



Sunnyvale

# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### REPORT TO COUNCIL

#### **SUBJECT**

Adopt Resolutions Approving Amendments to the City's Contribution for CalPERS Medical Insurance for Management, SEA/Confidential and SEIU Annuitants (Retirees)

#### **BACKGROUND**

The Public Employees Medical and Hospital Care Act (PEMHCA) is part of the California Government Code that 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.

#### **ENVIRONMENTAL REVIEW**

N/A

#### **DISCUSSION**

As established during negotiations with the Sunnyvale Employees Association (SEA) and the Service Employees International Union (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, 2016, the City contribution for medical coverage for retirees in SEA/Confidential and Management will be \$757.97, an increase of \$36.09 per retiree per month. The City contribution for medical coverage for retirees in SEIU will be \$416.90, an increase of \$19.85 per retiree per month.

#### **FISCAL IMPACT**

The cost of this amendment has been provided for in the FY 2015/2016 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 website.

## **STAFF RECOMMENDATION**

Adopt two resolutions (1) fixing the employer's contribution under the Public Employee's Medical and Hospital Care Act ("PEMHCA") for 2016, and (2) amending Salary Resolution No. 190-05 to modify the City's contribution for medical insurance for Management, SEA/Confidential and SEIU employees and annuitants.

Prepared by: Doug Baker, Human Resources Manager

Reviewed by: Teri Silva, Director of Human Resources

Reviewed by: Kent Steffens, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

## **ATTACHMENTS**

1. Resolution Fixing Employer's Contribution under PEMHCA
2. Resolution Amending the Salary Resolution