

**\*\*\*NOT YET APPROVED\*\*\***

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE COUNCIL OF THE CITY OF PALO ALTO  
FIXING THE EMPLOYER'S CONTRIBUTION UNDER THE  
PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT  
WITH RESPECT TO MEMBERS OF LOCAL 521, SERVICE  
EMPLOYEES' INTERNATIONAL UNION AND  
RESCINDING RESOLUTION 8669

WHEREAS, Government Code Section 22825.6 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 the Section 22825 of the Act; and

WHEREAS, Government Code Section 22857 provides that a contracting agency may fix the amount of the employer's contribution for employees and the employer's contribution for annuitants at different amounts provided that the monthly contribution for annuitants shall be annually increased by an amount not less than 5 percent of the monthly contribution for employees, until such time as the amounts are equal; and

WHEREAS, the City of Palo Alto is a local agency contracting under the Act for participation by members in Local 521, Service Employees' International Union (SEIU); and

WHEREAS, pursuant to Resolution No. 7539 the City Council fixed the City's employer contribution in accordance with the Act; and

WHEREAS, pursuant to discussions with the CalPERS Board and its staff, the City in June, 2001 adopted new resolutions (No. 8072) fixing the City's employer contribution under the Act, to better reflect the intent of both the City and CalPERS under the Act; and

WHEREAS, the City now desires to change its employer contributions in accordance with Government Code section 22825 and 22825.6 to cap its contribution at specified dollar amounts and desires that PERS continue to apply the same agreed upon five percent (5%) annual increase calculation for the City's contribution to annuitant dependents (now incorporating the specified premium caps).

NOW, THEREFORE, the Council of the City of Palo Alto does RESOLVE as follows:

SECTION 1. That as of January 1, 2008 the employer's contribution for each employee shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of his/her family members in a health benefits plan up to a maximum of the monthly medical premium for the second most expensive medical plan among the existing array of plans available within the Bay Area/Sacramento region, plus administrative fees and Contingency Reserve Fund Assessments.

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SECTION 2. The City's employer contribution for each annuitant hired before January 1, 2005 shall be 100% of the single party premium up to a maximum of the monthly medical premium for the second most expensive medical plan among the existing array of plans available within the Bay Area/Sacramento region. Effective January 1, 2008, the City's contribution for one dependent of an annuitant will be seventy-five percent (75%) of the difference between the applicable single party premium and the applicable two-party premium, up to a maximum of the monthly medical premium for the second most expensive medical plan among the existing array of plans available. The City's contribution for more than one dependent of an annuitant (in 2008) will be seventy-five percent (75%) of the difference between the applicable single party premium and the applicable family premium, up to a maximum of the monthly medical premium for the second most expensive medical plan among the existing array of plans available. Each subsequent year, the percentage of the City's contributions for dependents will increase by five percent (5%) (e.g., 80% in 2009, etc.) of the difference between the single party premium and the two-party premium or family premium, as applicable, until such time as the City contributes the same percentage of the applicable premium for annuitants and their dependents.

SECTION 3. For employees hired on or after January 1, 2005 the vesting schedule set forth in Government Code section 22893 will apply to the City's employer contribution for each annuitant.

SECTION 4. Resolution No. 8669 is hereby rescinded.

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SECTION 5. The Council finds that this is not a project under the California Environmental Quality Act (“CEQA”), therefore, no environmental impact assessment is necessary.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Deputy City Attorney

\_\_\_\_\_  
Mayor

APPROVED:

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
Director of Human Resources

\_\_\_\_\_  
Director of Administrative Services