

TO: James L. App, City Manager  
FROM: Meg Williamson, Assistant City Manager  
SUBJECT: 2015 Health Insurance Contracts – All Employee Groups / Elected Officials  
DATE: November 4, 2014

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NEEDS: For City Council to authorize CalPERS Health Insurance contracts effective January 1, 2015 for all Employee Groups and Elected Officials.

- FACTS:
1. The City's Health Insurance contract with Anthem Blue Cross will expire December 31, 2014.
  2. The current Blue Cross plan is a "Large Group – Private Plan" which has been purchased on an annual basis through an insurance broker (Gray and Troy Insurance). The Private Plan covers approximately 200 lives (both current employees and retirees). Renewal rates are based on the "loss experience" (claims history) of those 200 lives in relation to premiums paid.
  3. Cost containment modifications have been made to the private Blue Cross plan over the years. However, the City's claims history and annual premium rates have continued to trend upward. The 5-year average premium increase has been 14.9% annually.
  4. Each year before making a decision on renewal of the health contract, the City has undergone an extensive evaluation/comparison of alternative health plan options with the goal in mind of long term cost containment.
  5. During last year's contract renewal evaluation it was determined that the most likely viable and cost competitive health plan alternative was CalPERS Health Insurance. The PERS health plans are cost competitive because of the large pool of lives covered under the self-funded plan, and the tailored cost containment measures of their plan offerings.
  6. The proposed switch to the PERS Health plan options in 2015 will result in an approximate 7.7% cost decrease (savings) to the City. The 5-year average premium increase for PERS Health has been 6% annually.
  7. For our geographic area, the PERS Health system offers up to seven (7) different health care plans to choose from ~ all with varying levels of coverage, provider networks and associated premium rates. The structure of the varied health plan offerings will necessitate restructuring of the City's contribution to employee premiums.
  8. A monthly "defined contribution" framework is proposed which will allow employees and elected officials to purchase a plan of choice using a monthly health premium allowance (i.e. Cafeteria Plan structure).
  9. Two structures were developed and offered to employees and elected officials and each employee group collectively determined their choice of the following two structures:

17. Permanent Part Time employees, who work a consistent schedule that exceeds 20 hours per week, will be eligible for coverage on the CalPERS Health plan. However, under the City's compensation structure, any Part Time employee joining the plan will do so at their own cost (excepting the City's portion of the PEMHCA minimum).
18. CalPERS recommends that each separate employee "unit" be contractually entered into their Health program. Once enrolled, the obligation is for a minimum of two years.

ANALYSIS &  
CONCLUSION:

Alternative health care providers and plan options are evaluated each year for comparable coverage and cost saving potential. During the 2014 plan renewal review, it was identified that CalPERS Health insurance rates, products and structure were an appropriate alternative for the City in 2015. Conversion to the CalPERS Health plan in 2015 is consistent with the City's goals for cost containment and financial rate structure stability.

POLICY  
REFERENCE:

Employee Group Labor Contracts.

FISCAL  
IMPACT:

City costs for the private Anthem Blue Cross health plan in 2014 were approximately \$2,400,000. Based on the proposed/negotiated defined benefit structure with employee groups there will be a cost decrease of approximately 7.7% for the 2015 enrollment.

OPTIONS:

- a. For the City Council to adopt the following seven (7) Resolutions to authorize entering into the CalPERS Health Care Program effective January 1, 2015:
  1. Resolution No. 14-XXX authorizing a contract for Service Employee International (SEIU Local 620); and
  2. Resolution No. 14-XXX authorizing a contract for Elected Officials; and
  3. Resolution No. 14-XXX authorizing a contract for Unrepresented Confidential, Professional & Management Group; and
  4. Resolution No. 14-XXX authorizing a contract for Paso Robles Professional Firefighters (IAFF 4148); and
  5. Resolution No. 14-XXX authorizing a contract for Paso Robles Police Association (POA); and
  6. Resolution No. 14-XXX authorizing a contract for Unrepresented Permanent Part Time Employees; and
  7. Resolution No. 14-XXX establishing the monthly Defined Contributions for each of the aforementioned groups.
- b. Amend, modify or reject the above option.

