



# 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/IFPTE Local 21, 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 agreement 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 /International Federation of Professional and Technical Engineers Local 21 (SEA/IFPTE Local 21) 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/IFPTE Local 21 is 80% (52% for SEIU) of the average of the family level monthly premium of the Blue Shield Access+ and Kaiser medical plans. This amount is then allocated 49% to the City medical contribution and 51% to the cafeteria contribution, but any increase in medical shall not exceed 5% from the prior year. Based on the increases for the 2021 CalPERS 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, 2021, the City's PEMHCA contribution for medical coverage for retirees in SEA/IFPTE Local 21, Confidential and Management will be \$967.38, an increase of \$46.07 per retiree per month. The City contribution for medical coverage for retirees in SEIU will be \$532.09, an increase of \$25.34 per retiree per month.

### **FISCAL IMPACT**

The cost of this increase to the City's contribution has been included in the FY 2020/21 Adopted Budget.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, Sunnyvale Public Library and Department of Public Safety. In addition, the agenda and report are available at the Office of the City Clerk and on the City's website.

### **RECOMMENDATION**

Approve two resolutions: (1) setting the employer's contribution under the Public Employees' Medical and Hospital Care Act ("PEMHCA") for 2021, and (2) amending Salary Resolution No. 190-05 to modify the City's contribution for medical insurance for Management, SEA/IFPTE Local 21, Confidential, and SEIU employees and annuitants (retirees).

Prepared by: Vienne Choi, Term-Limited Human Resources Manager

Reviewed by: Tina Murphy, Director, Human Resources

Reviewed by: Jaqui Guzmán, Deputy City Manager

Approved by: Kent Steffens, City Manager

### **ATTACHMENTS**

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