



City of Palo Alto

City Council Staff Report

(ID # 5840)

Report Type: Consent Calendar

Meeting Date: 6/1/2015

Summary Title: Employer's Contribution under PEMHCA

Title: Adoption of a Resolution Fixing the Employer's Contribution Under the Public Employees Medical and Hospital Care Act (PEMHCA) with Respect to Non-CalPERS Elected Council Members

From: City Manager

Lead Department: Human Resources

Recommendation

Staff recommends that Council approve the attached resolution allowing for Council Member participation in CalPERS medical under the Public Employees' Medical and Hospital Care Act (PEMHCA) for Non-CalPERS (non-pension) City Council Members.

Executive Summary

The purpose of this staff report is to complete the CalPERS contract amendment process required to implement health care options for City Council Members who choose not to participate in CalPERS pension.

Background

The City currently participates in CalPERS Health Program and offers this coverage to full time employees, including City Council Members. The standard requirement of participation in the CalPERS Health Program is participation in CalPERS Pension. Specific to Council Members, however, CalPERS allows individual members to exclude themselves from pension while still participating in the CalPERS healthcare program.

Discussion

In order to allow this provision (to participate in health but not pension) CalPERS requires the attached resolution to establish "this" specific [Council Member] group.¹ This resolution will not change the City's cost or administration of CalPERS Health plans. The City will continue to make the same contribution to Council Members health premiums as it does to full time benefited employees. For calendar year 2015, the City will contribute the same flat rate monthly premium it implemented for SEIU and Management & Professional employees in the

¹ CalPERS has explained that, solely for the purposes of this resolution, it treats the City as a "special district."

amount up to \$708 - Employee Only, \$1415 - Employee +1, and \$1840 - Family coverage. By allowing for Council members to participate in CalPERS Health without participation in CalPERS Pension, the City avoids paying the required pension contribution.

Timeline

The Resolution must be adopted by Council and signed by the Mayor by June 10 in order for health benefits to be available beginning July 1, 2015.

Resource Impact

The implementation of this resolution does not change the budgeted medical premium contribution for Council Members. Implementing this resolution may create some savings in the required City contribution towards CalPERS pension for those Council Members who opt out of pension but wish to elect health care coverage.

Attachments:

- NEW NONPERS BY GROUP EQUAL 1 FIXED (DOC)
- Health Resolution Cover Sheet (DOC)

**RESOLUTION ELECTING TO BE SUBJECT TO
PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
AND FIXING THE EMPLOYER'S CONTRIBUTION AT AN AMOUNT EQUAL TO OR
GREATER THAN THAT PRESCRIBED BY GOVERNMENT CODE SECTION 22892(b)**

- WHEREAS, (1) Government Code Section 22922(a) provides the benefits of the Public Employees' Medical and Hospital Care Act (the "Act") to employees, retirees, and survivors of local agencies contracting with the Public Employees' Retirement System on proper application by a local agency; and
- WHEREAS, (2) Section 22892(a) of the Act provides that a local contracting agency shall fix the amount of the employer's contribution; and
- WHEREAS, (3) Government Code Section 22920(b) defines any Special District as a contracting agency, and
- WHEREAS, (4) A Special District is hereby defined as a non-profit, self-governed public agency within the State of California, and comprised solely of public employees performing a governmental rather than proprietary function, or a City seeking to provide to a class of employees the benefits of the Act but not CalPERS pension benefits, and
- WHEREAS, (5) City of Palo Alto, hereinafter referred to as Special District is an entity meeting the above definition; and
- WHEREAS, (6) The Special District desires to obtain for the members of Non-PERS City Council Members (i.e. non-pension Council members), who are active and retired employees and survivors of the agency, the benefit of the Act and to accept the liabilities and obligations of an employer under the Act and Regulations; now, therefore, be it
- RESOLVED, (a) That the Special District elects, and it does hereby elect, to be subject to the provisions of the Act; and be it further
- RESOLVED, (b) That the employer's contribution for each employee, retiree, or survivor 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 PEMHCA Minimum per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further
- RESOLVED, (c) That City of Palo Alto has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (d) That the participation of the employees, retirees, and survivors of City of Palo Alto 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 City of Palo Alto 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 the employer.

RESOLVED, (e) That the executive body appoint and direct, and it does hereby appoint and direct, The City of Palo Alto City Council to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said Special District all functions required of it under the Act and Regulations of the Board of Administration; and be it further

RESOLVED, (f) That coverage under the Act be effective on July 1, 2015.

Adopted at a regular/special meeting of the _____
at _____ this _____ day of _____
20__.

Signed: _____
Mayor

Attest: _____
City Clerk

Approved as to form: _____
Deputy City Attorney

**To: California Public Employees' Retirement System
CASD, Contract & Membership Services Section
Health Contract Services
PO BOX 942714
Sacramento, CA 94229-2714**

From:

Agency Name	
Agency Code or CalPERS ID#	

Health Resolution

Please staple on top of the resolution or cover letter. This will ensure that the CalPERS mailroom expedites delivery to our office.¹

¹ Rev. 11/12