

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

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| Meeting Date: 03/22/2010                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  | Item Number: <u>C-8</u>                                                           |                                                  |
| <b>CITY COUNCIL AGENDA ITEM: Adoption of a Resolution Amending the City's Contribution under the Public Employees' Medical and Hospital Care Act</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |  |                                                                                   |                                                  |
| Contact Person/Dept.: Serena Wright                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  | Phone Number: 310-253-5640                                                        |                                                  |
| Fiscal Impact: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  | General Fund: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |                                                  |
| Public Hearing: <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  | Action Item: <input type="checkbox"/>                                             | Attachments: <input checked="" type="checkbox"/> |
| Commission Action Required: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  | Dates:                                                                            |                                                  |
| Public Notification: (E-Mail) Meetings and Agendas – City Council (03/17/2010);                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  |                                                                                   |                                                  |
| Department Approval:<br>Serena Wright (03/15/10)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  | City Attorney Approval:<br>Carol Schwab (by H. Baker) (03/17/10)                  |                                                  |
| Chief Financial Officer Approval:<br>Mark Scott (by M. Noller) (03/17/10)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  | City Manager Approval:<br>Mark Scott (03/17/10)                                   |                                                  |
| <br><b><u>RECOMMENDATION:</u></b><br><br>Staff recommends that the City Council adopt a Resolution amending the City's contribution under the Public Employees' Medical and Hospital Care Act.<br><br><b><u>BACKGROUND:</u></b><br><br>On March 1, 2010, the City Council adopted a memorandum of understanding (MOU) with the Culver City Police Officers Association (CCPOA). The MOU provides for a two-tier cafeteria style medical plan.<br><br>The City currently contributes 95% of the premiums on all health benefit plans except PERSCare. For PERSCare, the City contribution rate is 70% for all eligible employees and annuitants. These medical benefits are established under the Public Employees' Medical and Hospital Care Act (PEMHCA) and updated periodically by resolution. During negotiations, the City and CCPOA agreed to implement a tiered medical program in which unit employees hired after January 1, 2010 would receive a lesser health benefit. In order to effectuate this plan, the City needs to convert to paying the minimum contribution under PEMHCA.<br><br><b><u>DISCUSSION:</u></b><br><br>PEMHCA requires that the City pay equal contributions for medical benefits for all active and retired unit employees. With the adoption of a tiered medical program, the City's contribution will be amended to reflect the minimum dollar amount required |  |                                                                                   |                                                  |

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under PEMHCA. The minimum dollar amount for 2010 is \$105 per employee/retiree per month. Each year the minimum employer contribution amount is adjusted based on the Medical Care Component of the Consumer Price Index.

In addition, the City will provide a full flex cafeteria plan (Plan) in accordance with IRS Code Section 125 for all active unit employees. Under the Plan, all participating unit employees shall receive a monthly flex dollar allowance to purchase health benefits. This amount includes the mandatory PEMHCA contribution.

Amending the City's contribution under PEMHCA will not impact the level of negotiated medical benefits provided to unit employees or retirees.

**FISCAL ANALYSIS:**

Funds are appropriated in the FY 09-10 adopted budget to cover health benefit costs, and will also be included in the 10-11 proposed budget.

**ATTACHMENTS:**

1. Proposed Resolution

**MOTION:**

That the City Council:

1. Adopt a Resolution amending the City's contribution under the Public Employees' Medical and Hospital Care Act.