

Agenda Report

DATE: August 11, 2014

TO: Honorable Mayor and City Council
FROM: Human Resources Department
RE: APPROVAL OF SIDE LETTER AGREEMENTS WITH PACTE/LIUNA, PPSA AND SEIU REGARDING MEDICAL INSURANCE AND EMPLOYEE OPTION BENEFIT PLAN (EOBF) ALLOWANCES

RECOMMENDATION:

It is recommended that the City Council:

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

Last October, the City Council authorized several side letter agreements amending MOU's with bargaining units regarding the 2014 EOBF allowance. Those side letter agreements included a re-opener on EOBF allowances for 2015.

Several of our bargaining units are in active labor negotiations and are seeking to accomplish EOBF allowance modifications through those labor negotiations. Recently, IBEW, PFFA, and PFMA completed labor negotiations and those MOU's include EOBF provisions similar to those recommended tonight for your approval. Staff has met and conferred with PACTE/LIUNA, PPSA, and SEIU and reached agreement on EOBF allowances and revisions to the medical insurance provisions of their respective MOU's.

Side letter agreements have been presented to and approved by the bargaining groups which result in the following:

- Standardizing the CalPERS statutory minimum as included in the EOBF allowance for all tiers;
- Establishing the EOBF allowances effective January 1, 2015;
- Establishing the EOBF allowance for new employees hired by the City on or after January 1, 2015 as tied to premiums;
- Establishing the method for future increases to EOBF allowances by tier (employee only, employee+1, and employee+2);and
- Continuing to identify the opt out allowance for grandfathered employees and for new employees.

The significant component of the agreement includes the methodology to be used to calculate the EOBF allowance in future years. Annually, upon receiving the CalPERS medical premium rates, the first item we will evaluate is if the frozen employee only and/or employee plus one allowance is greater than the lower of the LA Region Blue Shield Access+ or Kaiser premium. If the allowance exceeds the premium, then no change to those tiers will occur. If the allowance is lower than the premium, then the tier will be increased to equal the premium. With the approval of these side letters, the employee plus two (family tier) EOBF allowance will equal the LA Region Blue Shield Access+ or Kaiser premium whichever is lower. For 2015, the lower premium is Blue Shield Access+ and therefore, the family level EOBF will be \$1346.46 per month, equal to the premium.

New employees hired by the City on or after January 1, 2015 will receive an EOBF allowance tied to the premium (the lower of LA Region Blue Shield Access+ or Kaiser) of the tier in which they enroll.

The revision to EOBF tied to medical premiums sets forth the City's intent to provide an allowance to pay for medical insurance and moves the City away from providing allowances with excess contributions that had previously been placed in individual deferred compensation accounts.

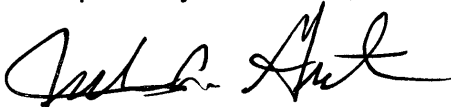
COUNCIL POLICY CONSIDERATION:

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

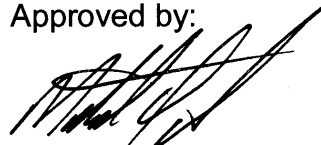
FISCAL IMPACT:

The recommended side letters result in approximately \$60,496 City's operating budget for FY 2015.

Respectfully Submitted,


for Kristi Recchia
Director of Human Resources

Approved by:



Michael J. Beck
City Manager

Attachments:

1. City of Pasadena & PACTE/LIUNA Side Letter
2. City of Pasadena & PPSA Side Letter
3. City of Pasadena & SEIU Side Letter