



DATE: October 27, 2015

CATEGORY: Consent

DEPT.: City Manager's Office and Finance and Administrative Services

TITLE: **Clarification of the Employer Contribution for Employees and Retired Annuitants Under the Public Employees' Medical and Hospital Care Act With Respect to the International Association of Firefighters and Police Officers Association**

RECOMMENDATION

1. Adopt a Resolution Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act With Respect to a Recognized Employee Organization (Group 001 Safety-Fire), to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Adopt a Resolution Authorizing the City Manager or His Designee to Execute a Side Letter Amending the Memorandum of Understanding Between the International Association of Firefighters, Local 1965, and the City of July 1, 2012 through June 30, 2017, to be read in title only, further reading waived (Attachment 2 to the Council report).
3. Adopt a Resolution Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act With Respect to a Recognized Employee Organization (Group 002 Safety-Police), to be read in title only, further reading waived (Attachment 3 to the Council report).
4. Adopt a Resolution Authorizing the City Manager or His Designee to Execute a Side Letter Amending the Memorandum of Understanding Between the Police Officers Association and the City, for the Period of July 1, 2015 through June 30, 2017, to be read in title only, further reading waived (Attachment 4 to the Council report).

BACKGROUND

As a result of the International Association of Firefighters (IAFF), Local 1965, and Police Officers Association (POA) migration to the CalPERS health benefit program administered under the Public Employees Medical Hospital Care Act (PEMHCA), the City has contracted with CalPERS to provide health insurance benefits to sworn active employees and sworn retirees since March 2014. Benefit levels and cost sharing were agreed upon through the analysis of a study conducted jointly between the Mountain View Professional Firefighters Local 1965 (MVFF) and the City of Mountain View by a labor management committee which hired an actuarial consultant to advise the Committee.

After the City adopted the CalPERS marketing division rate calculations, CalPERS indicated the resolutions the City adopted, which were provided by CalPERS at the time of the migration, did not capture the intent of the contributions agreed upon by the City, IAFF, and POA. Specifically, the premium calculations were studied to include the PORAC rate, but exclude duplicate, identical party rates for the same product. To satisfy CalPERS requirements, the City provided a clarification letter to ensure CalPERS honored the rates as intended for benefit years 2014 and 2015. CalPERS has indicated they will no longer accept a letter from the City and now require a resolution, per Section 22892(a) of the Act, to clarify the employer contributions for 2016 and future contributions.

ANALYSIS

Affected Individuals

There will be no effect to any employees or retirees as a result of the employer contribution clarification.

Response from Affected Individuals

The City has informed POA and IAFF leadership to keep them apprised of this clarification and all parties are in agreement to enter into a side letter to comply with CalPERS requirements related to maintenance of the current employer contribution structure.

Outreach to the general sworn employee and retiree population will not be necessary as this resolution simply confirms the agreed-upon employer contribution they currently

receive. CalPERS has stated that Council action in October 2015 will guarantee their ability to correct the contribution structure prior to any impact to affected members.

Key Terms for Side Letter

A draft side letter with IAFF and POA governing health benefits has been discussed with MVFF and POA and can be found in Attachment 2—Exhibit A and Attachment 4—Exhibit A, respectively, of this report. These terms amend current resolution language with regard to the calculation of the City's contributions to premium to maintain the bargained contribution method despite changes to the CalPERS health plans.

FISCAL IMPACT

There is no fiscal impact associated with this resolution. The City's premium contributions will be the same as intended upon the migration to CalPERS health benefits and the projected costs based upon the Committee's study will not be affected by this clarification.

CONCLUSION

Staff has received new resolutions from CalPERS for adoption to clarify the formula for the City's contribution to PEMHCA plan premiums. With the adoption of clarification language, CalPERS will correct their system to reflect the intended and bargained calculation method the City agreed with POA and IAFF to implement for the 2016 health plan year and update all member accounts in advance of the 2016 health premium rate deductions. In the absence of a clarification resolution adopted in October 2015, CalPERS will not adjust their system resulting in the incorrect City contributions and impacting the premiums paid by covered members. To avoid any retroactivity and to deliver the contribution structure as previously agreed upon, staff recommends adoption of clarification language in the prepared resolution and the authority to enter into side letters with MVFF and POA regarding these terms.

ALTERNATIVE— Direct staff to provide additional information.

PUBLIC NOTICING

Agenda posting, and copies to the International Association of Firefighters, Local 1965, and the Police Officers Association.

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SCR-PJK/LB/7/CAM
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- Attachments:
1. Resolution – Fixing Employer Contribution for Employees and Retired Annuitants with Respect to the IAFF
 2. Resolution – IAFF – Authorizing Execution of Side Letter
Exhibit A: Side Letter
 3. Resolution – Fixing Employer Contribution for Employees and Retired Annuitants with Respect to the POA
 4. Resolution – POA – Authorizing Execution of Side Letter
Exhibit A: Side Letter