

CARMEN A. TRUTANICH
City Attorney

REPORT NO. R 1 1 - 0 1 6 2
APR 2 9 2011.

REPORT RE:

AN ORDINANCE AMENDING SECTION 4.1103.1 OF CHAPTER 11 OF DIVISION 4 OF THE LOS ANGELES ADMINISTRATIVE CODE TO FREEZE THE MAXIMUM MONTHLY MEDICAL PLAN PREMIUM SUBSIDY AT THE AMOUNT CURRENTLY IN EFFECT FOR EMPLOYEES RETIRING ON OR AFTER JULY 1, 2011

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. This ordinance, prepared at the request of your Honorable Body, amends the Los Angeles Administrative Code (LAAC) to freeze the maximum monthly medical plan premium subsidy at the current amount of \$1,190 for members of the Los Angeles City Employee Retirement System (LACERS) retiring on or after July 1, 2011. The ordinance accomplishes this freeze by limiting the ability of the LACERS Board to increase the medical plan premium subsidy only for employees retiring on or before June 30, 2011. Currently, the LACERS Board possesses the authority to increase the subsidy for all retired members, regardless of the member's retirement date.

Charter Section 1718(b) requires approval of the proposed ordinance by **not less than two-thirds** of the membership of the Council, subject to the veto of the Mayor and override by the Council by a three-fourths vote. The final adoption of the ordinance can only take place after a public hearing has been held and after at least thirty days following its first presentation to the Council. Pursuant to Charter Section 252 (i), the


ordinance is effective upon publication. Additionally, because this ordinance modifies retirement benefits, Government Code Section 7507 requires that an actuary who is an associate or fellow of the Society of Actuaries provide a statement as to the impact of the change on future costs and that the statement be made public at a public meeting at least two weeks prior to the adoption of the ordinance.

A copy of the draft ordinance was sent pursuant to Council Rule 38 to the Los Angeles City Employees' Retirement System and to the Office of the City Administrative Officer. Their respective comments have been incorporated into the draft ordinance.

If you have any questions regarding this matter, please contact Sr. Assistant City Attorney Theresa Stamus at (213) 978-4400 or Deputy City Attorney Jennifer Handzlik at (213) 978-7151. They or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

CARMEN A. TRUTANICH, City Attorney

By 
PEDRO B. ECHEVERRIA
Chief Assistant City Attorney

PBE:TS:me
Transmittal

cc: Antonio R. Villaraigosa, Mayor
Miguel A. Santana, City Administrative Officer
Los Angeles City Employees' Retirement System
Board of Administration of LACERS

ORDINANCE NO. _____

An ordinance amending Section 4.1103.1 of Chapter 11 of Division 4 of the Los Angeles Administrative Code to freeze the maximum monthly medical plan premium subsidy at the amount currently in effect for employees retiring on or after July 1, 2011.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Section 4.1103.1(a) of the Los Angeles Administrative Code is amended in its entirety to read as follows:

(a) The maximum monthly medical plan premium subsidy is \$1,190.00. Beginning July 1, 2011, the Board, in its discretion, may change by resolution the maximum monthly amount of the medical plan premium subsidy provided to members retired on or before June 30, 2011, as long as any increase:

(1) does not exceed the dollar increase in the Kaiser two-party non-Medicare Part A and Part B premium; and

(2) the average percentage increase for the first year of the increase and the preceding two years does not exceed the average assumed actuarial medical trend rates for the same period.

No increases in the maximum monthly medical plan premium subsidy shall be provided to members retired on or after July 1, 2011. Notwithstanding all of the forgoing, increases in the monthly medical plan premium subsidy provided to retired members subject to Section 4.1103.4 shall be governed by the provisions of that Section, regardless of the date of retirement.

Sec. 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

JUNE LAGMAY, City Clerk


By _____
Deputy

Approved _____

Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By 
PEDRO B. ECHEVERRIA
Chief Assistant City Attorney

Date April 29, 2011

File No. _____