Attachments:

1. Resolution 14-XXX authorizing contract for SEIU
2. Resolution 14-XXX authorizing contract for Elected Officials
3. Resolution 14-XXX authorizing contract for Unrepresented / Management Group
4. Resolution 14-XXX authorizing contract for Paso Robles Firefighters
5. Resolution 14-XXX authorizing contract for Paso Robles Police Association
6. Resolution 14-XXX authorizing contract for Unrepresented Permanent Part Time
7. Resolution 14-XXX establishing Defined contributions for the named groups

## RESOLUTION NO. 14-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE OF PASO ROBLES  
ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL  
CARE ACT AND FIXING THE EMPLOYER'S CONTRIBUTION FOR EMPLOYEES AND  
THE EMPLOYER'S CONTRIBUTION FOR ANNUITANTS AT DIFFERENT AMOUNTS  
(SERVICE EMPLOYEES INTERNATIONAL UNION – SEIU LOCAL 620)

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- WHEREAS, (1) Government Code Section 22922(a) provides the benefits of the Public Employees' Medical and Hospital Care Act to employees and annuitants of local agencies contracting with the Public Employees' Retirement System on proper application by a local agency; and
- WHEREAS, (2) Government Code Section 22892(c) provides that a contracting agency may fix the amount of the employer's contribution for employees and the employer's contribution for annuitants at different amounts, provided that the monthly 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 5 percent of the current monthly contribution for employees, until such time as the amounts are equal; and
- WHEREAS, (3) The City of Paso Robles, hereinafter referred to as Public Agency is a local agency contracting with the Public Employees' Retirement System; and
- WHEREAS, (4) The Public Agency desires to obtain for the members of Service Employees International Union (SEIU Local 620) who are employees and annuitants of the agency, the benefit of the Act and to accept the liabilities and obligations of an employer under the Act and Regulations; now, therefore, be it
- RESOLVED, (a) That the Public Agency elects, and it does hereby elect, to be subject to the provisions of the Act; and be it further
- RESOLVED, (b) That the employer's 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; and be it further
- RESOLVED, (c) That the employer's contribution for each annuitant shall be the amount necessary to pay the 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 employer's contribution for each annuitant shall be increased annually by five (5) percent of the monthly contribution for employees, multiplied by number of years of employer's participation in PEMHCA, until such time as the contributions are equal;

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) That the City of Paso Robles 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 the City of Paso Robles 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 the City of Paso Robles 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.

RESOLVED, (g) That the executive body appoint and direct, and does hereby appoint and direct the City Manager to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said Public Agency all functions required of it under the Act and Regulations of the Board of Administration; and be it further

RESOLVED, (h) That coverage under the Act be effective on January 1, 2015.

PASSED AND ADOPTED by the City of El Paso de Robles this 4<sup>th</sup> day of November 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

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Duane Picanco, Mayor

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Caryn Jackson, Deputy City Clerk

## RESOLUTION NO. 14-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE OF PASO ROBLES  
ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL  
CARE ACT AND FIXING THE EMPLOYER'S CONTRIBUTION FOR EMPLOYEES AND  
THE EMPLOYER'S CONTRIBUTION FOR RETIREES AT DIFFERENT AMOUNTS  
(ELECTED OFFICIALS)

