



# 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 Employees and Annuitants (Retirees)

#### **BACKGROUND**

The City's healthcare is administered through CalPERS. CalPERS healthcare is regulated by the Public Employees' Medical and Hospital Care Act (PEMHCA), which requires participating agencies to adopt a resolution stating the employer contribution amount toward the employees' and retirees' medical plans. The resolution is adopted annually or when there are changes in bargaining unit agreements affecting amounts paid by the city toward medical coverage. PEMHCA regulations further 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.

#### **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**

The action being considered does not constitute a "project" with the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378 (b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

#### **DISCUSSION**

As established during negotiations with the Sunnyvale Employees Association (SEA) and the Service Employees International Union (SEIU), the existing Memoranda of Understanding for these respective bargaining units provide for annual increases in the City's contribution toward medical coverage for active employees. The total City medical and cafeteria contribution for SEA is 80% (52% for SEIU) of the average of the family level monthly premium of the Blue Shield Access+ and Kaiser medical plans. The amount for the City payment towards medical coverage is 49% of the total City medical and cafeteria contribution but not exceeding a 5% increase from the prior year. Based on the increases from CalPERS for the 2019 health plan rates, an increase is needed for the PEMHCA rate for City employees and retirees.

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 shall be increased appropriately.

Effective January 1, 2019, the City's PEMHCA contribution for medical coverage for retirees in SEA, Confidential and Management will be \$877.44, an increase of \$41.78 per retiree per month. The City contribution for medical coverage for retirees in SEIU will be \$482.62, an increase of \$22.98 per retiree per month.

### **FISCAL IMPACT**

The cost of this amendment to the City's contribution has been included for in the FY 2018/19 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.

### **RECOMMENDATION**

Adopt two resolutions: (1) setting the employer's contribution under the Public Employees' Medical and Hospital Care Act ("PEMHCA") for 2019, 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: Michelle Ahlberg, Human Resources Manager

Reviewed by: Tina Murphy, Director, Human Resources

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

### **ATTACHMENTS**

1. Resolution Setting Employer's Contributions under PEMHCA
2. Resolution Amending the Salary Resolution