

CITY OF YUBA CITY
STAFF REPORT

Date: October 20, 2020

To: Honorable Mayor and Members of the City Council

From: Human Resources Department

Presentation By: Natalie Springer, Human Resources Director

Summary

Subject: Sworn Police Executive Management CalPERS Health Resolution

Recommendation: Adopt a Resolution authorizing the Sworn Police Executive Management to be subject to the Public Employees' Medical and Hospital Care Act for employees and annuitants pursuant to the unequal method.

Fiscal Impact: None

Purpose:

To adopt the resolution authorizing Sworn Police Executive Management to be subject to the Public Employees' Medical and Hospital Care Act (PEMHCA) for employees and annuitants pursuant to the unequal method.

Background:

Sworn Police Executive Management is a grouping that includes sworn employees from the Police Sworn Mid-Managers (PSMM) unit (active or retired), Police Chief position (active or retired), and retired sworn Police executive management employees that were members of the Mid-Managers bargaining unit prior to formation of the PSMM.

The City's Letter of Understanding (LOU) with the Police Sworn Mid-Managers was approved by City Council at the April 21, 2020 City Council meeting. Along with other terms, the LOU authorized CalPERS health insurance available to all bargaining unit members (including retirees of the PSMM) effective January 1, 2021. Additionally, City Council has informally approved the Police Chief to receive CalPERS health benefits.

The purpose of this staff report is to approve the CalPERS written resolution authorizing the Sworn Police Executive Management group to join Public Employees' Medical and Hospital Care Act for employees and annuitants pursuant to the unequal method. The term "annuitant" refers to retirees that meet the requirements to qualify for PEMHCA participation. The unequal method permits the contribution amount for the annuitants to start at a lower amount and increases annually by formula. For year one, beginning January 1, 2021, the City contribution for Sworn Police Executive Management annuitants is \$1 and each following year the City contribution will contribute 5% x the number of years that this resolution has been in effect x the contribution that the City is required to make to CalPERS on behalf of employees pursuant to the PEMHCA resolution. The PEMHCA resolution provides that the contribution required of the City for employees is equal to minimum required under PEMHCA ("PEMHCA minimum") which is \$143 for 2021. The PEMHCA minimum is adjusted annually. Historically, the annual increase has been between \$3 and \$5. It will take 20

years for the City to pay the PEMHCA minimum for annuitants.

For active Sworn Police Executive Management employees, the City is required by CalPERS to pay the PEMHCA minimum. However, the City may agree to provide a higher contribution on behalf of employees pursuant to a letter of understanding or personnel policies. In this case, the PSMM LOU provides that the City is required to pay 80% of the total premium of the lowest cost PORAC health plan available. The PEMHCA minimum is included within the 80% amount such that the City will not pay more than 80% of the total premium of the lowest cost PORAC health plan available on behalf of employees included in the Sworn Police Executive Management group.

Analysis:

On April 21, 2020, the Police Sworn Mid-Managers and the City agreed to a two-year Letter of Understanding that authorized the PSMM to join PEMHCA. The Police Chief's employment contract will be updated to include language that health care contributions will follow the PSMM LOU.

The intent of this staff report is to implement PEMHCA for Sworn Police Executive Management effective January 1, 2021.

Fiscal Impact:

None.

Alternatives:

Do not approve the Sworn Police Executive Management CalPERS PEMHCA resolution and provide staff direction.

Recommendation:

Adopt a Resolution authorizing the Sworn Police Executive Management to be subject to the Public Employees' Medical and Hospital Care Act at an unequal amount for employees and annuitants.

Attachments:

A. PEMHCA Resolution

Prepared By:

/s/ Natalie Springer

Natalie Springer
Human Resources Director

Submitted By:

/s/ Diana Langley

Diana Langley
Interim City Manager

Reviewed By:

Finance

City Attorney or Special Counsel

SM

SLC by email

ATTACHMENT A

Health Resolution Template Packet

Contract vs. Resolution

The CalPERS Health Program is governed by the Public Employees Medical and Hospital Care Act (PEMHCA), and the California Code of Regulations (CCR), of the California Public Employees Retirement Law (PERL). PEMHCA contains all the rules and regulations that a contracting agency must adhere to. We define PEMHCA as the actual *health contract*, and the *resolution* as the method by which an agency elects to become subject to PEMHCA.