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- WHEREAS, (1) Government Code Section 22922(a) provides the benefits of the Public Employees' Medical and Hospital Care Act to employees, retirees, and survivors of local agencies contracting with the Public Employees' Retirement System on proper application by a local agency; and
- WHEREAS, (2) Government Code Section 22892(c) provides that a contracting agency may fix the amount of the employer's contribution for employees and the employer's contribution for retirees and survivors at different amounts, provided that the monthly contribution for retirees and survivors 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 5 percent of the current monthly contribution for employees, until such time as the amounts are equal; and
- WHEREAS, (3) Government Code Section 22920(b) defines any Special District as a contracting agency, and
- WHEREAS, (4) A Special District is hereby defined as a non-profit, self-governed public agency within the State of California, and comprised solely of public employees performing a governmental rather than proprietary function, and
- WHEREAS, (5) The City of Paso Robles, hereinafter referred to as Special District is an entity meeting the above definition; and
- WHEREAS, (6) The Special District desires to obtain for the members of Elected Officials who are active and retired employees and survivors of the agency, the benefit of the Act and to accept the liabilities and obligations of an employer under the Act and Regulations; now, therefore, be it
- RESOLVED, (a) That the Special District elects, and it does hereby elect, to be subject to the provisions of the Act; and be it further
- RESOLVED, (b) That the employer's 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; and be it further
- RESOLVED, (c) That the employer's contribution for each retiree or survivor shall be the amount necessary to pay the 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 employer's contribution for each retiree or survivor shall be increased annually by five (5) percent of the monthly contribution for employees, multiplied by number of years of employer's participation in PEMHCA, until such time as the contributions are equal;

And that the contributions for employees, retirees, and survivors shall be in addition to those amounts contributed by the Special District for administrative fees and to the Contingency Reserve Fund; and be it further

RESOLVED, (e) That the City of Paso Robles 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, retirees, and survivors of the City of Paso Robles 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 the City of Paso Robles 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.

RESOLVED, (g) That the executive body appoint and direct, and does hereby appoint and direct the City Manager to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said Special District all functions required of it under the Act and Regulations of the Board of Administration; and be it further

RESOLVED, (h) That coverage under the Act be effective on January 1, 2015.

PASSED AND ADOPTED by the City of El Paso de Robles this 4<sup>th</sup> day of November 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

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Duane Picanco, Mayor

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Caryn Jackson, Deputy City Clerk

## RESOLUTION NO. 14-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE OF PASO ROBLES  
ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL  
CARE ACT AND FIXING THE EMPLOYER'S CONTRIBUTION FOR EMPLOYEES AND  
THE EMPLOYER'S CONTRIBUTION FOR ANNUITANTS AT DIFFERENT AMOUNTS  
(UNREPRESENTED CONFIDENTIAL, PROFESSIONAL & MANAGEMENT EMPLOYEES)

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- WHEREAS, (1) Government Code Section 22922(a) provides the benefits of the Public Employees' Medical and Hospital Care Act to employees and annuitants of local agencies contracting with the Public Employees' Retirement System on proper application by a local agency; and
- WHEREAS, (2) Government Code Section 22892(c) provides that a contracting agency may fix the amount of the employer's contribution for employees and the employer's contribution for annuitants at different amounts, provided that the monthly 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 5 percent of the current monthly contribution for employees, until such time as the amounts are equal; and
- WHEREAS, (3) The City of Paso Robles, hereinafter referred to as Public Agency is a local agency contracting with the Public Employees' Retirement System; and
- WHEREAS, (4) The Public Agency desires to obtain for the members of Unrepresented Confidential, Professional & Management Employees who are employees and annuitants of the agency, the benefit of the Act and to accept the liabilities and obligations of an employer under the Act and Regulations; now, therefore, be it
- RESOLVED, (a) That the Public Agency elects, and it does hereby elect, to be subject to the provisions of the Act; and be it further
- RESOLVED, (b) That the employer's 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; and be it further
- RESOLVED, (c) That the employer's contribution for each annuitant shall be the amount necessary to pay the 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 employer's contribution for each annuitant shall be increased annually by five (5) percent of the monthly contribution for employees, multiplied by number of years of employer's participation in PEMHCA, until such time as the contributions are equal;

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) That the City of Paso Robles 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 the City of Paso Robles 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 the City of Paso Robles 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.

RESOLVED, (g) That the executive body appoint and direct, and does hereby appoint and direct the City Manager to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said Public Agency all functions required of it under the Act and Regulations of the Board of Administration; and be it further

RESOLVED, (h) That coverage under the Act be effective on January 1, 2015.

