



City of Grass Valley City Council Agenda Action Sheet

Title: Resolution Electing to Cease to Be Subject to the Public Employees' Medical and Hospital Care Act with Respect to Management/Supervisory Employees (001 Management/Supervisory).

CEQA: Not a Project.

Recommendation: Adopt Resolution No. 2026-47, electing the City of Grass Valley to cease to be subject to the Public Employees' Medical and Hospital Care Act (PEMHCA) with respect to recognized Management/Supervisory employees, effective December 31, 2026.

Prepared By: Jennifer Styczynski, Finance Director

Council Meeting Date: 09/08/2026

Date Prepared: 09/02/2026

Agenda: Consent

Background: The City of Grass Valley currently participates in the Public Employees' Medical and Hospital Care Act (PEMHCA), administered by the California Public Employees' Retirement System (CalPERS), with respect to the Management/Supervisory employee organization.

Government Code Section 22938 provides that a contracting agency that has elected to participate in PEMHCA may elect to cease to be subject to the Act by resolution adopted by a majority vote of its governing body and filed with CalPERS in accordance with applicable regulations.

CalPERS has advised the City that a resolution electing to terminate participation must be filed with the CalPERS Health Benefits Services Division within 60 days of premium rate notification and will be effective at the end of the current contract term. The deadline for the City to submit the resolution to CalPERS is September 14, 2026, for an effective termination date of December 31, 2026.

Discussion: The proposed resolution would formally elect the City of Grass Valley to cease to be subject to PEMHCA with respect to the 001 Management/Supervisory employee organization, effective December 31, 2026.

Under the information provided by CalPERS, termination of participation in PEMHCA will result in the loss of eligibility for health benefits coverage provided under the City's PEMHCA contract for all employees and annuitants participating under the contract, as well as COBRA enrollees.

The City will be responsible for establishing and administering any health benefit program applicable to affected employees and annuitants following termination of PEMHCA participation, consistent with applicable City policies, agreements, and plan requirements.

Five-Year Restriction on Reentry

An important consideration for Council is that the decision to terminate participation in PEMHCA is irrevocable after the resolution is filed with CalPERS. CalPERS has advised that the City may not file a resolution electing to become subject to PEMHCA again for five years following the termination date.

Accordingly, if the resolution is adopted and filed with CalPERS, the City would not be able to elect to return to PEMHCA until after the applicable five-year period following the December 31, 2026, termination date. This makes the proposed action a long-term decision regarding the City's health benefit administration.

Prior to the effective date of termination, CalPERS will notify affected employees, annuitants, and COBRA enrollees of the pending loss of coverage under the City's PEMHCA contract.

Following Council approval, staff will submit the required resolution and documentation to CalPERS by the September 14, 2026, deadline.

Council Goals/Objectives: The annual supports the City's Strategic Plan goal of maintaining a High-Performance Government and Quality Service by ensuring employee benefit programs are appropriately structured, efficiently administered, and aligned with the City's organizational and fiscal objectives.

Fiscal Impact: The fiscal impact of this action will depend on the City's health benefit structure following the termination of PEMHCA participation for the Management /Supervisory employee organization.

Funds Available: N/A

Account #: N/A

Reviewed by: Interim City Manager

Attachment: Resolution No. 2026-47 - Electing to Cease to Be Subject to the Public Employees' Medical and Hospital Care Act with Respect to a Recognized Employee Organization (001 Management/Supervisory)