



# CITY COUNCIL AGENDA STATEMENT



**June 19, 2018**

**File ID: 18-0250**

## **TITLE**

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA ADOPTING A POST-EMPLOYMENT HEALTH PLAN FOR ELIGIBLE PUBLIC EMPLOYEES

## **RECOMMENDED ACTION**

Council adopt the resolution.

## **SUMMARY**

In response to requests from staff to address the cost of health care post-retirement, the Human Resources Department is proposing to enter into a Post Employment Health Plan with Nationwide Retirement Solutions ("Nationwide" or "NRS") for Senior Management and Executive Management employees at no cost to the City.

## **ENVIRONMENTAL REVIEW**

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

## **BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

Not applicable.

## **DISCUSSION**

In response to requests from staff to address the cost of health care post retirement, the Human Resources Department is proposing to enter into a Post Employment Health Plan ("PEHP") with Nationwide for Senior Management and Executive employees at no cost to the City.

PEHP is a tax-exempt Voluntary Employee's Beneficiary Association ("VEBA") Trust, which provides employee benefits pursuant to IRC Code section 501(c)(9). A PEHP creates a defined contribution health reimbursement program that allows for money to be set aside to pay for future medical expenses. All contributions, accumulations, and reimbursements are tax exempt. PEHP allows for the reimbursement of medical insurance premiums and out-of-pocket medical costs, including prescription drugs, co-pays, and eyeglasses.

A PEHP may be funded with Employer contributions, mandatory Eligible Employee contributions or combination of both on behalf of the eligible employees in a manner permitted under the Plan, but with regard to the proposed PEHP it will be funded with mandatory eligible employee contributions, specifically any unused vacation balances due to the employee at the time of retirement will be rolled over into the PEHP.

Currently the Police Officers Association bargaining group participates in a PEHP where biweekly contributions are made during the course of employment and 100% of vacation balances are placed into a PEHP at the time of retirement. Additionally, all labor groups have been provided with information about Nationwide's PEHP and have the ability to participate and design a plan that meets their members' needs, if they elect to do so.

#### **DECISION-MAKER CONFLICT**

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

#### **LINK TO STRATEGIC GOALS**

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. This employee-funded benefit supports Operational Excellence as it provides an additional benefit that will help attract and retain quality employees.

#### **CURRENT-YEAR FISCAL IMPACT**

No Impact to the General Fund as the post-employment health plan will be funded with mandatory eligible employee contributions, specifically any unused vacation balances due to the employee at the time of retirement.

#### **ONGOING FISCAL IMPACT**

No Impact as noted above.

#### **ATTACHMENTS**

Resolution

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