



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/21/2021

ITEM NO: 14

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DATE: December 15, 2021  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Authorize the Town Manager to Execute an Agreement with The Advantage Group to Continue to Administer Retiree Health Contribution Reimbursements in an Amount Not to Exceed \$57,500

**RECOMMENDATION:**

Authorize the Town Manager to execute an agreement with The Advantage Group (Attachment 1) to continue to administer retiree health contribution reimbursements in an amount not to exceed \$57,500.

**BACKGROUND:**

The Town has an existing agreement with the California Public Employees' Retirement System (CalPERS) to provide its health program to active Town employees and retired annuitants. The Town provides a retiree health contribution allowance benefit to employees that were hired before varying dates in 2018 and retire from the Town after completing five (5) years of continuous Town service.

**DISCUSSION:**

After an employee retires, they are eligible to continue participation in a CalPERS health plan. The associated cost of the health plan premium to cover the retiree and eligible dependent(s), if any, is deducted from the retiree's monthly retirement earnings check. Based upon prior agreements with retirees, the Town provides a retiree health contribution allowance toward the cost of the health plan premium. Under the terms of a prior agreement with The Advantage Group (TAG), the Town has used TAG to reimburse retirees up to the retiree health contribution allowance amount. The reimbursement is administered monthly from TAG directly to Town retirees by check or direct deposit.

**PREPARED BY:** Lisa Velasco  
Human Resources Director

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Reviewed by: Assistant Town Manager, Town Attorney, and Finance Director

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SUBJECT: Authorize the Town Manager to Execute an Agreement with TAG

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DISCUSSION (continued):

TAG also resolves issues directly with the retirees related to lost checks, questions regarding reimbursement amounts, or misdirected funds. Currently, there are 144 retirees that receive a monthly reimbursement amount. The prior agreement needs to be renewed and staff is recommending that the Town continue to use the services of TAG as a third-party administrator to reimburse retirees for the eligible amount toward the cost of CalPERS health plan premiums.

CONCLUSION:

Staff recommends that the Town Manager is authorized to execute an agreement with TAG to continue providing monthly retiree health contribution reimbursements. TAG has provided reliable, accurate, and customer friendly service to Town retirees. Using a third-party administrator also provides supplemental support for Town staff resources.

FISCAL IMPACT:

The annual cost based on the number of Town retirees is \$11,500. The total cost over the five (5) years of the agreement is \$57,500. The annual amount is included in the FY 2021/22 Operating Budget and will be included in future fiscal year budgets.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachment:

1. The Advantage Group Administration Agreement