



TOWN OF APPLE VALLEY

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council **Date:** November 30, 2012

From: Nikki Salas, Director of HR/Risk **Item No:** 1
Department

Subject: Change to Short Term Disability Benefits

T.M. Approval: _____ **Budgeted Item:** Yes No N/A

RECOMMENDED ACTION:

That the Town Council to approve the withdrawal from the State of California Disability Insurance plan for full time employees with an effective date of December 31, 2012 at 11:59 pm.

SUMMARY:

The Town of Apple Valley currently participates in State of California Disability Insurance plan for our short term disability needs. The plan offered by the state does not provide adequate insurance coverage for all full time town employees. Human Resources staff, with help of our insurance broker, found a more cost efficient plan with a private insurer which will provide better coverage for a lower premium. This is an employee paid benefit; therefore the new plan will save our employees money. Town participation in the State plan is optional. Therefore, the Town is requesting approval to give the state a 30-day notice of our intent to withdraw at the end of calendar year 2012.

BACKGROUND:

The Human Resources Department, working with our insurance broker, just completed an extensive review of our disability benefits program and was able to identify a more cost effective short term disability plan for our employees.

FISCAL IMPACT:

State Disability Insurance is an employee paid benefit. By leaving the State Disability Insurance and moving to a private short term disability plan through Prudential, employees will save approximately \$29,200 annually. The change to this benefit does not impact the general fund.

RESOLUTION NO. 2012 – 52

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY
CHANGING THE SHORT TERM DISABILITY BENEFITS FOR THE TOWN OF APPLE
VALLEY**

WHEREAS, the Town Council of the Town of Apple Valley has established Employee Benefits for all full time employees of the Town of Apple Valley; and

WHEREAS, the Town Council of the Town of Apple Valley wishes to modify the existing employee benefit:

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Town of Apple Valley will withdraw from the State of California Disability Insurance plan effective 11:59 pm on December 31, 2012 for full time employees only.
2. The Town of Apple Valley will replace the State of California Disability plan with a private short term disability plan through Prudential for all full time employees.
3. This Resolution shall become effective on December 1, 2012.
4. All resolutions, parts of resolutions in conflict herewith are hereby amended to be consistent herewith.

PASS, APPROVED AND ADOPTED THIS 30th DAY OF NOVEMBER 2012.

BARB STANTON, MAYOR

ATTEST:

LA VONDA PEARSON
TOWN CLERK