

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 11/14/05		Item Number: <u>C-7</u>	
AGENDA ITEM: Consideration of Resolutions Establishing the City's Contribution Cap for PERS Medical Insurance, Effective January 1, 2006, and Rescinding Resolution Numbers 2004-R076, 2004-R077, 2004-R078, 2004-R079, 2004-R080, and 2004-R081.			
Contact Person/Dept.: Linda Coll		Phone Number: (310) 253-5645	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☐	
Public Notification: Master Notification List Master Notification List and all Six (6) Employee Organizations Notified on 11/10/05.			
Department Approval: Serena Wright		CAO Approval: Jerry Fulwood 11/9/05	
City Controller Approval: Marlee Chang 11/9/05			

RECOMMENDATION

That the City Council approve the contribution cap for PERS medical insurance for calendar year 2006, consistent with the provisions of the six (6) respective Memoranda of Understanding (MOU).

BACKGROUND/DISCUSSION

The City provides medical insurance coverage through the Public Employees' Retirement System (PERS) to employees and their eligible dependents, and retirees and their eligible dependents. As PERS premiums change each January, the City's maximum contribution is recalculated and resolutions are adopted establishing the City's maximum contribution for the following calendar year pursuant to the agreement contained in each of the six (6) MOU's. During the past several months, the City has been in the process of negotiating new MOU's with the six (6) recognized employee bargaining units. As of the date of this staff report, the negotiation status for each of the bargaining units is set forth below, and 2006 medical insurance contributions will be established accordingly.

➤ **Culver City Firefighters and Culver City Fire Management Group**

Negotiations have concluded with Culver City Firefighters (CCFF) and the Culver City Fire Management Group (CCFMG). Pursuant to the terms of their new MOU's, CCFF and CCFMG have agreed to the following cost-sharing agreement with the City, effective January 1, 2006:

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- Active employees and retirees shall pay five percent (5%) of their monthly medical plan premium for all plans except PERSCare, and the City shall pay the remaining ninety-five percent (95%) of the monthly medical plan premium.
- Active employees and retirees enrolled in PERSCare Basic or PERSCare Combination shall pay an additional five percent (5%) over their current monthly medical plan premium, and the City shall pay the remainder of the monthly medical plan premium.

➤ **Culver City Police Management Group, Culver City Police Officers Association, Culver City Management Group, and Culver City Employees' Association**

Negotiations are currently underway with the Police Officers' Association (POA), Culver City Management Group (CCMG) and Culver City Employees' Association, and will commence in the near future with the Culver City Police Management Group (CCPMG). Until such time when agreement is reached and a new MOU is adopted by each of the employee units, the City shall establish the 2006 medical insurance contribution cap using the formula contained in their current respective MOU's as set forth below.

Effective January 1, 2006, the maximum monthly City contribution, on behalf of CCEA, CCMG, CCPMG and POA unit employees, shall be capped at an amount equal to one-half the difference between Kaiser and the most expensive plan, PERSCare. Only those employees electing plans with premiums exceeding the contribution cap are required to pay the difference. The following monthly rates will go into effect for PERSCare (Los Angeles Area Region), which will result in the following employee contribution rates:

Formula: (PERSCare rate – Kaiser rate)/2 + Kaiser rate = Cap that the City pays

Example: (\$633.27 - \$306.54)/2 + 306.54 = \$469.91

<u>Group</u>	<u>PERSCare 2005 Rate</u>	<u>Employee Paid 2005</u>	<u>2006 Cap</u>	<u>PERSCare 2006 Rate</u>	<u>Employee Paid 2006</u>
Employee	\$ 576.96	\$141.09	\$ 469.91	\$ 633.27	\$163.36
Emp/Spouse	\$1,153.92	\$282.18	\$ 939.81	\$1,266.54	\$326.73
Family	\$1,500.10	\$366.83	\$1,221.75	\$1,646.50	\$424.75

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As negotiations conclude and new MOU's are adopted by each of the remaining bargaining units, future resolutions may be brought to City Council for adoption in the event that the agreement for payment of monthly medical insurance premiums is different than the language contained in the respective current MOU.

FISCAL ANALYSIS

All PERS medical insurance plans available to Culver City employees have experienced a rate increase. The average increase is approximately 10% above 2005 rates. The adopted budget includes sufficient funds for this expenditure in each department.

ATTACHMENT

Resolutions for the six (6) bargaining units.

MOTION

That the City Council:

1. Adopt the Resolution setting the insurance cap for employees in the Culver City Fire Management Group, and rescind Resolution #2004-R079;
2. Adopt the Resolution setting the insurance cap for employees in the Culver City Firefighters Group and rescind Resolution #2004-R080;
3. Adopt the Resolution setting the insurance cap for employees in the Culver City Police Officers' Association, and rescind Resolution #2004-R076;
4. Adopt the Resolution setting the insurance cap for employees in the Culver City Employees' Association, and rescind Resolution #2004-R077;
5. Adopt the Resolution setting the insurance cap for employees in the Culver City Police Management Group, and rescind Resolution #2004-R078; and
6. Adopt the Resolution setting the insurance cap for employees in the Culver City Management Group, and rescind Resolution #2004-R081.