PASSED AND ADOPTED by the City of El Paso de Robles this 4<sup>th</sup> day of November 2014 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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Duane Picanco, Mayor

ATTEST:

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Caryn Jackson, Deputy City Clerk



## RESOLUTION NO. 14-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE OF PASO ROBLES  
ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL  
CARE ACT AND FIXING THE EMPLOYER'S CONTRIBUTION FOR EMPLOYEES AND  
THE EMPLOYER'S CONTRIBUTION FOR ANNUITANTS AT DIFFERENT AMOUNTS  
(PASO ROBLES PROFESSIONAL FIREFIGHTERS (IAFF LOCAL 4148))

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- WHEREAS, (1) Government Code Section 22922(a) provides the benefits of the Public Employees' Medical and Hospital Care Act to employees and annuitants of local agencies contracting with the Public Employees' Retirement System on proper application by a local agency; and
- WHEREAS, (2) Government Code Section 22892(c) provides that a contracting agency may fix the amount of the employer's contribution for employees and the employer's contribution for annuitants at different amounts, provided that the monthly 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 5 percent of the current monthly contribution for employees, until such time as the amounts are equal; and
- WHEREAS, (3) The City of Paso Robles, hereinafter referred to as Public Agency is a local agency contracting with the Public Employees' Retirement System; and
- WHEREAS, (4) The Public Agency desires to obtain for the members of Paso Robles Professional Firefighters (IAFF Local 4148) who are employees and annuitants of the agency, the benefit of the Act and to accept the liabilities and obligations of an employer under the Act and Regulations; now, therefore, be it
- RESOLVED, (a) That the Public Agency elects, and it does hereby elect, to be subject to the provisions of the Act; and be it further
- RESOLVED, (b) That the employer's 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; and be it further
- RESOLVED, (c) That the employer's contribution for each annuitant shall be the amount necessary to pay the 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 employer's contribution for each annuitant shall be increased annually by five (5) percent of the monthly contribution for employees, multiplied by number of years of employer's participation in PEMHCA, until such time as the contributions are equal;

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) That the City of Paso Robles 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 the City of Paso Robles 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 the City of Paso Robles 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.

RESOLVED, (g) That the executive body appoint and direct, and does hereby appoint and direct the City Manager to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said Public Agency all functions required of it under the Act and Regulations of the Board of Administration; and be it further

RESOLVED, (h) That coverage under the Act be effective on January 1, 2015.

PASSED AND ADOPTED by the City of El Paso de Robles this 4<sup>th</sup> day of November 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Duane Picanco, Mayor

ATTEST:

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Caryn Jackson, Deputy City Clerk

## RESOLUTION NO. 14-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE OF PASO ROBLES  
ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL  
CARE ACT AND FIXING THE EMPLOYER'S CONTRIBUTION FOR EMPLOYEES AND  
THE EMPLOYER'S CONTRIBUTION FOR ANNUITANTS AT DIFFERENT AMOUNTS  
(PASO ROBLES POLICE ASSOCIATION (POA))

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- WHEREAS, (1) Government Code Section 22922(a) provides the benefits of the Public Employees' Medical and Hospital Care Act to employees and annuitants of local agencies contracting with the Public Employees' Retirement System on proper application by a local agency; and
- WHEREAS, (2) Government Code Section 22892(c) provides that a contracting agency may fix the amount of the employer's contribution for employees and the employer's contribution for annuitants at different amounts, provided that the monthly 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 5 percent of the current monthly contribution for employees, until such time as the amounts are equal; and
- WHEREAS, (3) The City of Paso Robles, hereinafter referred to as Public Agency is a local agency contracting with the Public Employees' Retirement System; and
- WHEREAS, (4) The Public Agency desires to obtain for the members of Paso Robles Police Association (POA) who are employees and annuitants of the agency, the benefit of the Act and to accept the liabilities and obligations of an employer under the Act and Regulations; now, therefore, be it
- RESOLVED, (a) That the Public Agency elects, and it does hereby elect, to be subject to the provisions of the Act; and be it further
- RESOLVED, (b) That the employer's 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; and be it further
- RESOLVED, (c) That the employer's contribution for each annuitant shall be the amount necessary to pay the 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 employer's contribution for each annuitant shall be increased annually by five (5) percent of the monthly contribution for employees, multiplied by number of years of employer's participation in PEMHCA, until such time as the contributions are equal;

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) That the City of Paso Robles 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 the City of Paso Robles 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 the City of Paso Robles 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.

