

City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2018-01250

October 16, 2018

Consent Item 09

Title: (Housing Authority/City Council) Approval of Amendments to Collective Bargaining Agreements between the Sacramento Housing and Redevelopment Agency (SHRA), the American Federation of State, County, and Municipal Employees (AFSCME) and the Sacramento Housing and Redevelopment Agency Employees Association (SHRAEA) related to Health Insurance Contributions [Published for 10-Day Review 10/04/2018]

Location: Citywide

Recommendation: Pass: 1) a City Council Resolution: a) approving amendments to the Collective Bargaining Agreements between the Sacramento Housing and Redevelopment Agency (SHRA) and AFSCME, and SHRA and the SHRAEA employee unions related to health insurance contributions; b) authorizing the Executive Director to make minor changes or adjustments to exhibits in order to correct omissions and errors; c) making related findings, and 2) a Housing Authority Resolution: a) approving amendments to the Collective Bargaining Agreements between the Sacramento Housing and Redevelopment Agency (SHRA) and AFSCME, and SHRA and the SHRAEA employee unions related to health insurance contributions; b) authorizing the Executive Director to make minor changes or adjustments to exhibits in order to correct omissions and errors; c) making related findings.

Contact La Shelle Dozier, Executive Director, (916) 440-1319: James Shields, Director of Administration, (916) 440-1319, Sacramento Housing and Redevelopment Agency

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-City Council Resolution
- 3-Housing Authority Resolution
- 4-Exhibit A to Resolution

Description/Analysis

Issue Detail: Issue Detail: Approximately 170 of the employees of SHRA are members of either AFSCME or SHRAEA unions. The current AFSCME and SHRAEA Collective Bargaining Agreements (Agreements) contain no provision to increase the medical allowance contributions for the period of January 1, 2016 through December 31, 2020. As the AFSCME Agreement contained a re-opener option in 2018 to discuss medical allowances, SHRA staff and AFSCME began negotiations in June related to this item. A tentative agreement related to an increase in the medical contribution was reached on August 21, 2018. The AFSCME membership voted to approve the tentative agreement on September 18, 2018. The same change is proposed for the members of the SHRAEA. This report recommends that the City Council and Housing Authority Board of the City of Sacramento authorize changes to the AFSCME and SHRAEA Collective Bargaining Agreements related to health insurance as outlined below:

Cafeteria/group insurance contributions - Currently contributions are set at the following levels for health and/or dental benefit costs:

1. Employee only: \$659.27 per month
2. Employee plus one: \$975.00 per month
3. Employee plus two or more: \$1,400.00 per month

Effective January 1, 2019, the SHRA's designated group insurance contribution for regular and limited-term, full-time employees for health and/or dental benefit costs is proposed to be increased as follows:

1. Employee only: \$715.85 per month. Beginning January 1, 2020, the contribution shall be equal to the cost of the lowest cost HMO Plan at the employee-only level plus Dental DMO Plan for employee only per month
2. Employee plus one: \$1,180.00 per month
3. Employee plus two or more: \$1,535.00 per month

Employees not enrolled in a medical plan sponsored by SHRA shall be able to use up to \$200 per month to purchase full family dental, vision and/or individual life insurance covered by SHRA. Additional updated and clarifying language regarding eligibility is outlined in Exhibit A to the resolution.

Policy Considerations: The recommended actions in this report are consistent with SHRA policy and labor relations practices.

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed actions consist of governmental fiscal activities which do not involve a commitment to any specific project, and as such, does not constitute a “project” under the California Environmental Quality Act (CEQA) Guidelines at 14 California Code of Regulations section 15378(b)(4).

National Environmental Policy Act (NEPA): The proposed administrative and management activity is an exempt activity under the National Environmental Policy Act (NEPA) per 24 Code of Federal Regulations (CFR) section 58.34(a) (3).

Rationale for Recommendation: SHRA employee members of AFSCME voted to approve the proposed changes in medical allowances on September 18, 2018 and this report is recommending the same adjustments to the SHRAEA Agreement.

Financial Considerations: Adoption of the proposed increases in health insurance contributions for SHRA represented employees outlined in this report will result in an additional cost estimated at \$169,588. All benefit costs for the proposed increases will be incorporated into the 2019 SHRA Budget.

Local Business Enterprise (LBE): Not applicable.

RESOLUTION NO. 2018 -

Adopted by the Sacramento City Council

On date of

APPROVAL OF AMENDMENTS TO COLLECTIVE BARGAINING AGREEMENTS BETWEEN THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY, THE AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES (AFSCME) AND THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY EMPLOYEES ASSOCIATION (SHRAEA) RELATED TO HEALTH INSURANCE CONTRIBUTIONS

BACKGROUND

- A. The current AFSCME and SHRAEA Collective Bargaining Agreements (Agreements) contain no provision to increase the Sacramento Housing and Redevelopment Agency (Agency) medical allowance contributions for the period of January 1, 2016 through December 31, 2020. The AFSCME Agreement contained a re-opener option to occur in 2018 to discuss medical allowances.
- B. The Agency and AFSCME began negotiations in June of 2018 and reached a tentative agreement on the amendments on August 21, 2018. The AFSCME membership voted to approve the amended Agreement on September 18, 2018. This report is recommending the same adjustments to the SHRAEA Agreement.
- C. The proposed actions consist of governmental fiscal activities which do not involve a commitment to any specific project, and as such, does not constitute a “project” under the California Environmental Quality Act (CEQA) Guidelines at 14 California Code of Regulations section 15378(b)(4).
- D. The proposed administrative and management activity is an exempt activity under the National Environmental Policy Act (NEPA) per 24 Code of Federal Regulations (CFR) section 58.34(a)(3).

