



**CITY COUNCIL SPECIAL MEETING
AGENDA
August 7, 2014 5:30 PM
Council Chambers, Civic Auditorium
400 N. Douty Street**

SPECIAL MEETING - 5:30 PM

CLOSED SESSION WILL BEGIN IMMEDIATELY FOLLOWING THE REGULAR AGENDA

ROLL CALL BY THE CITY CLERK:

FLAG SALUTE:

PUBLIC COMMENT:

Any person may directly address the Council at this time on any item on the agenda, or on any item that is within the subject matter jurisdiction of the Council. A maximum of five minutes is allowed for each speaker.

Written Correspondence:

1. CONSENT CALENDAR:

All items listed under the Consent Calendar are considered routine and will be enacted by one motion (**ROLL CALL VOTE required**). For discussion of an item on the Consent Calendar, it will be removed at the request of any member of the City Council or any person in the audience and made a part of the regular agenda.

- A.** City Manager: Adopt Resolution 14-47-R Electing to Cease to be Subject to the Public Employee's Medical and Hospital Care Act to be delivered to PERS allowing the City of Hanford to discontinue Employee Health Insurance Coverage through the Public Employee Retirement System

ADJOURN TO CLOSED SESSION

CLOSED SESSION

2. CLOSED SESSION FOR DISCUSSION OF THE FOLLOWING:

- A.** CONFERENCE WITH LABOR NEGOTIATORS – Pursuant to Government Code 54957.6

Agency designated representatives:
Darrel Pyle, Robert Dowd, and Mario Zamora

Employee Organization:
Hanford Firefighters Local 3898, IAFF

3. CLOSED SESSION ACTION REPORT:

- A.** Closed Session Action Report

ADJOURNMENT:

Materials related to an item on this Agenda submitted to the City Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office located at 319 N. Douty Street, Hanford, California 93230, during normal business hours. City Council Agendas and materials are also available at the City's website, www.cityofhanfordca.com; subject to staff's ability to post the agenda before the meeting.

If you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, please contact the City Clerk's office, 559-585-2515, 319 N. Douty Street, Hanford, California 93230, at least 2 days prior to the meeting {28 CFR 35.102.35.104 ADA Title II}



AGENDA STAFF REPORT

MEETING DATE: 8/7/2014

AGENDA SECTION: 1. A.

SUBJECT:

City Manager: Adopt Resolution 14-47-R Electing to Cease to be Subject to the Public Employee's Medical and Hospital Care Act to be delivered to PERS allowing the City of Hanford to discontinue Employee Health Insurance Coverage through the Public Employee Retirement System

RECOMMENDATION:

That the City Council, by motion, adopt Resolution 14-47-R, a resolution of Non-renewal of employee health insurance coverage through the Public Employee Retirement System

BACKGROUND:

The City of Hanford provides employee health insurance coverage as a part of the standard benefit package available to all permanent full-time employees and elected officials. The City of Hanford pays 60% of the premiums for those who participate in the plan.

On or about July of each calendar year, PERS provides a renewal cost quote. The City, in its efforts to obtain the most cost-effective coverage attempts to obtain other market quotes in a cost comparison. PERS does not provide any utilization history required by most carriers before they provide a quote for new coverage, which puts the City of Hanford at a great disadvantage when shopping for alternative coverage.

Through our Broker of Record, Gallagher, the City of Hanford was able to obtain a quote from a Joint Powers Authority (SJVIA) for a self-insured solution to health coverage. The San Joaquin Valley Insurance Authority has provided a quote for next calendar year that is roughly equal to the rate paid by the City this calendar year. This quote will allow the City to avoid an 11.9% rate increase proposed by PERS to be effective January 1, 2015. This equates to a savings of roughly \$265,000 per calendar year. The JPA will also allow the City of Hanford to develop utilization history that will provide the market the ability to quote the City coverage rates in the future, assuring the City the most competitive coverage available.

The levels of types of coverage quoted are nearly identical to the coverage currently enjoyed by plan participants. Both PPO and HMO plan options are available through the JPA, and retiree coverage is available in the JPA until medi-care eligibility is achieved. Post medi-care coverage will be made available through our Broker of Record so that no current plan participants experience any loss of coverage.

The City of Hanford has and does provide a retiree health benefit of \$119.00 per month for those who choose to participate. At present, 43 retirees are covered, with 16 of those covered being medi-care eligible. Staff proposes no change in this current level of support. Should the City Council adopt the Resolution of Non-renewal, staff will develop side-letters to our Memorandums of Understanding with all bargaining units addressing the current benefit.

Once the City chooses to leave PERS coverage, we will be precluded from returning for five years. We could return after year five with no penalty, and would be paying the exact same rate we would have paid had we never opted out of the plan. This insures little risk under this scenario.

The rates quoted by the SJVIA include a guarantee that for the following two years, our rates will not increase by an amount in excess of the increases experienced by the balance of the existing plan participants. The SJVIA has a demonstrated history of pool premium increases of 4% annually, and may

experience a zero percent increase in 2015. We would only be subject to increases in year four and five based on our own utilization history that would not be greater than 5% greater than that of the pool.

FISCAL IMPACT:

Budget savings of \$265,000 per calendar year, of which \$190,000 would be recognized by the General Fund

ATTACHMENTS:

Description

☐ Resolution

RESOLUTION NO. 14-47-R

**A RESOLUTION OF THE CITY OCOUNCIL OF THE CITY OF HANFORD
ELECTING TO CEASE TO BE SUBJECT TO THE PUBLIC EMPLOYEE'S MEDICAL
AND HOSPITAL CARE ACT**

WHEREAS, Government Code §22938 provides that a local agency which has elected to be subject to the Public Employees' Medical and Hospital Care Act may cease to be so subject by proper application by the local agency; and

WHEREAS, City of Hanford, hereinafter referred to as Public Agency, is a contracting agency under the Act, which has elected to be subject to the provision of the Act.

NOW, THEREFORE BE IT RESOLVED, that the Public Agency elects to cease to be subject to the provisions of the Act; and

BE IT FURTHER RESOLVED, that the coverage of the act ceases on December 31, 2014.

PASSED, APPROVED, AND ADOPTED this ____ day of August, 2014 by the following vote:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

APPROVED:

MAYOR of the City of Hanford

Attest:

JENNIFER GOMEZ
CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF KINGS) ss
CITY OF HANFORD)

I, Jennifer Gomez, City Clerk of the City of Hanford, do hereby certify the foregoing Resolution was duly passed and adopted at a special meeting of the City Council of the City of Hanford held on the ____ day of _____, 2014.

Date: _____

City Clerk