



**AGENDA
SPECIAL MEETING
CHOWCHILLA CITY COUNCIL**

Council Chambers, Chowchilla City Hall
130 S. Second Street, Chowchilla, CA 93610

January 23, 2018

Agendas for all City Council meetings are posted at least 72 hours prior to the meeting at the Civic Center, 130 S. Second St., Written communications from the public for the agenda must be received by Administrative Services no less than 7 days prior to the meeting date.

Any writing or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection at the City Clerk's Counter. In addition, most documents will be posted on the city website at www.CityofChowchilla.org.

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CALL TO ORDER

ROLL CALL:

Mayor: Dennis Haworth

Mayor Pro Tem: Ray Barragan

Council: Waseem Ahmed, John Chavez, Mary Gaumnitz

City staff and contract employees present at the meeting will be noted in the minutes

OPEN SESSION – 7:00 PM

PLEDGE OF ALLEGIANCE:

INVOCATION:

PUBLIC ADDRESS

This time is reserved for members of the audience to address the City Council on items of interest that are **not** on the Agenda and that are within the subject matter jurisdiction of the Council.

It is recommended that speakers limit their comments to **no more than 3 minutes** each and it is requested that no comments be made during this period on items on the Agenda. Members of the public wishing to address the Council on items on the Agenda should notify the Mayor when that Agenda item is called.

The Council is prohibited by law from taking any action on matters discussed that are not on the Agenda. No adverse conclusions should be drawn if the Council does not respond to public comment at this time.

Speakers are asked to please **use the microphone and provide their name for the record**. Prior to addressing the Council, any handouts are to be provided to City Clerk who will distribute them to the Council and the appropriate staff.

CONSENT – Section 3

3.0 A City Council Resolution Approving and Adopting Changes to the City of Chowchilla Medical and Dental Insurance Plan Options and Premium Rates and Contributions (Ritchie/McClendon)

ADJOURNMENT

I, Joann McClendon, CMC, City Clerk, do hereby declare under penalty of perjury that the foregoing agenda was posted at the Chowchilla City Hall, 130 S Second Street, Chowchilla, CA and made available for public review on this 22nd day of January 2018 at or before 6:00 p.m.

Joann McClendon, CMC
City Clerk



Item 3.0

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REPORT TO THE CITY COUNCIL

Special Meeting of: January 23, 2018

AGENDA SECTION: Consent

SUBJECT: Consideration of A Resolution Of The City Council Of The City Of Chowchilla, California Approving And Adopting Changes To The City Of Chowchilla Medical Insurance Plan Options And Premium Rates And Contributions

PREPARED BY: David Ritchie, City Attorney; Joann McClendon, City Clerk / HR Manager

ATTACHMENTS: Insurance Rate Medical Cost Analysis

REVIEWED BY ADMINISTRATOR

REVIEWED BY ATTORNEY

REVIEWED BY FINANCE

RECOMMENDATION:

That the City Council Approve the resolution adopting changes to the City Health Insurance program, and increases to the agreed-upon employee and City share of costs.

BACKGROUND:

The City of Chowchilla has, for many years, offered health insurance options to employees, for which both the City and Employee contribute a share of the premium costs. These health insurance plans and premiums, while they are a mandatory subject of bargaining with represented employees, dealt within an Insurance Committee made up of representatives from all bargaining units/employees of the City. Any changes to insurance rates, or plan options, deductibles or available plans are delegated by way of the language in bargaining unit MOU documents to this Committee so that they can be handled expeditiously and without a need to enter into negotiations with four separate and distinct groups. Instead, because the health insurance plans and premiums affect all employees in the same way, the Committee exists to deal with those changes for all employees at once.

In 2017, the City offered several plans, and employees could select a plan and each would pay a portion of the premium cost for the selected plan.

In 2018, Gallagher Benefit Services, Inc., the City’s Insurance broker, notified the City that the total cost of medical premiums was increasing by 7% over prior year rates, and an additional buy-up plan option was to be offered; the dental insurance increased by 4%. The Insurance Committee convened to discuss the plan changes, including the increase in premium costs and new plan option. Following that meeting, it was agreed that no change to the existing formula would occur – the City and the employees agreed to the 7% increase over the 2017 medical rates and the 4% increase of the dental insurance rates for the new plan year.

