



CITY COUNCIL AGENDA STATEMENT



December 10, 2019

File ID: 19-0558

TITLE

- A. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA ADOPTING THE FIRST AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY AND MID MANAGERS PROFESSIONAL ASSOCIATION COVERING THE PERIOD OF DECEMBER 18, 2018 TO JUNE 30, 2020 REGARDING ADDITION OF A POST EMPLOYMENT HEALTH PLAN (PEHP)
- B. 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 resolutions.

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 the Middle Manager/Professional bargaining group represented 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 Middle Manager/Professional bargaining group represented employees at no cost to the City and amending the labor agreement as appropriate.

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 expenses such as health, vision, dental, long term care, Medicare Part B and COBRA continuation.

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 Senior Managers and Executives have elected to participate in a similarly designed PEHP. Additionally, 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. 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.

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

1. First Amendment to MOU Between the City and MM/PR Covering the Period of December 18, 2018 to June 30, 2020 Regarding Addition of a Post Employment Health Plan (PEHP)

Staff Contact: Courtney Chase