RESOLVED, (g) That the executive body appoint and direct, and does hereby appoint and direct the City Manager to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said Public Agency all functions required of it under the Act and Regulations of the Board of Administration; and be it further

RESOLVED, (h) That coverage under the Act be effective on January 1, 2015.

PASSED AND ADOPTED by the City of El Paso de Robles this 4<sup>th</sup> day of November 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

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Duane Picanco, Mayor

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Caryn Jackson, Deputy City Clerk

## RESOLUTION NO. 14-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE OF PASO ROBLES  
ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL  
CARE ACT AND FIXING THE EMPLOYER'S CONTRIBUTION FOR EMPLOYEES AND  
THE EMPLOYER'S CONTRIBUTION FOR ANNUITANTS AT DIFFERENT AMOUNTS  
(UNREPRESENTED PART-TIME EMPLOYEES)

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- WHEREAS, (1) Government Code Section 22922(a) provides the benefits of the Public Employees' Medical and Hospital Care Act to employees and annuitants of local agencies contracting with the Public Employees' Retirement System on proper application by a local agency; and
- WHEREAS, (2) Government Code Section 22892(c) provides that a contracting agency may fix the amount of the employer's contribution for employees and the employer's contribution for annuitants at different amounts, provided that the monthly 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 5 percent of the current monthly contribution for employees, until such time as the amounts are equal; and
- WHEREAS, (3) The City of Paso Robles, hereinafter referred to as Public Agency is a local agency contracting with the Public Employees' Retirement System; and
- WHEREAS, (4) The Public Agency desires to obtain for the members of Unrepresented Part-Time Employees who are employees and annuitants of the agency, the benefit of the Act and to accept the liabilities and obligations of an employer under the Act and Regulations; now, therefore, be it
- RESOLVED, (a) That the Public Agency elects, and it does hereby elect, to be subject to the provisions of the Act; and be it further
- RESOLVED, (b) That the employer's 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; and be it further
- RESOLVED, (c) That the employer's contribution for each annuitant shall be the amount necessary to pay the 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
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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) That the City of Paso Robles 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

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RESOLVED, (g) That the executive body appoint and direct, and does hereby appoint and direct the City Manager to file with the Board of Administration of the Public Employees' Retirement System a verified copy of this Resolution, and to perform on behalf of said Public Agency all functions required of it under the Act and Regulations of the Board of Administration; and be it further

RESOLVED, (h) That coverage under the Act be effective on January 1, 2015.

PASSED AND ADOPTED by the City of El Paso de Robles this 4<sup>th</sup> day of November 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

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Duane Picanco, Mayor

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Caryn Jackson, Deputy City Clerk

## RESOLUTION NO. 14-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES  
ESTABLISHING THE MONTHLY DEFINED CONTRIBUTION FOR HEALTH  
INSURANCE (ELECTED OFFICIALS / ALL EMPLOYEE GROUPS)

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WHEREAS, the City's contract for health insurance will be with CalPERS effective January 1, 2015; and

WHEREAS, the CalPERS Health insurance contract offers various different health care plans to choose from ~ each with varying levels of coverage, provider networks and associated premium rates; and

WHEREAS, a monthly "defined contribution" is proposed which will allow employees and elected official to purchase a plan of choice using a monthly health premiums allowance (i.e. Cafeteria Plan structure), and

WHEREAS, the City is obligated under the CalPERS health insurance contract to pay a proportional share of the employee's premium costs (up to the PEMHCA - Public Employee's Medical and Hospital Care Act minimum) which is \$122 per month for 2015; and

