

Agenda Report

DATE: November 21, 2005

TO: CITY COUNCIL

FROM: CITY MANAGER

RE: ADOPTION OF RESOLUTIONS ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES MEDICAL AND HOSPITAL CARE ACT WITH RESPECT TO MEMBERS OF THE PASADENA ASSOCIATION OF CLERICAL AND TECHNICAL EMPLOYEES, THE SERVICE EMPLOYEES INTERNATIONAL UNION, THE PASADENA MANAGEMENT ASSOCIATION, THE INTERNATIONAL UNION OF OPERATING ENGINEERS, AND ALL UNREPRESENTED NON-SAFETY MANAGEMENT AND NON-MANAGEMENT EMPLOYEES; AND FIXING THE CITY'S CONTRIBUTION FOR EMPLOYEES AND ANNUITANTS AT CERTAIN AMOUNTS

RECOMMENDATION

It is recommended that the City Council adopt the attached Resolutions, electing to be subject to the Public Employees Medical and Hospital Act (PEMHCA), for members of the Pasadena Association of Clerical and Technical Employees (PACTE), the Service Employees International Union, Local 347 (SEIU), the Pasadena Management Association (PMA), and the International Union of Operating Engineers, Local 501 (IUOE), all unrepresented non-safety Executive, Top, Middle and Professional employees, and all unrepresented Confidential Clerical, Technical Administrative, Hourly and Non-Represented employees, for the purposes of receiving medical benefits through the California Public Employees Retirement System.

BACKGROUND

In 2003, PACTE, PMA, SEIU, IUOE and the unrepresented employees left PERS Medical when the City was able to contract with Blue Shield for more favorable medical insurance rates. Based upon this transfer, the City saved approximately \$488,000 in EOBFF costs it would have otherwise paid to employees. In addition, employees saved money on their monthly medical premiums. Due to our claims experience and general increases in the cost of medical care and prescription

drugs, the Blue Shield rates for calendar year 2006 were projected to increase by approximately 19%. A Labor-Management Committee, comprised of representatives of the groups noted herein, requested that our broker continue to negotiate with Blue Shield for lower rates and seek quotes from other carriers. Quotes received from Blue Cross were higher than those from Blue Shield, and PacificCare, Aetna, CIGNA and Health Net all declined to quote on the City's plan. Although Blue Shield agreed to lower its 2006 rates by 1.5%, Blue Shield's 2006 rates still exceeded the 2006 PERS Medical rates.

After reviewing plan benefits, provider lists and premiums, and soliciting input from the retirees who are enrolled in the medical plans, the Labor-Management Committee recommends that the City return to PERS Medical for 2006. PACTE, SEIU, PMA and IUOE have all agreed to the return to PERS Medical, and comments received from the retirees have been overwhelmingly in support of returning to PERS Medical. Employees and retirees have expressed a general level of comfort with PERS, and look forward to lower premiums than they would have experienced under Blue Shield in 2006.

After the City of Pasadena and several other Southern California public agencies left PERS Medical, PERS instituted regional pricing, in an effort to attract and retain agencies in this region. Medical costs tend to be lower in Los Angeles, Ventura and San Bernardino Counties than in other areas of California, and regional pricing reflects those lower costs.

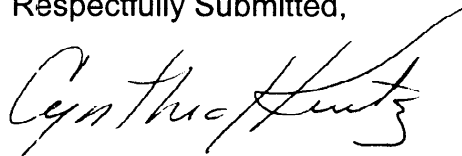
By this action, the City elects to participate in PERS Medical for an indefinite time period, until or unless the City elects to not participate. Should the City decide to leave PERS Medical in the future, regulations enacted two years ago require a five-year waiting period to return, unlike the 2-year waiting period currently in place. There is some concern on the part of the Committee members that PERS is subsidizing the PPO rates from reserves in a further effort to keep rates affordable. It is unclear how long such a subsidy can be maintained, however according to information received from PERS, it appears as though the subsidy can be maintained through plan year 2007.

The City of Pasadena provides its employees with a health contribution, to purchase medical, dental and other insurance benefits. Although the dollar amount of the contribution varies by union, each union agreement and the salary resolution for unrepresented employees provides for increases in the EOBFF based on increases in the cost of medical insurance. Consequently, as premiums rise, the contributions increase, albeit not on a dollar for dollar basis. For example, in a number of agreements the City has committed to increase the health contribution by 75% of the average dollar increase of the family coverage rates for plans offered.

FISCAL IMPACT

Using the 2006 quotes for medical insurance received from PERS Medical and Blue Shield, staff computed the impact on health contributions. Were the City to remain in Blue Shield for 2006, health contributions for affected employees would increase by almost \$2.35 million for 2006. By returning to PERS Medical, health contributions will instead increase by approximately \$315,000. In other words, the City will spend approximately \$2 million less in health contributions in 2006 by taking this action of returning to PERS Medical. To the extent that PERS Medical rates remain more competitive than non-PERS carriers, this difference would be compounded into the future.

