



**CITY of CALABASAS**

**CITY COUNCIL AGENDA REPORT**

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**DATE:** MARCH 16, 2021

**TO:** HONORABLE MAYOR AND COUNCILMEMBERS

**FROM:** SCOTT H. HOWARD, CONTRACT CITY ATTORNEY  
MATTHEW T. SUMMERS, ASSISTANT CITY ATTORNEY  
COLANTUONO HIGHSMITH & WHATLEY, PC

**SUBJECT:** ADOPTION OF RESOLUTION NO. 2021-1723 OF THE CITY COUNCIL OF THE CITY OF CALABASAS, AMENDING RESOLUTION NO. 2017-1571 REGARDING THE EXISTING AMOUNT AND PROCEDURE FOR HEALTH BENEFIT REIMBURSEMENT FOR MANAGEMENT RETIREES.

**MEETING DATE:** MARCH 24, 2021

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**SUMMARY RECOMMENDATION:**

Staff recommends City Council adopt Resolution No. 2021-1723 amending Resolution 2017-1571 regarding the existing amount and procedure for health benefit reimbursement for management retirees.

**BACKGROUND:**

In March 2020, the California Attorney General published a legal opinion that a City could not provide benefits to City Council Members greater than those available to the most generously benefitted group of non-safety employees, and further required that cities take steps to correct the situation.<sup>1</sup> The City's health and welfare benefits program complies with the Opinion and underlying applicable law, because the City offers the same health and other welfare benefits to current City Council Members as are offered to the City's management employees group, on the same terms and at the same prices. The City Attorney and the Finance Department further reviewed

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<sup>1</sup> 103 Ops.Cal.Atty.Gen. 8 (March 3, 2020)

the retiree medical benefits program and determined that the City's existing retiree medical benefits program regulations, stated in Resolution No. 2017-1571, need to be clarified to specify the reimbursement procedures and requirements for eligible management retirees seeking reimbursement for adjusted to confirm its intent as a reimbursement for specified health insurance costs borne by eligible retirees. The proposed resolution amends Resolution 2017-1571 to confirm the requirements and procedures allowing for reimbursements, up to the same defined cap as currently imposed, of the medical benefits premium costs incurred by each eligible retiree. The proposed resolution maintains the same list of eligible management positions as before. It is not an expansion of the program.

## **DISCUSSION:**

The City may pay the premiums, dues, or other charges for health and welfare benefits<sup>2</sup> for retired employees and retired Council Members, if retired Council Members are provided the same benefits, on the same terms and prices, as a large group of employees.<sup>3</sup> The benefits extended to both current and retired City Council Members must not be more generous than those provided to the most generously benefitted group of non-safety employees, meaning persons who are not sworn law enforcement, firefighter, or other public safety employees.<sup>4</sup> The City complies with these requirements for its health and welfare benefits provided to both current and retiree Council Members.

The City's existing retiree medical benefit program allows eligible management retirees, and certain eligible dependents, to receive reimbursements for certain qualified medical insurance expenses, up to a cap defined as the cost for an employee and one dependent charged by PERS for the PERS Choice Medical Supplement coverage for the lifetime of the eligible management retiree. Eligible management retirees are those persons who have served at least five years with the City and were City Council Members, City Managers, or within a Management Classification. A surviving spouse or qualified dependent of an eligible management retiree who retired after January 25, 2017 can also receive a reduced benefit for their lifetime, or, if a surviving spouse, until they remarry.

Management retirees who are simultaneously employed by the City and another PERS agency are eligible for the program, if they meet the other qualification requirements and either retire with the City as their last PERS employer, or retire from the other PERS agency later, if it was the same PERS agency with which they were simultaneously employed while at the City. A dual PERS-employer management retiree cannot leave City employment with the City as their only PERS employer upon departure, then later take a new PERS employment position, and remain eligible for

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<sup>2</sup> Gov't Code, § 53205.

<sup>3</sup> Gov't Code, § 53202.3.

<sup>4</sup> Gov't Code, § 53208.5, subd. (b.).

retiree medical benefits from the City. All of the above eligibility rules will stay the same as before. Staff do not propose any changes to the eligibility requirements. Similarly, staff do not propose any changes to the existing maximum reimbursement amount cap.

In compliance with applicable law, the proposed resolution amends the program's regulations to provide that retirees eligible for retiree medical benefits must submit proof of payment of eligible medical insurance premium or copayment costs to then receive a reimbursement of their eligible health and welfare benefits costs. Health and welfare benefits costs defined as eligible for reimbursement include medical insurance, Medicare supplement insurance, and dental, vision, or other medical insurance premium or copayment costs paid by the Management Retiree or qualifying dependent. The proposed resolution clarifies that eligible management retirees must submit proof of costs within the timelines and with such supporting detail as required by the City's Finance Department.

If adopted, staff will then provide notice and detailed explanations as to the proposed changes to all existing and potential future eligible management retirees, ahead of the proposed July 1, 2021 effective date.

**FISCAL IMPACT/SOURCE OF FUNDING:**

The adoption of this Resolution will not increase the City's anticipated costs for the retiree medical benefits program. The adoption of this resolution may result in reduced costs for the City, if any eligible retirees receive reduced reimbursement payments as a result of incurring eligible medical benefits premiums costs below the maximum reimbursement amount or failing to submit appropriate documentation as needed for reimbursement.

**REQUESTED ACTION:**

Staff recommends that the City Council adopt the proposed Resolution.

**ATTACHMENT:**

Resolution No. 2021-1723