WHEREAS, the City proposed "defined contribution" amount for each employee or elected official are inclusive of the CalPERS PEMHCA minimum contribution, and the balance is designated as a cafeteria plan contribution; and

WHEREAS, two defined contribution structures were developed and offered to employees and elected officials, and each employee group collectively determined their choice of the two structures; and

WHEREAS, one structure offers a higher monthly defined contribution, but the City will dissolve the agreement with employees to split/share future premium increases 75/25% (employer to employee ratio); and

WHEREAS, as second structure offers a lower monthly defined contribution, but the agreement with employees to split/share future premium increases 75/25% (employer to employee ratio) would remain intact for the current contract; and

WHEREAS, Elected Officials are currently offered City health insurance and will be eligible for coverage on the CalPERS Health plan under the same defined benefits structure as employees, and

WHEREAS, permanent Part Time employees who work a consistent schedule that exceeds twenty (20) hours per week, will be eligible for coverage on the CalPERS Health Plan, but under the City's compensation structure such a qualifying employee would join the plan at their own cost except for the PEMHCA minimum, and

WHEREAS, City retirees are eligible for coverage on the CalPERS Health Plan and the City has opted to pay an "unequal" minimum contribution of \$1.00 per month towards their health care premium that will increase over time to eventually be equal to the PEMHCA minimum for active employees; and

WHEREAS, the City's PEMHCA minimum for retirees will be deducted from the retiree's existing (or future qualifying) retiree medical benefit; and

WHEREAS, the proposed "defined benefit" structure for elected officials and employees can be established at a cost savings to the City of approximately 7.7% in calendar year 2015; and

WHEREAS, it will be necessary to implement side letters and/or administrative documentation to memorialize the new defined contribution program.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of El Paso de Robles: that the Defined Contribution for Health Insurance shall be established effective January 1, 2015 for the following groups:

- A. Service Employee International Union – SEIU Local 620
- B. Elected Officials
- C. Unrepresented Confidential, Professional & Management Employees
- D. Professional Firefighters Association – IAFF 4148
- E. Police Association - POA
- F. Unrepresented Part Time Employees

; and

NOW, BE IT FURTHER RESOLVED, by the City Council of the City of El Paso de Robles that the City Manager is authorized to execute side letters and/or administrative documentation of the Defined Contribution for the named employee and elected groups listed in Exhibit A (SEIU), Exhibit B (Elected Officials), Exhibit C (Unrepresented Management), Exhibit D (Professional Firefighters), Exhibit E (Police Association), and Exhibit F (Unrepresented Part Time Employees).

PASSED AND ADOPTED by the City of El Paso de Robles this 4<sup>th</sup> day of November 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Duane Picanco, Mayor

ATTEST:

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Caryn Jackson, Deputy City Clerk



EXHIBIT A

SEIU = Local 620

PERS Health - Side Letter Terms

City's Defined monthly contribution:

Employee only	\$ 600
Employee +1	\$1,150
Employee +2	\$1,500

Opt Out provision - \$300 per month

Elimination of Future Premium Increase sharing

Defined contribution subject to bargaining process

Precise language of Side Letter to follow

Per confirmation by SEIU Local 620 vote on October 22, 2014

EXHIBIT B

TO: ELECTED OFFICIALS

SUBJECT: ADMINISTRATIVE MEMO REGARDING HEALTH INSURANCE

The City will be participating in CalPERS Health Insurance effective January 2015 for certain employee groups and elected officials.

There is no change to vision or dental plans with this conversion.

Based upon the structure of the CalPERS health plan offerings, it will be necessary to establish a "Defined Contribution" that the City will provide towards health insurance premiums.

Therefore, the administrative and financial framework for the conversion to CalPERS Health Insurance for Elected Officials is as follows:

MEDICAL EFFECTIVE JANUARY 1, 2015

Effective January 1, 2015 the City will implement the CalPERS medical insurance program and discontinue the City's current Anthem Blue Cross plans. Elected Officials will have the choice of available plans offered by CalPERS. The City will pay up to the following total monthly amounts for selected plans.

