



CITY of CALABASAS

CITY COUNCIL AGENDA REPORT

DATE: MARCH 25, 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 31, 2021

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.

REPORT:

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.¹ 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

¹ 103 Ops.Cal.Atty.Gen. 8 (March 3, 2020)

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 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 to additional positions.

ANALYSIS

The City may pay the premiums, dues, or other charges for health and welfare benefits² 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.³ 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.⁴ 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.

To be eligible for the benefit, a management retiree must currently either retire from the City and never work for another PERS agency or, if they were simultaneously employed by the City and another PERS agency, later retire only from that other PERS agency, not any other PERS agency. Staff recommends the City Council simplify the program to provide the benefit to eligible management retirees who serve

² Gov't Code, § 53205.

³ Gov't Code, § 53202.3.

⁴ Gov't Code, § 53208.5, subd. (b.).

at least five years with the City and retire from the PERS system, regardless of which agency is their last employer. If an eligible management retiree, who has retired from the PERS system, later takes another PERS employment position, then the benefit would be suspended during their reinstatement, but could later be restarted upon subsequent retirement. 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.

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