




CITY *of* CALABASAS

CITY COUNCIL AGENDA REPORT

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**DATE:** AUGUST 9, 2023

**TO:** HONORABLE MAYOR AND COUNCILMEMBERS

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

**SUBJECT:** ADOPTION OF RESOLUTION NO. 2023-1864 OF THE CITY COUNCIL OF THE CITY OF CALABASAS, APPROVING A BENEFITS PROGRAM FOR FULL-TIME PERMANENT EMPLOYEES AND RESCINDING RESOLUTION 2022-1810.

**MEETING DATE:** AUGUST 23, 2023

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**SUMMARY RECOMMENDATION:**

Staff recommends City Council adopt Resolution No. 2023-1864 approving a benefits program for full-time permanent employees and rescinding Resolution No. 2022-1810.

**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. The CalPERS Board made changes to the medical insurance premiums for calendar year 2024.

## **DISCUSSION/ANALYSIS:**

Staff is recommending the following seven changes to the Benefits Program resolution.

**Section 3 Automobile Allowance:** Two positions were added: Assistant City Manager and Deputy City Manager. Both positions to receive \$250 per month. In addition, the City Manager may authorize a city employee to take home a city vehicle in order to respond to City business after hours or on the weekend.

**Section 8 Medical Insurance:** 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 Platinum plan. If an employee chooses a plan which costs less than the CalPERS PPO Platinum plan then the employee can receive "cash back" for the difference in the dollar amounts. The "cash back" limit is decreasing for calendar year 2024 to a specific dollar amount: \$250.00 for employee only, \$500.00 for employee plus one and \$650.00 for employee plus multiple dependents. Staff recommends the City reduce the "cash back" dollar amounts over the next few years and instead focus on increasing full-time positions salary for compensation purposes.

Two years ago, the City bifurcated the employees with regards to the insurance "cash back". Employees hired prior to January 1, 2022 receive a "cash back" allowance while employees after January 1, 2022 do not currently receive "cash back". The City anticipated savings with this change; however, the savings did not occur. The newly hired City staff overwhelmingly chose PERS Platinum medical insurance which is the highest cost plan. Therefore, the anticipated savings never materialized. The City is discontinuing this practice for new hires. Staff is recommending all employees receive the same benefit of the "cash back", effective January 1, 2024.

The amount of "cash back" is also included for those employees who elect to waive medical insurance coverage.

**Section 14 Floating Holiday:** The City Manager has the authority to grant additional floating holiday hours based on merit or at employee recognition events.

**Section 18 Vacation & Sick Leave Cash Out:** This is a new section to clearly identify these two leave cash out programs. Minor changes to sick leave cash out to make it available all year; along with a change to the minimum number of hours to 300.

**Section 24 Safety Equipment:** This new section codifies a city practice of providing safety boots for certain city employees who job requires safety boots. The annual allowance is \$200 on a reimbursement basis.

**Section 25 Meal Allowance:** This new section codifies a city practice of reimbursing employees who work after-hours with a meal reimbursement up to \$15.

**FISCAL IMPACT/SOURCE OF FUNDING:**

The FY 2023-24 budget estimated the amount for medical insurance coverage, including the cash back component. Staff estimated an increase of 10% for FY 2023-24 or about \$150,000. The monthly increase between 2023 PERS Platinum and 2024 PERS Platinum is 14% or approximately: \$139 increase for employee only, \$278 increase for employee plus one and \$361 increase for employee plus multiple dependents (monthly dollar amounts).

No additional funding is required for these benefit changes since the City is experiencing salary savings due to full-time vacant positions.

**REQUESTED ACTION:**

Staff recommends that the City Council adopt Resolution No. 2023-1864.

**ATTACHMENT:**

Resolution No. 2023-1864