Resolution Type (Enclosed)

New Resolution	Purpose
Format: <input type="checkbox"/> All, Equal <input type="checkbox"/> All, Unequal <input type="checkbox"/> By Group, Equal <input checked="" type="checkbox"/> By Group, Unequal	An agency must file a <i>new resolution</i> to elect to be subject to PEMHCA, establish participation for the whole agency or by recognized employee group(s), and designate the monthly employer health contribution. If an agency submits a signed and adopted resolution to CalPERS on or before the 10 th of any month, coverage can be effective on the first of the following month.

Instructions

- The enclosed resolution should be completed by filling in the editable fields with the information requested in the field tab. Contracting agencies may not add, edit, or remove language in the enclosed resolution, other than the editable fields. CalPERS may reject resolutions that are submitted with additional changes.
- The certification shown following the resolution is to be completed by those individuals authorized to sign for the contracting agency in legal actions and is to include the name of the governing body (i.e. Board of Directors, Board of Trustees, etc.), and the location and the date of signing.
- **This resolution serves as a legally binding document, and we require the original resolution, certified copy with original signatures, or a copy of the resolution with the agency's raised seal.** Please complete and include the enclosed cover sheet when mailing the resolution.

Questions or Additional Information

The Health Resolutions & Compliance Unit is responsible for authoring and maintaining this document. The unit can be contacted directly at HealthContracts@calpers.ca.gov.

**Please staple on top of your health resolution(s) or cover letter.
This will ensure that the CalPERS mailroom expedites delivery to our office.
Mail packet to either:**

Overnight Mail Service

California Public Employees' Retirement System
Health Resolutions & Compliance Services, HAMD
400 Q Street
Sacramento, CA 95811

Regular Mail

California Public Employees' Retirement System
Health Resolutions & Compliance Services, HAMD
PO BOX 942714
Sacramento, CA 94229-2714

HEALTH RESOLUTION

CalPERS ID #	6515248486
Agency Name	City of Yuba City
Desired Effective Date	January 1, 2021

RESOLUTION NO. Number
ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
AT AN UNEQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION
010 SWORN POLICE EXECUTIVE MANAGEMENT

- WHEREAS, (1) A contracting agency meeting the eligibility requirements set forth in Government Code Section 22920, may obtain health benefit plan(s), as defined under Government Code Section 22777, by submitting a resolution to the Board of Administration of the California Public Employees' Retirement System (the "Board"), and upon approval of such resolution by the Board, become subject to the Public Employees' Medical and Hospital Care Act (the "Act"); and
- WHEREAS, (2) City of Yuba City is a contracting agency eligible to be subject to the Act under Government Code Section 22920; and
- WHEREAS, (3) 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, (4) 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; and
- WHEREAS, (5) Government Code Section 22892(c) provides that, notwithstanding Section 22892(b), a contracting agency may establish a lesser monthly employer contribution for annuitants than for employees, provided that the monthly employer contribution for annuitants is annually increased to equal an amount not less than the number of years the contracting agency has been subject to this subdivision multiplied by five percent of the current monthly employer contribution for employees, until the time that the employer contribution for annuitants equals the employer contribution paid for employees; and
- WHEREAS, (6) City of Yuba City desires to obtain for its employees and annuitants who are members of Sworn Police Executive Management the benefit of the Act and to accept the liabilities and obligations of an employer under the Act; now, therefore, be it
- RESOLVED, (a) City of Yuba City elects to be subject to the provisions of the Act; and be it further
- RESOLVED, (b) That the employer contribution for each employee 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 the PEMHCA Minimum per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (c) That the employer contribution for each 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 up to a maximum of \$1.00 per month; and be it further

RESOLVED, (d) That the monthly employer contribution for annuitants is annually increased to equal an amount not less than the number of years the contracting agency has been subject to this subdivision multiplied by five percent of the current monthly employer contribution for employees, until the time that the employer contribution for annuitants equals the employer contribution paid for employees;

And that the contributions for employees and annuitants shall be in addition to those amounts contributed by the Public Agency for administrative fees and to the Contingency Reserve Fund; and be it further

RESOLVED, (e) City of Yuba City 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, (f) That the participation of the employees and annuitants of City of Yuba City 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 Yuba City 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; and be it further

RESOLVED, (g) That the executive body appoint and direct, and it does hereby appoint and direct, Natalie Springer, HR Director to file with the Board a verified copy of this resolution, and to perform on behalf of City of Yuba City all functions required of it under the Act; and be it further

RESOLVED, (h) That coverage under the Act be effective on January 1, 2021.

Adopted at a regular meeting of the City of Yuba City Council at 1201 Civic Center Blvd., Yuba City, CA 95993, this 20th day of October, 2020.

Signed: _____
Shon Harris, Mayor

Attest: _____
Patricia Buckland, City Clerk

Attest: _____
Isabel Safie, Special Counsel