Respectfully Submitted,



CYNTHIA J. KURTZ
City Manager

Approved By:



for KARYN S. EZELL
Director of Human Resources

Concur:



JAY M. GOLDSTONE
Director of Finance

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES MEDICAL AND HOSPITAL ACT WITH RESPECT TO THE MEMBERS OF THE PASADENA MANAGEMENT ASSOCIATION; AND FIXING THE CITY'S CONTRIBUTION FOR EMPLOYEES AND ANNUITANTS AT A CERTAIN AMOUNT

WHEREAS, Government Code Section 22922(b) provides that a contracting agency may elect upon proper application to participate under the Public Employees' Medical and Hospital Care Act with respect to a recognized employee organization only; and,

WHEREAS, 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 shall be annually increased by an amount not less than 5 percent of the monthly contribution for employees, until such time as the amounts are equal; and,

WHEREAS, the City of Pasadena, hereinafter referred to as Public Agency is a local agency contracting with the Public Employees' Retirement System; and,

Whereas, the Public Agency desires to obtain for the members of the Pasadena Management Association, 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 that the City Council of the City of Pasadena elect, and it does hereby elect, to be subject to the provisions of the Act; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the employer's contribution for each employee shall be the amount necessary to pay the full cost of his enrollment, including the enrollment of his family members in a health benefits plan up to the maximum of Government Code Section 22892(b)(1) (minimum contribution) per month; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the employer's contribution for each annuitant shall be the amount necessary to pay the cost of his enrollment, including the enrollment of his family members, in a health benefits plan up to a maximum of \$19.46 per month; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the employer's contribution for each annuitant shall be increased annually by 5 percent of the monthly contribution for employees, until such time as the contributions are equal; and that the contributions for employees and annuitants shall be in addition to those amounts

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the employer's contribution for each annuitant shall be increased annually by 5 percent of the monthly contribution for employees, 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 City of Pasadena for administrative fees and to the Contingency Reserve Fund; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the City Clerk is directed 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 the City of Pasadena all functions required of it under the Act and Regulations of the Board of Administration; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that this Resolution shall be effective January 1, 2006.

Adopted at the _____ meeting of the City
Council on the _____ day of _____, 2005, by the following votes:

AYES:


NOES:

ABSENT:

ABSTAIN:

Jane L. Rodriguez, CMC
City Clerk

APPROVED AS TO FORM:



Hugh Halford
Assistant City Attorney

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES MEDICAL AND HOSPITAL ACT WITH RESPECT TO THE MEMBERS OF THE SERVICE EMPLOYEES INTERNATIONAL UNION, LOCAL 347; AND FIXING THE CITY'S CONTRIBUTION FOR EMPLOYEES AND ANNUITANTS AT A CERTAIN AMOUNT

WHEREAS, Government Code Section 22922(b) provides that a contracting agency may elect upon proper application to participate under the Public Employees' Medical and Hospital Care Act with respect to a recognized employee organization only; and,

WHEREAS, 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 shall be annually increased by an amount not less than 5 percent of the monthly contribution for employees, until such time as the amounts are equal; and,

WHEREAS, the City of Pasadena, hereinafter referred to as Public Agency is a local agency contracting with the Public Employees' Retirement System; and,

Whereas, the Public Agency desires to obtain for the members of the Service Employees International Union, Local 347, 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 that the City Council of the City of Pasadena elect, and it does hereby elect, to be subject to the provisions of the Act; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the employer's contribution for each employee shall be the amount necessary to pay the full cost of his enrollment, including the enrollment of his family members in a health benefits plan up to the maximum of Government Code Section 22892(b)(1) (minimum contribution) per month; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the employer's contribution for each annuitant shall be the amount necessary to pay the cost of his enrollment, including the enrollment of his family members, in a health benefits plan up to a maximum of \$19.46 per month; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the employer's contribution for each annuitant shall be increased annually by 5 percent of the monthly contribution for employees, 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 City of Pasadena for administrative fees and to the Contingency Reserve Fund; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the City Clerk is directed 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 the City of Pasadena all functions required of it under the Act and Regulations of the Board of Administration; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that this Resolution shall be effective January 1, 2006.

