

San Geronio Pass Water Agency

DATE: September 27, 2021

TO: Board of Directors

FROM: Lance Eckhart, General Manager

BY: Tom Todd, Jr., Chief Financial Officer

SUBJECT: **Resolution 2021-16, Fixing the Employer Contribution for Health Care Coverage**

RECOMMENDATION

Approve Resolution 2021-16, changing the maximum amount of the contribution made by the San Geronio Pass Water Agency to Health Care Coverage for the General Manager.

PREVIOUS CONSIDERATION

The Board recently approved a change in the General Manager's contract to allow him to select similar health care coverage as the rest of the employees, if he so chooses.

BACKGROUND

By Board resolution, as required by CalPERS, two classes of health care coverage are provided to employees of the Agency. Previous General Managers have selected, with Board approval, a Preferred Provider Organization (PPO) for their health care coverage, and the other employees have had a number of plans available, including Health Maintenance Organizations (HMO), Kaiser, and traditional plans.

In the past, PPO plans were more expensive than HMOs and other plans. However, in recent years, the cost of the various coverages has changed, so currently a PPO is less expensive than an HMO.

The resolution required by CalPERS, passed by the Board, specifies the health care plan that represents the maximum amount the Agency will contribute to the health care coverage of Agency employees. At the present time, this determination puts the General Manager at a disadvantage, so he is not able to select a health care plan that is as comprehensive as other employees.

The purpose of this updated resolution is to meet CalPERS requirements, and to formalize the recent Board decision to modify the General Manager's contract to allow him to select a health care plan that is as comprehensive as what is allowed for other employees.

ANALYSIS

Staff have reviewed the various health care plans available, and the costs associated with these plans, and determined that the Blue Shield Region 3 Family Plan is consistent with previous Board policy, and that choosing this plan as the maximum the Agency will provide will implement their recent decision, and provide the General Manager with health care coverage commensurate with other employees.

FISCAL IMPACT

This resolution specifies the plan that represents the maximum amount the Agency will contribute to each employee's health care coverage. If the General Manager chooses to change plans, the effective date of the change will be January 1, 2022. If he chooses the referenced plan, there will be about a \$3,000 increase in Agency health care expense, divided between the General Fund and the Debt Service fund. This would be the maximum increase to the Agency. If he chooses any other plan, the cost to the Agency would be less of an increase, and would vary according to the plan chosen.

ACTION

The Board approve Resolution 2021-16.

ATTACHMENTS

Resolution 2021-16

**RESOLUTION 2021-16
FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL
AMOUNT FOR EMPLOYEES AND ANNUITANTS UNDER THE
PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
RESCINDING RESOLUTION 2019-04**

WHEREAS, (1) The San Geronio Pass Water Agency is a contracting agency under Government Code 22920 and subject to the Public Employees' Medical and Hospital Care Act ("the Act"); and

WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to the Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, (3) Government code section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by section 22892(b) of the Act; therefore be it

RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of:

<u>Code</u>	<u>Bargaining Unit</u>	<u>Contribution Per Month</u>
01	General Manager	Blue Shield Region 3 Family Basic (Party Rate 3)
02	Administrative Staff	Blue Shield Region 3 Family Basic (Party Rate 3)

Plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (b) The San Geronio Pass Water Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of the San Geronio Pass Water Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that the San Geronio Pass Water Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and be it further

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, the Secretary of the Board to file with the Board a verified copy of this resolution, and to perform on behalf of the San Geronio Pass Water Agency all functions required of it under the Act.

Adopted at a regular meeting of the San Geronio Pass Water Agency at Beaumont,
California this 27th day of September, 2021.

Signed: _____

(President, Stephen J. Lehtonen)

Attest: _____

(Secretary, Lance E. Eckhart)

Adopted September 27, 2021
