

**CITY MANAGER'S/STAFF'S REPORT
COUNCIL MEETING DATE:**

September 14, 2023

ITEM NO:

1.

SUBJECT: Consideration of a Resolution Terminating CalPERS Health Contract Agreement to Participate in the Public Employee Medical and Hospital Care Act

DISCUSSION: In July 2001, the City Council adopted Resolution 2001-47R to provide health insurance coverage under the under the Public Employees' Medical and Hospital Care Act (PEMHCA) to all active and retired employees through CalPERS Healthcare. At the same meeting, City Council also adopted Resolution 2001-48R to add coverage for City Elected Officials and establish a fixed employer contribution at an amount equal to or greater than that prescribed in Government Code 228 (B) for health benefits for City Council members under the CalPERS Health Benefits Program. All employees and elected officials will continue to receive a 90% employer/10% employee split for health insurance premiums.

CalPERS Healthcare premiums for employees have increased each year, between 5% to 18% based upon the employee-selected plan. The projected budget amount for CalPERS Healthcare premiums for 2023 is approximately \$1,840,958. CalPERS rates will increase by 13% for 2024 with a projected budget amount of \$2,087,337. In addition to premium increases (paid by the employer and employee), participating organizations in PEMHCA are subject to an annual administrative fee. Currently, this fee is approximately \$600 per month for employee and retiree (approximately \$7,200/annually). This fee could increase in 2024. The administrative fee is calculated on total active and total retired health premiums each month.

As City staff continue to explore strategies to control health insurance costs, staff is recommending to exit PEMHCA to provide the City with more price stability with healthcare options for its employees and retirees.

Should Council decide to terminate healthcare through CalPERS, the approved resolution must be filed with CalPERS no later than **Monday, September 18, 2023 by 5:00 p.m.** Once filed, the election to terminate is irrevocable and termination is effective at the end of the current contract year, ending December 31, 2023. It is CalPERS procedure that the City cannot participate with PEMHCA again within five years of termination.

After exiting CalPERS Health, staff will pursue fully-funded or self-funded options to help with price stability and better cost control and increased employee satisfaction through improved customer service.

The new plans and premiums will be effective January 1, 2024. For a smoother transition for benefit participants, a benefit and provider comparison will be provided to attempt to limit disruption as much as possible.

Reviewing the City's Health Insurance programs is the first step to conducting a comprehensive insurance review and in looking for cost savings options. Future Council agenda items may

include reviewing retiree health care benefits and employer contributions for employees that do not utilize the health insurance benefit.

Staff estimates there will be a significant annual savings due to the elimination of the administrative fee and the reduced premiums in the new program.

The major advantage to exiting CalPERS healthcare is that the City has more control over costs and flexibility in benefit offerings for employees, such as access to an employee wellness program.

There are several advantages to terminating participation from PEMHCA and they are:

- Not limited to only CalPERS Healthcare.
- A wellness component that could include items such as on-site health assessments, gym membership discounts and weight loss subsidies.
- Higher control over rate structure.
- Flexibility in plan year and anniversary dates.
- Eliminates AB2544 and PEMCHA Section 22892 (c) requirements, which requires a minimum contribution by the City for employee healthcare.
- Ability to separate active and early retiree rates.

All impacted bargaining units have been notified of the proposed termination of CalPERS Healthcare benefits and the meeting was facilitated by an independent health insurance broker, Burnham Benefits Insurance Services, LLC.

RECOMMENDATION: Adoption of Resolution approving intent to terminate participation from the Public Employee’s Medical and Hospital Care Act (PEMHCA) effective December 31, 2023.

_____/s/_____
Janie Venegas
Human Resources Manager

September 7, 2023
Date

_____/s/_____
Fernando Santillan
City Manager

September 7, 2023
Date

RESOLUTION NO. 2023-__

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SELMA,
CALIFORNIA ELECTING TO CEASE TO BE SUBJECT TO THE PUBLIC
EMPLOYEE’S MEDICAL AND HOSPITAL CARE ACT**

WHEREAS, Government Code Section 22938 provides that a local agency which has elected to be subject to the Public Employees’ Medical and Hospital Care Act (“Act”) may cease to be subject by proper application by the local agency; and

WHEREAS, The City of Selma hereinafter referred to as Public Agency, is a contracting agency which previously elected to be subject to the provisions of the Act; and

WHEREAS, The City Council, after negotiation with the relevant representative employee associations, agrees that the City should cease to be subject to the Act; and

WHEREAS, The City Council has carefully considered all of the available facts, circumstances, and options in reaching the decisions described herein.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Selma hereby finds, determines, and declares the following:

Section 1. The above recitals are true and correct;

Section 2. The City Council hereby approves, pursuant to Government Code Section 22938, Public Agency hereby elects to cease to be subject to the provisions of the Act effective December 31, 2023.

Section 3. Severability. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

Section 46. Effective Date. That the City Clerk shall certify to the adoption of this Resolution and that the same shall be in full force and effect.

The foregoing Resolution was approved and adopted at a regular meeting of the City Council of the City of Selma held on the 14th day of September 2023 by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

(Signatures on following page)

Scott Robertson
Mayor

ATTEST:

Reyna Rivera
City Clerk

**CITY MANAGER'S/STAFF'S REPORT
COUNCIL MEETING DATE:**

September 14, 2023

ITEM NO: 2.

SUBJECT: Commercial, Residential, Downtown Design Standards Workshop

DISCUSSION:

In 2021, the City of Selma initiated a Zoning Code Update, which also included the development of objective architectural design requirements for commercial, residential, and downtown uses.

Staff will be conducting a workshop on potential development standards and requirements for these various uses, as well as gathering comments and feedback from stakeholders and the general public.

_____/s/_____
Jerome Keene
Deputy City Manager

_____September 8, 2023_____
Date

_____/s/_____
Fernando Santillan
City Manager

_____September 8, 2023_____
Date