Because the plan offered a “Platinum” level option, new to the City; the Committee discussed how to handle the relatively higher total premium cost of that new plan option. The Committee determined to recommend that employees selecting the “Platinum” plan could do so, however the City’s contribution would be capped

at the contribution rate for the “Gold” plan, the previous high option. This meant that employees could opt to select a more comprehensive plan but the additional cost for exercising that option would be at the employee’s own cost and would not cost the City more in premium contributions than for the Gold plan for 2018.

REASON FOR RECOMMENDATION:

The City Council has previously approved MOU agreements delegating handling of health plan option and premium increases to the Insurance Committee instead of individually negotiating over changes that affect all employees with individual bargaining units. It is recommended, given that the proportional share of premium costs is unchanged for the 2018 plan year, that the City Council approve the increased contribution to medical costs that result from the increase to the total premium.

FISCAL IMPACT:

All numbers are approximate due to age (for medical) and plan variables (for medical and dental).

In 2017, the total cost of medical plan premiums for all employees was \$464,115 – of this, \$352,243 was Employer Contributions and \$111,872 were Employee Contributions.

Based on the 2017 totals, the 2018 rates will be \$496,603 for the total cost of medical plan premiums – of that \$376,900 will be Employer Contributions and \$12,703 will be Employee Contributions. The new rates will vary based on age and plan enrollment.

As for the dental rates, in 2017 the total cost of dental plan premiums for all employees was \$61,668 – of this, \$49,872 was Employer Contributions and \$11,796 were Employee Contributions.

Also based on the 2017 totals, the 2018 rates will be \$64,134 – of this, \$51,867 will be the Employer Contribution and \$12,268 will be the Employee Contributions.

The City budgets for increases to health plans annually and for the 2018 plan year, budgeted 3% to accommodate anticipated increases to premium costs.

ALTERNATIVES:

Not to approve the continuation of the same formula for health costs, and to direct the City staff to notify the bargaining units of a proposed change in the formula for dividing premiums between employer and employee contributions. At which time the City would enter into negotiations with the bargaining groups.

ACTIONS FOLLOWING APPROVAL:

Notify bargaining units of Council Approval.

COUNCIL RESOLUTION # -18

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHOWCHILLA, CALIFORNIA APPROVING AND ADOPTING CHANGES TO THE CITY OF CHOWCHILLA MEDICAL AND DENTAL INSURANCE PLAN OPTIONS AND PREMIUM RATES AND CONTRIBUTIONS

WHEREAS, The City of Chowchilla and employees of the City have, for many years maintained a health and welfare benefit program; and

WHEREAS, the City and Employees have divided the premium cost for such health and welfare benefits for medical benefits wherein the City pays a portion of the premium costs and the employees contribute a portion of premium costs for medical and dental coverage; and

WHEREAS, the total medical premium costs for plan year 2018 have risen approximately 7%; and

WHEREAS, the total dental premium costs for plan year 2018 have risen approximately 4%; and

WHEREAS, the City's provider has identified additional plan options (Platinum level coverage) that may be made available for City employees in the 2018 plan year; and

WHEREAS, the City of Chowchilla and represented employee groups have previously agreed in the MOU documents to convene an Insurance Committee to discuss changes in health, dental, vision and life insurance plan options and premiums; and

WHEREAS, the Insurance Committee met to discuss the changes to plan options and premium increases for plan year 2018; and

WHEREAS, the Insurance Committee recommends, following completion of meetings with employee group representatives on the Committee, and the employee groups concur, that the proportional share of premiums remain the same as between the City and Employees for Plan Year 2018; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Chowchilla hereby finds and determines the following:

1. The City's contribution percentage shall rise 7% of the total premium cost for medical insurance and 4% for dental insurance coverage during plan year 2018.
2. That the City shall adjust the total cost of the percentage of premium to include the 7% increase to the total health premium and 4% for the total dental premium.
3. That the City's cost for those employees that elect to enroll in "Platinum" level coverage shall be no greater than if those employees had enrolled in the "Gold" level plan, with the employee paying all additional costs beyond the "Gold" plan level premium.
4. This resolution is effective immediately upon adoption.

PASSED AND ADOPTED by the City Council of the City of Chowchilla this 23rd day of January, 2018 by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Dennis Haworth, Mayor

ATTEST:

Joann McClendon, CMC
City Clerk