Individual only	\$600
Individual +1	\$1,150
Individual +2	\$1,500

These amounts are inclusive of the CalPERS minimum medical insurance contribution (\$122.00 in 2015). The balance is designated as a cafeteria plan contribution.

An Elected Official providing evidence of other medical insurance coverage and opting out of CalPERS medical coverage will receive a cash payment of \$300 per month.

\_\_\_\_\_  
James L. App, City Manager

\_\_\_\_\_  
Date

EXHIBIT C  
MANAGEMENT GROUP ADMINISTRATIVE LETTER

TO: Unrepresented Confidential, Professional & Management Employees  
SUBJECT: 2015 Health Insurance – Conversion to CalPERS Health Insurance

Whereas, the Unrepresented Confidential, Professional & Management Employees (“Management Group”) receives health benefits as part of the City’s total compensation package, and

Whereas, these benefits are modified from time to time in consideration of the health care market and long term goals for a sustainable health program, and

Whereas, in order to assist the City in its goals of long term cost containment, the Management Group has agreed to switch to the CalPERS Health Care system effective January 2015, and

Whereas, based upon the structure of the PERS plan offerings it will be necessary to establish a “Defined Contribution” that the City will provide towards employee health care premiums, and

Whereas, the monthly defined contribution rate was discussed with the Management Group in July 2014 and it was agreed that the proposed City contribution amount was beneficial for both employee and City cost containment, and

Whereas, there is no change to vision or dental plans with this conversion.

Therefore, the administrative and financial framework for the conversion to CalPERS Health for the Management Group is as follows:

MEDICAL EFFECTIVE JANUARY 1, 2015

Effective January 1, 2015 the City will implement the CalPERS medical insurance program and discontinue the City’s current Anthem Blue Cross plans. Employees will have the choice of available plans offered by CalPERS. The City will pay up to the following total monthly amounts for selected plans.

Employee only	\$600
Employee +1	\$1,150
Employee +2	\$1,500

These amounts are inclusive of the CalPERS minimum medical insurance contribution (\$122.00 in 2015). The balance is designated as a cafeteria plan contribution.

MANAGEMENT GROUP ADMINISTRATIVE LETTER

Employees providing evidence of other medical insurance coverage and opting out of CalPERS medical coverage will receive a cash payment of \$300 per month.

RETIREE MEDICAL INSURANCE

Effective with January 1, 2015 implementation of CalPERS medical insurance the City will pay toward retiree medical insurance for all retirees an amount eventually equal to the CalPERS minimum medical insurance contribution. The amount paid will begin at \$1.00 per month then increase by 5% of minimum contribution of active employees annually until the full minimum is reached. Eligible employees shall also receive the amounts set forth below, inclusive of the amounts being paid towards the CalPERS minimum contribution.

The City agrees to provide the following Retiree Health Benefits provided that retirees have retired from the City of Paso Robles under established PERS Benefit package, and have a minimum of Ten (10) years City service. This provision applies to all regular, full-time City employees.

The City agrees to reimburse the retiree for retiree and/or retiree's dependent health (medical/dental/ vision) insurance premiums, disability insurance, long-term health care or life insurance premiums, provided that retiree has retired under established P.E.R.S. benefit package, up to five hundred (\$500) dollars per month maximum.

Employees with a hire date of 1/1/12 and thereafter with at least twenty (20) years of City service five hundred (\$500) dollars per month maximum only until Medicare eligible (age 65).

CITY OF PASO ROBLES

UNREPRESENTED MANAGEMENT GROUP

\_\_\_\_\_

\_\_\_\_\_

James App, City Manager

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EXHIBIT D  
IAFF = Local 4148

PERS Health - Side Letter Terms

City's Defined monthly contribution:

Employee only	\$	607.22
Employee +1	\$	977.81
Employee +2	\$	1269.95

Opt Out provision - \$300 per month.

