

**City of Culver City, California
Agenda Item Report**

Meeting Date: 3/12/12		Item Number: A-1	
CITY COUNCIL AGENDA ITEM: Discussion Regarding City Council Members' Health Benefits			
Contact Person/Dept.: Serena Wright		Phone Number: (310) 253-5640	
Fiscal Impact: Yes ☐ No ☒		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒	Attachments: ☐
Public Notification: (E-Mail) Meetings and Agendas – City Council (03/08/12)			
Department Approval: Serena Wright (03/07/12)		City Attorney Approval: Carol Schwab (03/07/12)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (03/07/12)		City Manager Approval: John M. Nachbar (03/07/12)	
<u>RECOMMENDATION:</u> Staff recommends the City Council discuss City Council Members' health benefits and provide direction to staff as deemed appropriate. <u>BACKGROUND:</u> In July 1974, the City Council unanimously voted to allow Council Members the option to participate in the same health insurance program as that provided to management employees of the City. Since that time, Council Members' benefits have been equivalent to those provided to the employees represented by the Culver City Management Group. <u>DISCUSSION:</u> <u>Culver City Medical Benefits</u> The City contracts with California Public Employees Retirement System (CalPERS) for medical insurance for its employees and retirees and their eligible dependents. Effective January 1, 2012, the City implemented a full flex cafeteria plan. Under this program, active Council Members receive up to \$1,364 per month based on family size to purchase items from a "cafeteria" of benefits that include: medical, dental, vision, and life insurance. Such coverages are afforded to each Council Member and their eligible dependents. Pursuant to the Public Employees Retirement Law, after serving a minimum of 5 years in office, Council Members are considered vested for purposes of receiving			

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CalPERS retirement benefits and are, therefore, eligible to participate in the City's retiree medical program upon "retirement" from CalPERS service.

Retiree Medical Benefits

Prior to January 1, 2012 (the Effective Date), Council Members who "retired" from CalPERS with at least five years of service were eligible for a retiree medical insurance benefit which equaled up to 95% of the medical premium for themselves and all eligible dependents. The retiree medical benefit for those Council Members that "retire" on or after the Effective Date was modified to a defined contribution benefit of \$500.65 per month with a 4% annual growth cap. In addition, such retired Council Members are eligible for pre-age 65 spousal/dependent coverage up to \$437.00 per month subject to vesting. The City's retiree contribution has also been limited to Employee + 1 coverage. After serving two full terms, Council Members are currently eligible for 60% of the costs of pre-age 65 spousal/dependent coverage.

Newly elected Council Members assuming office after the Effective Date shall only receive the statutory minimum under the Public Employees' Medical and Hospital Care Act (PEMHCA) toward their retiree medical premium (assuming the vesting and other applicable requirements of State Law are met). The PEMHCA amount for 2012 is \$112 per month. Each year the PEMHCA amount is adjusted based on the Medical Care Component of the Consumer Price Index.

Council Member Cooper requested information regarding Council Member compensation and health benefits for the specific cities of Beverly Hills, Inglewood, Manhattan Beach, Santa Monica and West Hollywood. That information is provided in the following table (in alphabetical order):

<u>City</u>	<u>Monthly Salary</u>	<u>Health Benefit Provided</u>	<u>Retiree Medical Provided</u>
Beverly Hills	\$785.81	Up to \$2,285/mo	\$112/mo
Culver City	\$485.11	Up to \$1,364/mo	After minimum of 5 years. Up to approx. \$762/mo for retiree + spouse
Inglewood	\$5,157 \$9,275 (Mayor)	Up to \$2,100/mo	After serving 4 terms. 100% paid for retiree + spouse

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Manhattan Beach	\$500	Up to \$1,189/mo	\$112/mo
Santa Monica	\$1,099		\$142/mo deposited into a trust
West Hollywood	\$825	Up to \$804/mo	\$200/mo

Options

California Government Code § 20322, provides that an elective officer is excluded from membership in CalPERS unless he or she files an election in writing to become a member. Once optional membership is established, it may only be terminated upon permanent separation from employment covered by CalPERS and subsequent withdrawal of contributions.

California Government Code § 20502 allows employers to exclude a specific group of employees from CalPERS membership though amending the City's contract with CalPERS. If the Council wanted to exclude its members from CalPERS, the process for a contract amendment requires that the City Council introduce an Ordinance and adopt a Resolution of Intent to amend the contract. The City Council must wait a minimum of twenty (20) days to adopt the Ordinance. The adopted Ordinance becomes final thirty (30) days following adoption, and the contract amendment would become effective soon thereafter. Should the City Council determine to amend the City's contract with CalPERS, it would likely not be effective until approximately June 2012.

FISCAL ANALYSIS:

There is no fiscal impact associated with this report. Should the City Council direct staff to take additional action related to this subject, the associated fiscal impacts would be included in future staff reports.

ATTACHMENTS:

None.

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MOTION:

That the City Council:

Discuss City Council Members' health benefits and provide direction to staff as deemed appropriate.