

CITY OF KERRVILLE, TEXAS
RESOLUTION NO. 31-2023

A RESOLUTION APPROVING THE RIGHT OF CITY EMPLOYEES TO PURCHASE CONTINUED HEALTH COVERAGE AT RETIREMENT SUBJECT TO CONDITIONS SPECIFIED WITHIN THE CITY'S PERSONNEL POLICIES AND PROCEDURES MANUAL

WHEREAS, Section 6.01 of the City of Kerrville Charter (the "Charter") provides that the City Manager is appointed as the Chief Executive and the head of the administrative branch of the City of Kerrville (the "City") government; and

WHEREAS, Section 6.04 of the Charter provides that the City Manager shall be the chief executive officer of the City, responsible to the Council for the management of all City affairs placed in the manager's charge by or under the Charter; and

WHEREAS, Section 6.04 of the Charter further provides that the City Manager shall direct and supervise the administration of all departments, offices, and agencies of the City; and

WHEREAS, in order to promote more efficient government, City Council previously adopted Resolution 159-2001 which granted the City Manager the authority to develop and approve policies and procedures concerning City employees without the requirement that City Council review and approve such policies and procedures except in certain instances; and

WHEREAS, an exception to the City Manager's authority granted under Resolution No. 159-2001 was where the adoption of a new policy or an amendment to an existing policy *"will likely result in an increased financial obligation to the City that requires an amendment to increase the City budget, such policies and procedures must receive prior approval from the City Council"*; and

WHEREAS, the City Manager, with significant support from the City's Director of Human Resources, developed and adopted the City's *Personnel Policies and Procedures Manual* (the "Manual"), which went into effect on January 1, 2019; and

WHEREAS, Chapter 175 of the Texas Local Government Code ("Chapter 175") gives employees of certain cities and other government entities the right to purchase continued health insurance coverage at retirement, subject to a number of conditions; and

WHEREAS, even though the City may not have reached a population of 25,000, which would make Chapter 175 and its right for continued health insurance coverage automatically applicable to the City, the City Manager is recommending that City Council nonetheless grant this right to future eligible retirees of the City,

meaning that the City would apply this right prospectively with the cost of coverage to be fully paid by the eligible employee; and

WHEREAS, while the City Manager does not anticipate any increased financial obligation to the City based upon the recommended action sought herein, the City Manager nonetheless is bringing forth this new benefit for the City's eligible retirees, under certain conditions, and recommending that City Council approve; and

WHEREAS, should City Council adopt this Resolution, the City Manager will ensure that the Manual is amended to reflect this action and to give the City's employees notice of this new benefit; and

WHEREAS, City Council finds it to be in the public interest to take the action recommended by the City Manager and as further specified below;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

The *City's Personnel Policies and Procedures Manual* is revised to grant the right of City employees, under certain conditions, to purchase continued health coverage at retirement. Such revisions are found at **Exhibit A**. The City will initiate this right on October 1, 2023.

PASSED AND APPROVED ON this the 12 day of SEPTEMBER, A.D., 2023.



Judy Eychner, Mayor

ATTEST:



Shelley McElhannon, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

DRAFT 9/6/23

NOTE: this new Section 6.06 to be added to City's *Personnel Policies & Procedures Manual*

6.06 Retirement

A. Right of Employees to Purchase Continued Health Benefits Coverage at Retirement. An employee who qualifies under the requirements of the Texas Municipal Retirement System to receive retirement benefits is considered an "eligible retiree" from the City and is referred to as such within this section. Eligible retirees who retire on or after October 1, 2023, have the right to purchase the continuation of the City's health benefits coverage, to include medical, dental, and vision insurance (collectively referred to herein as "health insurance") at the time of retirement, in accordance with Chapter 175, Local Government Code ("Chapter 175").

B. Conditions. The following conditions also apply, which are subject to future changes by the City and/or in accordance with changes made to Chapter 175, should such law become applicable to the City:

1. The health insurance is provided by or through the City to its eligible retirees.
2. The level of health insurance at any given time is the same level of coverage that the City provides to its current employees. The eligible employee shall pay the full cost of such coverage.
3. An eligible retiree not covered under the health insurance at the time of retirement is not eligible for coverage under this section. This same condition applies to his or her dependent(s), if any.
4. The eligible retiree may elect to cover his or her dependent(s) who was covered under the health insurance prior to his or her time of retirement or the retiree may elect to discontinue coverage for one or more persons.
5. An eligible retiree is entitled to purchase continued health insurance for themselves and the retiree's dependents unless the retiree is eligible for group health benefits coverage through another employer, in which case both the employee and his or her dependent(s) is no longer eligible.
6. The eligible retiree must inform the City via HR that he or she is electing to continue the health insurance not later than the day on which the retiree retires from the City.
7. If the eligible retiree elects to continue the health insurance for the retiree and on a subsequent date elects to discontinue such insurance or the insurance is cancelled, the retiree and dependent(s), if any, will no longer be eligible for the insurance.

8. Neither the eligible retiree nor his or her dependent(s) is eligible to participate or to continue to participate in the health insurance where the retiree is eligible or becomes eligible for either group health benefits coverage through another employer or Medicare supplement health benefits coverage. This same condition applies where the eligible retiree elected for the continuation of health insurance coverage through the Consolidated Omnibus Budget and Reconciliation Act of 1985 (COBRA).
9. The City, at any time and without notice, may uniformly change the health insurance provided to employees and eligible retirees, which may include increasing the cost of the health insurance applicable to eligible retirees.
10. This section does not affect the definition of dependent or the eligibility requirements for a dependent under the health insurance.

C. Retiree Life Insurance. The City provides life insurance to an eligible retiree in the amount of \$1,000.00 at no cost to the retiree.