

REPORT TO CITY COUNCIL

DATE: MAY 14, 2008

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER

BY: NATHAN HAMBURGER, ASSISTANT CITY MANAGER

SUBJECT: APPROVAL OF RESOLUTION NO. 08-1478 AND RESOLUTION NO. 08-1479 FIXING THE EMPLOYER'S CONTRIBUTION UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT.

As part of the process of meeting compliance requirements established by the General Accounting Standards Board (GASB) statements 43 and 45, and to allow the City the greatest flexibility to analyze and address long-term retiree healthcare benefit costs, staff is recommending the approval of Resolution Nos. 08-1478 and 08-1479.

The City has retained the services of a specialized financial consultant who is currently working on completing a financial analysis report that will provide a quantitative determination of the City's short and long-term retiree healthcare benefits obligation consistent with the requirements of GASB 43 and 45. The final report will consist of a financial analysis liability only as it relates to other post employment benefits (OPEB). A draft of the report is expected within the next 60 days.

Following the completion of the financial analysis established under GASB 43 and 45, the City Council will have the ability to make a policy decision on how to address any long-term liabilities which can be either a "pay as you go" or "pre-funded" option. Although these payment options are not addressed or required under GASB standards, it is prudent for the City to analyze and properly budget these costs. The GASB statements only establish standards for accounting and financial reporting in which the actuary is meant to assist in establishing a better foundation for informed policy decisions based on an estimated annual cost to provide promised benefits to retirees.

The proposed resolutions, consistent with Government Code Section 22892(a), which provides that a local agency contracting under the Public Employees' Medical and Health Care Act (PEMHCA), and a contracting agency or Special District (Council Members) under the Public Employees' Medical and Health Care Act, shall fix the amount of the employer's contribution for an employee's medical benefit, and provide a means for the City to look at a variety of options to address the financial liabilities derived from the GASB 43 and 45 reports by establishing the framework for a flexible benefit plan. These options would not be available under the existing benefits plan structure.

It should be noted that the approval of these resolutions does not change existing retiree or current employee healthcare benefits as they currently exist. The resolutions allow the City to change the means in which the healthcare benefits are processed internally and allow staff to look at a variety of potential funding options to be presented to the City Council once the financial analysis is complete. In addition, the resolutions bring the City in compliance with the new PEMHCA requirements for minimum employer contributions.

RECOMMENDATION

It is respectfully recommended the City Council approve Resolution No. 08-1478 and Resolution No. 08-1479, effective July 1, 2008 fixing the employer's contribution under the Public Employees' Medical and Health Care Act to the statutory maximum of \$97.00 per month per employee through December 31, 2008.

Attachments: Resolution No. 08-1478
 Resolution No. 08-1479

RESOLUTION NO. 08-1478

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AGOURA HILLS, CALIFORNIA, FIXING THE EMPLOYER'S CONTRIBUTION UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT FOR A LOCAL AGENCY

THE CITY COUNCIL OF THE CITY OF AGOURA HILLS HEREBY FINDS, RESOLVES, AND ORDERS AS FOLLOWS:

SECTION 1. Government Code 22892(a) provides that a local agency contracting under the Public Employees' Medical and Hospital Care Act shall fix the amount of the employer's contribution at an amount not less than the amount required under Section 22892(b) of the Act, and

SECTION 2. The City of Agoura Hills is a local agency contracting under the Act;

SECTION 3. The employer's contribution for each employee or annuitant shall be the amount necessary to pay the cost of his/her enrollment, including the enrollment of his/her family members, in a health benefit plan, up to a maximum of \$97.00 per month beginning July 1, 2008 through December 31, 2008 plus administrative fees and Contingency Reserve Fund assessments through December 31, 2008.

PASSED, APPROVED, AND ADOPTED on this 14th day of May, 2008, by the following vote to wit:

AYES: ()
NOES: ()
ABSTAIN: ()
ABSENT: ()

John M. Edelston, Mayor

ATTEST:

Kimberly M. Rodrigues, City Clerk

RESOLUTION NO. 08-1479

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AGOURA HILLS, CALIFORNIA, FIXING THE EMPLOYER'S CONTRIBUTION UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT FOR A SPECIAL DISTRICT

THE CITY COUNCIL OF THE CITY OF AGOURA HILLS HEREBY FINDS, RESOLVES, AND ORDERS AS FOLLOWS:

SECTION 1. Government Code 22892(a) provides that a contracting agency or Special District (Council members) under the Public Employees' Medical and Hospital Care Act shall fix the amount of the employer's contribution at an amount not less than the amount required under Section 22892(b) of the Act, and

SECTION 2. The City of Agoura Hills is a special district contracting under the Act;

SECTION 3. The employer's contribution for each employee or annuitant shall be the amount necessary to pay the cost of his/her enrollment, including the enrollment of his/her family members, in a health benefit plan, up to a maximum of \$97.00 per month beginning July 1, 2008 through December 31, 2008 plus administrative fees and Contingency Reserve Fund assessments through December 31, 2008.

PASSED, APPROVED, AND ADOPTED on this 14th day of May, 2008, by the following vote to wit:

AYES: ()
NOES: ()
ABSTAIN: ()
ABSENT: ()

John M. Edelston, Mayor

ATTEST:

Kimberly M. Rodrigues, City Clerk