a base amount required each month. The Unrepresented Members' Group (Group 005) was not altered since there were no employees in this group. The City has been notified that the established contribution to this group has to be changed since it is based on the rate of a health plan that will no longer be offered in 2016. It is recommended that the City adopt the PEMHCA minimum for this group to be consistent with the other groups in the City.

The Public Employees' Medical and Hospital Care Act allows you to terminate a group contract during a sixty day window once health insurance rates are issued each year

CITY COUNCIL

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(normally in June). Since the City does not utilize the Unrepresented Members' Group (Group 005), it will most likely be recommended to the City Council next year that this group be cancelled.

ADVANTAGES:

By making this change to the contribution for the Unrepresented Members' Group to the PEMHCA minimum, the City will be in compliance with PEMHCA requirements.

DISADVANTAGES:

There are no disadvantages to this change since there are no members in this group.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

- Approve staff's recommendation by adopting the Resolution;
- Modify as appropriate and approve staff's recommendation; or
- Provide direction to staff.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted in front of City Hall on Thursday, October 22, 2015. The Agenda and report were posted on the City's website on Friday, October 23, 2015. No public comments were received.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT WITH RESPECT TO THE UNREPRESENTED MEMBERS' GROUP

WHEREAS, the City of Arroyo Grande ("City") is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act") for participation by members of the Unrepresented Members (Group 005); and

WHEREAS, Government Code Section 22892(a) provides that a contracting agency subject to the Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Arroyo Grande that:

1. That the employer 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 or plans up to a maximum of the PEMHCA Minimum per month, plus administrative fees and Contingency Reserve fund assessments; and
2. The City of Arroyo Grande has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and
3. That the participation of the employees and annuitants of the City of Arroyo Grande shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that the City of Arroyo Grande would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of an employer; and
4. That the executive body appoint and direct the Director of Administrative Services to file with the Board a verified copy of this resolution, and to perform on behalf of the City of Arroyo Grande all functions required of it under the Act.

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On motion of Council Member _____ seconded by Council Member _____
and on the following roll call vote, to wit:

AYES:
NOES:
ABSENT:

the foregoing Resolution was passed and adopted this _____ day of _____, 2015.

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JIM HILL, MAYOR

ATTEST:

KITTY NORTON, DEPUTY CITY CLERK

APPROVED AS TO CONTENT:

DIANNE THOMPSON, CITY MANAGER

APPROVED AS TO FORM:

HEATHER WHITHAM, CITY ATTORNEY

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