
C O U N C I L C O M M U N I C A T I O N

TO: THE CITY COUNCIL
FROM: THE CITY MANAGER'S OFFICE

COUNCIL MEETING DATE
JANUARY 16, 1991

SUBJECT: POSSIBLE AMICUS CURIAE BRIEF

PREPARED BY: City Attorney

RECOMMENDED ACTION: Council consideration of joining as amicus curiae in
Orange County Employees Assn., Inc. et al. v. County
of Orange (Superior Court No. 47-14-49)

BACKGROUND INFORMATION: A lawsuit which could have significant impact on Lodi is the Orange County case noted above. The central issue is whether Government Code Section 53205.2 (attached) requires local government agencies to approve health benefit plans which have the same coverage for retirees as that available for active employees, with no increase in out-of-pocket costs to retirees.

An Orange County Superior Court has ruled that it may.

If that ruling stands, health care costs for Lodi can be expected to increase substantially.

The City's sick leave conversion policy would no longer be viable, since there would be no incentive for employees to "bank" sick leave if they would still be eligible for the same coverage at no increase in costs after retirement. Under our sick leave conversion program, the City continues to pay for health insurance what was being paid when the employee retired, or an amount determined through negotiations. For insurance for an employee who retires today, the City will pay \$291.90 toward sick leave until the bank is empty. As prices of insurance go up, the retirees costs will likewise increase. This is the heart of our sick leave conversion program.

It is recommended that the Council approve adding the City of Lodi to the list of amici curiae. There would be no cost to the City other than postage, etc. in that event.

Respectfully submitted,



BOB McNATT
City Attorney

attachment

AMICUSCC/TXTA.01V

§ 53205.2. Preference of local agency or governing board to certain health benefit plans

In granting the approval specified in Sections 53202 and 53202.1 the local agency or governing board shall give preference to such health benefit plans as do not terminate upon retirement of the employees affected, and which provide the same benefits for retired personnel as for active personnel at no increase in costs to the retired person, provided that the local agency or governing board makes a contribution of at least five dollars (\$5) per month toward the cost of providing a health benefits plan for the employee or the employee and the dependent members of his family. In the case of retired personnel who receive retirement benefits under the State Employees' Retirement System, the health benefits coverage provided for annuitants by a health benefits plan under the Meyers-Geddes State Employees' Medical and Hospital Care Act shall satisfy the requirements of this section.

(Added by Stats.1963, c. 1403, p. 2942, § 1. Amended by Stats.1965, c. 1745, p. 3904, § 1.)