



CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

August 8, 1985

FA:85372

BUDGET DIVISION

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

Subject: Amendment of 1985-86 Budget for Retiree/Transferred Employee
Medical Expenses

SUMMARY

The City of Sacramento currently provides retiree insurance coverage at a rate equal to the monthly cost of Travelers Insurance Company Plan II. The monthly rates for this plan were recently increased, requiring an augmentation to the 1985-86 Approved Budget. The attached report and resolution implements this change and requires that, in the future, the City Council take affirmative action to modify the retiree insurance coverage program.

RECOMMENDATION

It is requested that the Budget and Finance Committee recommend Council approval of the attached report and resolution which:

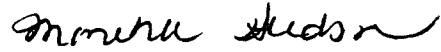
1. Amends the 1985-86 Approved Budget by transferring an additional \$82,985 to the Retiree/Transferred Employees Budget as follows:

<u>Fund</u>	<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General	101-7012-0000-4599	101-7080-0000-4123	\$ 62,591
Parking	412-7012-0000-4599	412-7080-0000-4123	770
Water	413-7012-0000-4599	413-7080-0000-4123	5,368
Sewer	414-7012-0000-4599	414-7080-0000-4123	3,521
Solid Waste	415-7012-0000-4599	415-7080-0000-4123	6,863
Golf	418-7012-0000-4599	418-7080-0000-4123	1,662
Comm Ctr	419-7012-0000-4599	419-7080-0000-4123	607
Fleet Mgt	420-7012-0000-4599	420-7080-0000-4123	1,603

			\$ 82,985
			=====

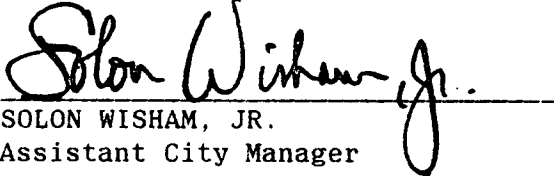
2. Amends Resolution 83-936 by adding the requirement that the City Council annually review and approve the retiree dollar contribution rate for the employee-only benefits provided by the Travelers Insurance Plan II and retiree dental plan.

Respectfully submitted,



MONIKA HUDSON
Senior Management Analyst

RECOMMENDATION APPROVED:



SOLON WISHAM, JR.
Assistant City Manager



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Honorable Members in Session:

Subject: Amendment of 1985-86 Budget for Retiree/Transferred Employee
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SUMMARY

The City of Sacramento currently provides retiree insurance coverage at a rate equal to the monthly cost of Travelers Insurance Company Plan II. The monthly rates for this plan were recently increased, requiring an augmentation to the 1985-86 Approved Budget. The attached resolution implements this change and requires that, in the future, the City Council take affirmative action to modify the retiree insurance coverage program.

BACKGROUND

In 1983, staff analyzed various retiree health coverage plans and determined that the most efficient coverage could be provided by the Travelers Insurance Company. The City Council subsequently adopted resolution 83-936 which established that retiree insurance benefits would be provided by Travelers at a contribution rate of \$48.98 per month for "Plan II-Employee Only" coverage. This resolution also instituted a policy whereby the Travelers' rate would henceforth be the City's dollar contribution rate.

ANALYSIS

Travelers Insurance Plan II-Employee Only costs were recently increased from \$48.98 to \$55.30 per month for each retired employee. The original budget estimate for this non-departmental account did not assume this level of increase and it was subsequently not factored into the 1985-86 Proposed Budget request. In addition, due to the language contained in Resolution 83-936, the contribution amount automatically changes with the fluctuation of the Travelers Plan II-Employee Only premium. This means that the City Council does not take affirmative action to revise the premium nor to weigh the implications of any premium change in the context of their reviewing and approving the overall budget.

FINANCIAL

The 1985-86 Approved Budget contains \$1,207,995 for the total retiree benefit program, including \$798,397 for health insurance costs, \$389,028 in pre-1935 City retiree costs, \$20,570 in transferred City/County retiree expenses, and \$128,665 for the new dental plan. Revised retiree program expenses total \$1,290,980, including \$1,162,315 for health related costs (the dental premium remains the same). The Approved Budget amount for this unit is therefore underbudgeted by \$82,985. Funding for the augmentation will be provided by the General Fund Contingency and the affected Enterprise and Internal Service Funds fund balances (see the Recommendation section for detail.).

RECOMMENDATION

It is recommended that the City Council approve the attached resolution which:

1. Amends the 1985-86 Approved Budget by transferring an additional \$82,985 to the Retiree/Transferred Employees Budget as follows:

<u>Fund</u>	<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General	101-7012-0000-4599	101-7080-0000-4123	\$ 62,591
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Golf	418-7012-0000-4599	418-7080-0000-4123	1,662
Comm Ctr	419-7012-0000-4599	419-7080-0000-4123	607
Fleet Mgt	420-7012-0000-4599	420-7080-0000-4123	1,603

			\$ 82,985
			=====

2. Amends Resolution 83-936 by adding the requirement that the City Council annually review and approve the retiree dollar contribution rate for the employee-only benefits provided by the Travelers Insurance Plan II and retiree dental plan.

Respectfully submitted,

Monika Hudson

MONIKA HUDSON
Senior Management Analyst

RECOMMENDATION APPROVED:

Walt Slipe

WALT SLIPE
City Manager

August 27, 1985
All Districts

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

RESOLUTION AMENDING THE 1985-86 APPROVED BUDGET FOR ADDITIONAL RETIREE/TRANSFERRED BENEFIT COSTS AND RESOLUTION 83-936 TO REQUIRE THAT THE COUNCIL ANNUALLY REVIEW AND APPROVE THE LEVEL OF RETIREE EMPLOYEE-ONLY COSTS

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. The 1985-86 Approved Budget is hereby amended by transferring an additional \$82,985 to the Retiree/Transferred Employees Budget as follows:

<u>Fund</u>	<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General	101-7012-0000-4599	101-7080-0000-4123	\$ 62,591
Parking	412-7012-0000-4599	412-7080-0000-4123	770
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Fleet Mgt	420-7012-0000-4599	420-7080-0000-4123	1,603

			\$ 82,985
			=====

2. Resolution 83-936 is hereby amended with the addition of Section 2 which states "that the City Council shall annually review and approve the retiree dollar contribution rate for the employee-only benefits provided by the Travelers Insurance Plan II and retiree dental plan."

MAYOR

ATTEST:

CITY CLERK