

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

Meeting Date: 10/10/11		Item Number: <u>C-3</u>	
CITY COUNCIL AGENDA ITEM: Adoption of a Resolution Amending the City's Contribution Under the Public Employees' Medical and Hospital Care Act (PEMHCA)			
Contact Person/Dept.: Serena Wright		Phone Number: 310-253-5640	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☐ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒		Dates:	
Public Notification: (E-Mail) Meetings and Agendas – City Council (10/05/2011);			
Department Approval: Serena Wright		City Attorney Approval: Carol A. Schwab (by H. Baker) (10/05/11)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (10/05/11)		City Manager Approval: John M. Nachbar (10/05/11)	
<u>RECOMMENDATION:</u> Staff recommends that the City Council adopt a Resolution amending the City's contribution under the Public Employees' Medical and Hospital Care Act (PEMHCA). <u>BACKGROUND:</u> The City Council recently adopted two (2) Memoranda of Understanding (MOU's): • May 23, 2011: Culver City Management Group (CCMG) • June 13, 2011: Executive Compensation Plan; and, • July 25, 2011: Culver City Employees' Association (CCEA) Both MOU's provide for a two-tier cafeteria style medical plan. For CCEA, CCMG, and the City's Executive Managers, the City currently contributes 95% of the premium towards PERS health benefit plans except PERSCare. For PERSCare, the City contributes 70% for eligible employees and annuitants. These medical benefits are established under PEMHCA and updated periodically by resolution. During negotiations, the City, CCMG, and CCEA agreed to implement a tiered medical program in which unit employees hired after June 30, 2011, would receive a lesser health benefit. In order to effectuate this plan, the City needs to convert to paying the minimum contribution under PEMHCA. Such changes would also apply to those unrepresented employees covered by the Executive Compensation Plan.			

City of Culver City, California
Agenda Item Report

DISCUSSION:

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 under PEMHCA (\$112 per month effective January 1, 2012). 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 Internal Revenue 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 City Council Adopted Budget for Fiscal Year 2011/2012.

ATTACHMENTS:

1. Proposed Resolution

MOTION:

That the City Council:

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