



**DATE:** December 5, 2023

**TO:** Mayor and City Council

**FROM:** Director of Human Resources

**SUBJECT** Adopt a Resolution Establishing the City Contribution for Active and Retiree Medical Premiums Set by the California Public Employee Retirement System (CalPERS) for Calendar Year 2024 Pursuant to California Government Code Section 22892 of the Public Employees' Medical and Hospital Care Act

**RECOMMENDATION**

That the City Council adopts a resolution (Attachment II) authorizing the implementation of the mandatory minimum employer contributions to active and retiree medical premiums for calendar year 2024.

**SUMMARY**

The minimum employer contribution to the medical premiums of active and retired employees has increased from the current 2023 calendar year amount of \$151.00 to \$157.00 for calendar year 2024. This contribution amount is adjusted annually by CalPERS.

**BACKGROUND AND DISCUSSION**

The City contracts with CalPERS to provide quality health care benefits to its active and retired employees. California Government Code Section 22892 of the Public Employees Medical and Hospital Care Act (PEMHCA) establishes the minimum employer medical contribution. The CalPERS Board annually adjusts the employer contribution to reflect any change in the Medical Care Component of the Consumer Price Index, rounded to the nearest dollar. The table below shows the minimum employer contribution required by CalPERS for the last six years, and the 2024 rate:

<b>Calendar Year</b>	<b>Employer Contribution</b>
2018	\$133.00
2019	\$136.00
2020	\$139.00
2021	\$143.00
2022	\$149.00
2023	\$151.00
2024	\$157.00

This action is necessary to meet the requirement that the governing body adopt a resolution agreeing to the minimum contribution amount established by CalPERS.

The City currently contributes to medical premiums in accordance with the terms of the existing agreements between each of the bargaining units, based on the health plan and family status employees elect and for which they are eligible. For both retirees and active employees, the total amount the City contributes towards medical benefit premiums exceeds the statutory minimum contribution required by CalPERS.

### **FISCAL IMPACT**

This action is for administrative purposes only. There is no fiscal impact associated with this report because the City's current contribution toward employee medical premiums as provided for in applicable Memoranda of Understanding has already been established and this action does not provide an increase to the current total City contribution towards medical premiums.

### **STRATEGIC INITIATIVES**

This agenda item is a routine operational item and does not relate to one of the City Council's Strategic Initiatives.

### **NEXT STEPS**

The change in the PEMHCA minimum will be reflected in the City's Benefits Summary effective January 1, 2024.

*Prepared by:* Cheryl Vance, Human Resources Analyst II

*Recommended by:* Brittney Frye, Director of Human Resources

Approved by:



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Kelly McAdoo, City Manager