

Agenda Report

DATE: October 7, 2013

TO: Honorable Mayor and City Council

FROM: Human Resources Department

RE: APPROVAL OF SIDE LETTER AGREEMENTS WITH AFSCME, IUOE, PACTE/LIUNA, PPOA AND SEIU AND AMENDING THE SALARY RESOLUTION FOR NON-REPRESENTED EXECUTIVE MANAGEMENT, MANAGEMENT, AND NON-MANAGEMENT REGARDING MEDICAL INSURANCE AND EMPLOYEE OPTION BENEFIT FUND (EOBF) ALLOWANCES

RECOMMENDATION:

It is recommended that the City Council:

1. Approve a side letter agreement with AFSCME to modify their Memorandum of Understanding regarding medical insurance and the Employee Option Benefit Fund (EOBF) allowance;
2. Approve a side letter agreement with IUOE to modify their Memorandum of Understanding regarding medical insurance and the Employee Option Benefit Fund (EOBF) allowance;
3. Approve a side letter agreement with PACTE/LIUNA to modify their Memorandum of Understanding regarding medical insurance and the Employee Option Benefit Fund (EOBF) allowance;
4. Approve a side letter agreement with PPOA to modify their Memorandum of Understanding regarding medical insurance and the Employee Option Benefit Fund (EOBF) allowance;
5. Approve a side letter agreement with SEIU to modify their Memorandum of Understanding regarding medical insurance and the Employee Option Benefit Fund (EOBF) allowance; and

6. Amend the Non-Represented Executive Management, Management and Non-Management Salary Resolutions regarding medical insurance and the Employee Option Benefits Fund (EOBF) allowance.

BACKGROUND:

The City participates in the CalPERS medical insurance program and provides an allowance to employees to help offset medical insurance premium costs. CalPERS contracts with medical providers and offers several PPO and HMO plans for employees to choose from. For calendar year 2014, CalPERS added five new HMO plans and premiums rates for other plans either increased or decreased.

In the past several years, the City has negotiated with employee groups to cap the employee allowances at the employee only and employee+1 level and to tie family level coverage to lowest plan premium rates. Due to the reduction of several plan premium rates in 2014, employees could have been tied to the lowest plan premium resulting in higher out of pocket costs. When transitioning to cap costs and tie allowances to premiums, it was not the City's intent for employees to have significantly higher out of pocket costs. The City intended to cap future costs. As a result, we have met with the bargaining groups affected by the 2014 premium rate changes and we met with the unrepresented employees to discuss mitigation measures we can take for 2014.

Side letter agreements have been presented to the bargaining groups for approval which result in the following:

- Modifying existing/expired MOU's to standardize language on health insurance and EOBF allowances;
- Standardizing the CalPERS statutory minimum as included in the EOBF allowance for all tiers;
- Establishing the EOBF allowances effective January 1, 2014;
- Establishing the opt out allowance for new employees and freezing the opt out for existing employees and;
- Providing for a re-opener by either party to discuss EOBF allowances for future years.

Following approval of the City Council, employees will have a few days left during open enrollment to make medical plan elections should they wish to change medical plans effective January 1, 2014.

COUNCIL POLICY CONSIDERATION:

The adoption of the side letters and salary resolutions supports the City Council's strategic goal of maintaining fiscal responsibility and stability.

FISCAL IMPACT:

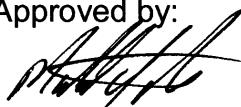
The recommended side letters and salary resolutions result in no additional cost to the City's operating budget for FY 2014.

Respectfully Submitted,



Kristi Recchia
Director of Human Resources

Approved by:



Michael J. Beck
City Manager

Attachments:

1. City of Pasadena & AFSCME Side Letter Agreement
2. City of Pasadena & IUOE Side Letter Agreement
3. City of Pasadena & PACTE/LIUNA Side Letter Agreement
4. City of Pasadena & PPOA Side Letter Agreement
5. City of Pasadena & SEIU Side Letter Agreement
6. Non-Represented – Executive Salary Resolution
7. Non-Represented – Management Salary Resolution
8. Non-Represented – Non-Management Salary Resolution