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. All of the evidence having been duly considered, the facts as presented and stated above, including the environmental facts and findings, as stated above, are found to be true and correct are hereby adopted.
- Section 2. Changes to the AFSCME and SHRAEA Collective Bargaining Agreements (Article 6.1 – Health Insurance) as outlined below are approved. Cafeteria/group insurance contribution may be used toward health and/or dental benefits. Effective January 1, 2019, the Agency’s designated group insurance contribution for regular and limited-term, full-time employees shall be as follows:

- (1) Employee only: \$715.85 per month. Beginning January 1, 2020 the contribution shall be equal to the cost of the lowest cost HMO plan at the employee-only level plus Dental DMO Plan for employee only per month.
- (2) Employee plus one: \$1,180.00 per month.
- (3) Employee plus two or more: \$1,535.00 per month.

Section 3. Agency employees not enrolled in an Agency-sponsored medical plan shall be eligible to use up to \$200 per month to purchase Agency-sponsored dental, full family vision, and/or life insurance. Additional clarification and eligibility language as outlined in Exhibit A is approved.

Section 4. The Executive Director is authorized to make minor changes or adjustments to correct minor errors and omissions.

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Exhibit A: Article 6 of AFSCME & SHRAEA AGREEMENTS

RESOLUTION NO.

Adopted by the Housing Authority of the City of Sacramento

On date of

APPROVAL OF AMENDMENTS TO COLLECTIVE BARGAINING AGREEMENTS BETWEEN THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY, THE AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES (AFSCME) AND THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY EMPLOYEES ASSOCIATION (SHRAEA) RELATED TO HEALTH INSURANCE CONTRIBUTIONS

BACKGROUND

- A. The current AFSCME and SHRAEA Collective Bargaining Agreements (Agreements) contain no provision to increase the Sacramento Housing and Redevelopment Agency (Agency) medical allowance contributions for the period of January 1, 2016 through December 31, 2020. The AFSCME Agreement contained a re-opener option to occur in 2018 to discuss medical allowances.
- B. The Agency and AFSCME began negotiations in June of 2018 and reached a tentative agreement on the amendments on August 21, 2018. The AFSCME membership voted to approve the amended Agreement on September 18, 2018. This report is recommending the same adjustments to the SHRAEA Agreement.
- C. The proposed actions consist of governmental fiscal activities which do not involve a commitment to any specific project, and as such, does not constitute a “project” under the California Environmental Quality Act (CEQA) Guidelines at 14 California Code of Regulations section 15378(b)(4).
- D. The proposed administrative and management activity is an exempt activity under the National Environmental Policy Act (NEPA) per 24 Code of Federal Regulations (CFR) section 58.34(a)(3).

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY RESOLVES AS FOLLOWS:

- Section 1. All of the evidence having been duly considered, the facts as presented and stated above, including the environmental facts and findings, as stated above, are found to be true and correct are hereby adopted.
- Section 2. Changes to the AFSCME and SHRAEA Collective Bargaining Agreements (Article 6.1 – Health Insurance) as outlined below are approved. Cafeteria/group insurance contribution may be used toward health and/or dental benefits. Effective January 1, 2019, the Agency’s designated group insurance contribution for regular and limited-term, full-time employees shall be as follows:

- (1) Employee only: \$715.85 per month. Beginning January 1, 2020 the contribution shall be equal to the cost of the lowest cost HMO plan at the employee-only level plus Dental DMO Plan for employee only per month.
- (2) Employee plus one: \$1,180.00 per month.
- (3) Employee plus two or more: \$1,535.00 per month.

Section 3. Agency employees not enrolled in an Agency-sponsored medical plan shall be eligible to use up to \$200 per month to purchase Agency-sponsored dental, full family vision, and/or life insurance. Additional clarification and eligibility language as outlined in Exhibit A is approved.

Section 4. The Executive Director is authorized to make minor changes or adjustments to correct minor errors and omissions.