Adopted at the _____ meeting of the City

Council on the _____ day of _____, 2005, by the following votes:

AYES:


NOES:

ABSENT:

ABSTAIN:

Jane L. Rodriguez, CMC
City Clerk

APPROVED AS TO FORM:



Hugh Halford
Assistant City Attorney

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES MEDICAL AND HOSPITAL ACT WITH RESPECT TO THE MEMBERS OF THE PASADENA ASSOCIATION OF CLERICAL & TECHNICAL EMPLOYEES, LOCAL 777; AND FIXING THE CITY'S CONTRIBUTION FOR EMPLOYEES AND ANNUITANTS AT A CERTAIN AMOUNT

WHEREAS, Government Code Section 22922(b) provides that a contracting agency may elect upon proper application to participate under the Public Employees' Medical and Hospital Care Act with respect to a recognized employee organization only; and,

WHEREAS, 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 shall be annually increased by an amount not less than 5 percent of the monthly contribution for employees, until such time as the amounts are equal; and,

WHEREAS, the City of Pasadena, hereinafter referred to as Public Agency is a local agency contracting with the Public Employees' Retirement System; and,

Whereas, the Public Agency desires to obtain for the members of the Pasadena Association of Clerical & Technical Employees, Local 777, 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 that the City Council of the City of Pasadena elect, and it does hereby elect, to be subject to the provisions of the Act; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the employer's contribution for each employee shall be the amount necessary to pay the full cost of his enrollment, including the enrollment of his family members in a health benefits plan up to the maximum of Government Code Section 22892(b)(1) (minimum contribution) per month; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the employer's contribution for each annuitant shall be the amount necessary to pay the cost of his enrollment, including the enrollment of his family members, in a health benefits plan up to a maximum of \$19.46 per month; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the employer's contribution for each annuitant shall be increased annually by 5 percent of the monthly contribution for employees, 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 City of Pasadena for administrative fees and to the Contingency Reserve Fund; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the City Clerk is directed 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 the City of Pasadena all functions required of it under the Act and Regulations of the Board of Administration; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that this Resolution shall be effective January 1, 2006.

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AYES:

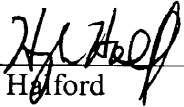
NOES:

ABSENT:

ABSTAIN:

Jane L. Rodriguez, CMC
City Clerk

APPROVED AS TO FORM:



Hugh Halford
Assistant City Attorney

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES MEDICAL AND HOSPITAL ACT WITH RESPECT TO THE MEMBERS OF THE UNREPRESENTED EXECUTIVES, TOP, MIDDLE AND PROFESSIONAL MANAGEMENT GROUPS; AND FIXING THE CITY'S CONTRIBUTION FOR EMPLOYEES AND ANNUITANTS AT A CERTAIN AMOUNT

WHEREAS, Government Code Section 22922(b) provides that a contracting agency may elect upon proper application to participate under the Public Employees' Medical and Hospital Care Act with respect to a recognized employee organization only; and,

WHEREAS, 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 shall be annually increased by an amount not less than 5 percent of the monthly contribution for employees, until such time as the amounts are equal; and,

WHEREAS, the City of Pasadena, hereinafter referred to as Public Agency is a local agency contracting with the Public Employees' Retirement System; and,

Whereas, the Public Agency desires to obtain for the members of the Unrepresented Executives, Top, Middle and Professional Management Groups, 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 that the City Council of the City of Pasadena elect, and it does hereby elect, to be subject to the provisions of the Act; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the employer's contribution for each employee shall be the amount necessary to pay the full cost of his enrollment, including the enrollment of his family members in a health benefits plan up to the maximum of Government Code Section 22892(b)(1) (minimum contribution) per month; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the employer's contribution for each annuitant shall be the amount necessary to pay the cost of his enrollment, including the enrollment of his family members, in a health benefits plan up to a maximum of \$19.46 per month; and,

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BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the City Clerk is directed 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 the City of Pasadena all functions required of it under the Act and Regulations of the Board of Administration; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that this Resolution shall be effective January 1, 2006.

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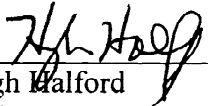
NOES:

ABSENT:

ABSTAIN:

Jane L. Rodriguez, CMC
City Clerk

APPROVED AS TO FORM:



Hugh Walford
Assistant City Attorney

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES MEDICAL AND HOSPITAL ACT WITH RESPECT TO THE MEMBERS OF THE INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 501; AND FIXING THE CITY'S CONTRIBUTION FOR EMPLOYEES AND ANNUITANTS AT A CERTAIN AMOUNT

WHEREAS, Government Code Section 22922(b) provides that a contracting agency may elect upon proper application to participate under the Public Employees' Medical and Hospital Care Act with respect to a recognized employee organization only; and,

WHEREAS, 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 shall be annually increased by an amount not less than 5 percent of the monthly contribution for employees, until such time as the amounts are equal; and,

WHEREAS, the City of Pasadena, hereinafter referred to as Public Agency is a local agency contracting with the Public Employees' Retirement System; and,

Whereas, the Public Agency desires to obtain for the members of the International Union of Operating Engineers, Local 501, 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 that the City Council of the City of Pasadena elect, and it does hereby elect, to be subject to the provisions of the Act; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the employer's contribution for each employee shall be the amount necessary to pay the full cost of his enrollment, including the enrollment of his family members in a health benefits plan up to the maximum of Government Code Section 22892(b)(1) (minimum contribution) per month; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the employer's contribution for each annuitant shall be the amount necessary to pay the cost of his enrollment, including the enrollment of his family members, in a health benefits plan up to a maximum of \$19.46 per month; and,

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BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the City Clerk is directed 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 the City of Pasadena all functions required of it under the Act and Regulations of the Board of Administration; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that this Resolution shall be effective January 1, 2006.