Retention of Future Premium change sharing language

Future premium change sharing based on PERS Choice PPO Plan

Precise language of Side Letter to follow

EXHIBIT E  
Paso Robles Police Association (POA)  
PERS Health - Side Letter Terms

City's Defined monthly contribution:

Employee only	\$	607.22
Employee +1	\$	977.81
Employee +2	\$	1269.95

Opt Out provision - \$300 per month.

Retention of Future Premium change sharing language

Future premium change sharing based on PERS Choice PPO Plan

Precise language of Side Letter to follow

Per confirmation email by POA representative on October 22, 2014

## EXHIBIT F

TO: PART TIME EMPLOYEES

SUBJECT: ADMINISTRATIVE MEMO REGARDING HEALTH INSURANCE

The City will be participating in CalPERS Health Insurance effective January 2015 for certain fulltime employee groups.

Consequently, the contract with CalPERS establishes that permanent Part Time employees that work consistent schedules which exceed twenty (20) hours per week and who otherwise qualify for coverage under the Public Employee's Medical and Hospital Care Act (PEMHCA) are eligible for coverage on the CalPERS Health plan effective January 2015.

If a permanent Part Time employee qualifies under the law for CalPERS Health Plan coverage and elects to participate, the City will contribute only the PEMHCA minimum towards that Part Time employee's participation in the plan (which is \$122 per month for 2015). The remainder of the premium costs for that Part Time employee joining the plan is at the employee's own cost.

The City's minimum participation under the law is for medical insurance only.

There is no cash payment offered for a qualifying Part Time employee to opt out of Health Insurance coverage.

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James L. App, City Manager

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Date

Elimination of Future Premium Increase Sharing:

A higher monthly "defined contribution" structure is offered, but the City would dissolve the agreement with employees to split/share future premium increases 75/25% (employer to employee ratio). Instead, any future increase to the defined contribution would be negotiated as part of labor contract renewals.

Retention of Future Premium Increase Sharing:

A lower monthly "defined contribution" structure is offered, but the agreement with employees to split/share future premium increases 75/25% (employer to employee ratio) would remain intact for the current contract.

10. CalPERS requires that agencies who participate in their Health care program must pay a proportional share of employee's premium costs up to the PEMHCA minimum. PEMHCA is the "Public Employee's Medical and Hospital Care Act." The minimum share for active employees in 2015 is \$122 per month.
11. Over time, these minimum PEMHCA contribution amounts will increase. For active employees they increase approximately 2 to 4% annually. However, this amount is embedded in the City's defined contributions and will not, in and of itself, drive up the City's defined contribution amount.
12. Retirees are eligible for coverage on the CalPERS Health Plan similar to their eligibility on our current plan. CalPERS requires that agencies pay a PEMHCA contribution towards retiree coverage. However, this amount can be set at a different (i.e. "unequal") amount than for active employees. The "unequal" contribution for retirees is proposed at \$1.00 per month for the first year.
13. For retirees, the City's minimum contribution of \$1.00 per month will increase annually by the number of years an agency contracts multiplied by 5% of the current monthly minimum PEMHCA contribution for active employees for 20 years at which point it becomes equal. However, this minimum amount is deducted from the retiree's existing retiree medical benefit and does not represent an additional cost to the City (beyond what is being paid to a retiree now). The retiree will continue to pay the non-City portion of premium costs.
14. Retiree medical benefits for the Unrepresented Management Group are being configured to match all other fulltime employee groups (i.e. establishment of a lesser/second tier benefit for those hired after 2012).
15. The City retained the services of Demsey Filliger & Associates to prepare an actuarial analysis to estimate the change in cost (long term) in the change to the PERS Health care plan. That analysis concludes an estimated decrease of approximately 0.7% in the City's accrued liability. A full copy of that report is available in the Administrative Services Office.
16. Elected officials are currently offered City health insurance and will be eligible for coverage on the CalPERS Health plan under the same defined benefit structure as employees.