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Exhibit A: Article 6 of AFSCME & SHRAEA AGREEMENT

AFSCME COLLECTIVE BARGAINING AGREEMENT

ARTICLE 6 – EMPLOYEE BENEFITS

6.1 HEALTH INSURANCE

a. Cafeteria/group insurance contribution may be used toward health and/or dental benefits. Effective January 1, 2019, the Agency's designated group insurance contribution for regular and limited-term, full-time employees shall be as follows:

- (1) Employee only: \$715.85 per month. Beginning January 1, 2020 the contribution shall be equal to the cost of the lowest cost HMO Plan at the employee-only level plus Dental DMO Plan for employee per month.
- (2) Employee plus one: \$1,180.00 per month
- (3) Employee plus two or more: \$1,535.00 per month

Employees are required to maintain health insurance coverage or provide proof of coverage elsewhere. Employees not enrolled in an Agency-sponsored medical plan **shall be able to use** up to \$200.00 per month to purchase Agency-sponsored dental, full family vision coverage, and/or life insurance pursuant to section 6.2.

Any employee who has opted out of health insurance and is receiving an opt-out payment of \$200.00 per month effective January 1, 2019, shall be entitled to continue to receive that cash opt-out amount for any period the employee continues to opt out of health insurance for the duration of the MOU. Such employees may apply any portion of the \$200.00 toward the Agency-sponsored dependent care reimbursement program, life insurance pursuant to Section 6.2, the employee's share of retirement contribution (for Classic PERS members only), and deferred compensation. No other employee is entitled to receive a cash opt out amount of any kind.

b. All employees who are regularly scheduled to a part-time position in the General Clerical and Service and the Operations and Maintenance Unit shall receive a pro rata Agency designated group insurance contribution based on the employee's regularly scheduled hours.

c. To be eligible for the Agency contribution under this Article the full-time employee must be paid for a minimum of forty (40) hours of work during the bi-weekly pay period for which the Agency contribution is made. If an employee fails to meet this criterion the Agency shall deduct from the employee's paycheck the amount in excess of the Agency contribution required for part-time employees by Section "c" of this article, in addition to any other employee deductions for health and dental insurance. If a deduction from the employee's paycheck cannot be made in its entirety, it is the responsibility of the individual employee to pay for the remaining amount. The Agency shall advance no more than three (3) months of health insurance

premiums. The employee shall reimburse the Agency for all such premiums paid by the Agency on a repayment schedule not to exceed 26 pay periods.

d. All employees covered by this Agreement shall be eligible for the employee-plus-one coverage under the Vision Care Plan "A".

e. The maximum health insurance contribution shall be \$430.00 per month and shall continue at \$430.00 per month for the duration of this Agreement. This contribution is included in the contribution amounts listed in Section 6.1(a) above.

Employees with proof of health insurance from another source may opt out of the health insurance and cafeteria plan.

SHRAEA COLLECTIVE BARGAINING AGREEMENT

ARTICLE 6 – EMPLOYEE BENEFITS

6.1 HEALTH INSURANCE

a. Cafeteria/group insurance contributions may be used toward health and/or dental benefits. Effective January 1, 2019 , the Agency's designated cafeteria/group insurance contribution for regular and limited-term full-time employees shall be as follows:

- (1) Employee Only: \$715.85 per month. Beginning January 1, 2020 the contribution shall be equal to the cost of the lowest cost HMO Plan at the employee-only level plus Dental DMO Plan for employee per month.
- (2) Employee plus one: \$1,180.00 per month
- (3) Employee plus two or more: \$1,535.00

Employees are required to maintain health insurance coverage or provide proof of coverage elsewhere. Employees not enrolled in an Agency sponsored medical plan **shall be able to use** up to \$200.00 per month to purchase Agency-sponsored dental, full family vision coverage, and/or life insurance pursuant to section 6.2.

Any employee who has opted out of health insurance and is receiving an opt-out payment of \$200.00 per month effective January 1, 2019, shall be entitled to continue to receive that cash opt-out amount for any period the employee continues to opt out of health insurance for the duration of the MOU. Such employees may apply any portion of the \$200.00 toward the Agency sponsored dependent care reimbursement program, life insurance pursuant to Section 6.2, the employee's share of retirement contribution (for Classic PERS members only), and deferred compensation. No other employee is entitled to receive a cash opt out amount of any kind.

b. All employees who are regularly scheduled to a part-time position in the Administrative and Technical Unit shall receive a pro rata Agency designated group insurance contribution based on the employee's regularly scheduled hours.

c. To be eligible for the Agency contribution under this Article the full-time employee must be paid for a minimum of forty (40) hours of work during the bi-weekly pay period for which the Agency contribution is made. If an employee fails to meet this criterion the Agency shall deduct from the employee's paycheck the amount equal to the Agency contribution, in addition to any other employee deductions for health and dental insurance. If this deduction from the employee's paycheck cannot be made in its entirety, it is the responsibility of the individual employee to pay for the remaining amount. Failure to do so before the end of the calendar month, including such paycheck(s), shall automatically drop the employee from the health and dental insurance program until the next open enrollment period.

d. All employees covered by this Agreement shall be enrolled in the employee-plus-one coverage under the Vision Care Plan "A".

e. The maximum health insurance contribution shall be \$360.00 per month and shall continue at \$360.00 per month for the duration of this Agreement. This contribution amount is included in the contribution amounts listed in Section 6.1(a) above.

Employees with proof of health coverage from another source qualified under the Affordable Care Act may opt out of the health insurance and cafeteria plan.