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Council on the _____ day of _____, 2005, by the following votes:

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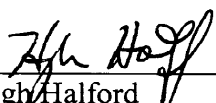
NOES:

ABSENT:

ABSTAIN:

Jane L. Rodriguez, CMC
City Clerk

APPROVED AS TO FORM:



Hugh Halford
Assistant City Attorney

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES MEDICAL AND HOSPITAL ACT WITH RESPECT TO THE MEMBERS OF THE UNREPRESENTED CONFIDENTIAL-CLERICAL, TECHNICAL-ADMINISTRATIVE, HOURLY AND NON-REPRESENTED GROUPS; AND FIXING THE CITY'S CONTRIBUTION FOR EMPLOYEES AND ANNUITANTS AT A CERTAIN AMOUNT

WHEREAS, Government Code Section 22922(b) provides that a contracting agency may elect upon proper application to participate under the Public Employees' Medical and Hospital Care Act with respect to a recognized employee organization only; and,

WHEREAS, 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 shall be annually increased by an amount not less than 5 percent of the monthly contribution for employees, until such time as the amounts are equal; and,

WHEREAS, the City of Pasadena, hereinafter referred to as Public Agency is a local agency contracting with the Public Employees' Retirement System; and,

WHEREAS, the Public Agency desires to obtain for the members of the Unrepresented Confidential-Clerical, Technical-Administrative, Hourly and Non-Represented Groups, 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 that the City Council of the City of Pasadena elect, and it does hereby elect, to be subject to the provisions of the Act; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the employer's contribution for each employee shall be the amount necessary to pay the full cost of his enrollment, including the enrollment of his family members in a health benefits plan up to the maximum of Government Code Section 22892(b)(1) (minimum contribution) per month; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the employer's contribution for each annuitant shall be the amount necessary to pay the cost of his enrollment, including the enrollment of his family members, in a health benefits plan up to a maximum of \$19.46 per month; and,

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BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that the City Clerk is directed 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 the City of Pasadena all functions required of it under the Act and Regulations of the Board of Administration; and,

BE IT FURTHER RESOLVED by the City Council of the City of Pasadena that this Resolution shall be effective January 1, 2006.

Adopted at the _____ meeting of the City
Council on the _____ day of _____, 2005, by the following votes:

AYES:


NOES:

ABSENT:

ABSTAIN:

Jane L. Rodriguez, CMC
City Clerk

APPROVED AS TO FORM:



Hugh Halford
Assistant City Attorney

My name is Ralph Bicker, 101 White Oak Dr. Arcadia.

I am a retired Public Works Dept. Engineer. I worked for the City of Pasadena from 1949 until I retired in 1986. I am also presently a volunteer Asst. Area Director for RPEA, (The Retired Public Employees Assn.) and represent approx. 50,000 State, Public Agency and Classified School District retirees throughout L.A., Santa Barbara and Ventura counties.

I am here tonight because I was informed by the Human Services Dept. (at a meeting on Nov. 3 (about 10 days ago -) that your Board was going to consider a recommendation to again change the City Employees Medical Insurance plan or plans. This is a matter that not only affects the city's current employees, but also affects Pasadena's retiree's access to medical insurance programs.

We now understand that this matter has been put off until your Nov. 21st meeting. Several of us retirees did meet with representatives of your Human Services Dept. staff on Nov 3. We do appreciate being able to meet with them this time, because 2 years ago, (the last time you changed the medical insurance plans) it had a serious adverse effect on a number of Pasadena's retirees but we were not informed about the change until after it was a done deal.

You may recall at that time a number of us retirees, who lost our access to the PERS PEMHCA medical insurance plans appeared before your Board to express our displeasure with your action and the fact that we had not been informed of your decision until after the fact. We now understand that your staff will be recommending that Pasadena go back into the PERS PEMHCA medical insurance plan.

As a representative of the City of Pasadena retirees, I have been contacted by a number of them who have ALL indicated that they are very much in favor of again having access to the PERS PEMHCA program. Not even one of them that I have talked to was opposed to going back into the PERS PEMHCA insurance program. We would therefore urge you when this is presented to you next week to approve your staffs recommendation which will permit us back into the PERS PEMHCA medical insurance program.