




**CITY of CALABASAS**

**CITY COUNCIL AGENDA REPORT**

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**DATE:** JULY 27, 2021

**TO:** HONORABLE MAYOR AND COUNCILMEMBERS

**FROM:** RON AHLERS, CHIEF FINANCIAL OFFICER 

**SUBJECT:** ADOPTION OF RESOLUTION NO. 2021-1742 OF THE CITY COUNCIL OF THE CITY OF CALABASAS, RESCINDING RESOLUTION 2021-1740 AND APPROVING A SALARY SCHEDULE FOR PERMANENT EMPLOYEES.

**MEETING DATE:** AUGUST 25, 2021

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**SUMMARY RECOMMENDATION:**

Staff recommends City Council adopt Resolution No. 2021-1742 rescinding resolution 2021-1740 and approving a salary schedule for permanent employees.

**BACKGROUND:**

The City of Calabasas (City) contracts with the California Public Employees Retirement System (CalPERS) to provide medical insurance benefits for: City Council, full-time city employees and city retirees who elect to remain in the CalPERS medical insurance program.

Each year the CalPERS Board of Administration (Board) reviews the medical insurance program and makes changes to: insurance providers, rates, coverage and regions. In November 2020, the Board approved replacing the current CalPERS PPO Basic and PPO Medicare Supplemental Plans (PERS Care, PERS Choice, and PERS Select) with the proposed PERS Platinum and PERS Gold plans. Benefit design changes will be considered in November 2021 by the Board. The specific changes are:

- Plan Name Change for 2022 PERS Care Transition to PERS Platinum. Retains the same 90/10 benefit design and network as PERS Care/PERS Choice.
- PERS Choice Transition to PERS Platinum. Offers a 90/10 benefit design and retains the network of PERS Care/PERS Choice.
- PERS Select Transition to PERS Gold. Retains the same 80/20 benefit design and network as PERS Select.
- PERS Care Supplement to Medicare Plan Transition to PERS Platinum Supplement to Medicare Plan. No changes to benefit design or network.
- PERS Choice Supplement to Medicare Plan Transition to PERS Platinum Supplement to Medicare Plan. No changes to benefit design or network.
- PERS Select Supplement to Medicare Plan Transition to PERS Gold Supplement to Medicare Plan. No changes to benefit design or network.

The City's Salary Schedule, Resolution No. 2021-1740 references the dollar amount for PERS Choice PPO plan.

#### **DISCUSSION/ANALYSIS:**

Because the CalPERS Board has eliminated the PERS Choice PPO Plan, the City must decide on which PPO plan to replace it. The CalPERS Board stated the PERS Choice is being replaced by PERS Platinum. Therefore, staff recommends the salary schedule resolution reflect this change to PERS Platinum.

Staff is recommending a few more changes to the Salary Schedule resolution.

**Section 1 B:** There was an error on the prior resolution listing the City Manager's salary as greater than \$20,000 per month. This resolution has the correct dollar amount to match the contract.

**Section 2 B 1:** Changing the City Manager authority to adjust full-time positions percentage from "10 percent" to "15 percent" in the salary schedule.

Allow other benefits to employees be adjusted on a pro-rate basis, based on number of hours worked. Hours worked include: regular time, holiday, vacation, sick, floating holiday, jury duty, bereavement and administrative leave. Any unpaid leave by the employee does not count as hours worked. This language was applied to: Auto Allowance (**Section 4**), Medical Insurance cash back (**Section 9**), Vacation Leave (**Section 16**) and Sick Leave (**Section 17**).

**Section 9:** For employees hired prior to January 1, 2022, current policy allows an employee to choose various medical insurance plans. The City pays 100% of the premium for medical plans up to the premium for CalPERS PPO Choice plan. If an employee chooses a plan which costs less than the CalPERS PPO Choice plan then the employee can receive "cash back" for the difference in the dollar amounts. The

“cash back” limit is changing to a specific dollar amount: \$275.00 for employee only, \$575.00 for employee plus one and \$750.00 for employee plus multiple dependents. This is approximately the same dollar amount that would have been provided under the prior resolution. Staff is recommending that we reduce the “cash back” dollar amounts over the next few years and instead focus on increasing full-time positions salary for compensation purposes.

With the goal of reducing the “cash back” to employees, staff is recommending that Medical Insurance for employees hired on or after January 1, 2022, be provided at the PERS Platinum benefit level with no “cash back”.

**Section 16:** Granting the City Manager authority to permit a higher vacation leave accrual rate to a newly appointed Management Classification employee.

**FISCAL IMPACT/SOURCE OF FUNDING:**

The annual budget estimates the amount spent each year for medical insurance coverage, including the cash back component. The increase between 2021 PERS Choice and 2022 PERS Platinum is 12% or approximately: \$100 for single, \$201 for two-party and \$262 for family.

**REQUESTED ACTION:**

Staff recommends that the City Council adopt Resolution No. 2021-1742.

**ATTACHMENT:**

Resolution No. 2021-1742