



# TOWN OF APPLE VALLEY

## TOWN COUNCIL STAFF REPORT

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**To:** Honorable Mayor and Town Council      **Date:** February 12, 2013

**From:** Nikki Salas/Director of Human Resources      **Item No:** 8  
Human Resources

**Subject:** A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY AMENDING THE BENEFITS TO THE MEMBERS OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY

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

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### RECOMMENDED ACTION:

That the Town Council adopt the attached Resolution No. 2013-09, A Resolution of the Town Council of The Town of Apple Valley amending the benefits to the members of the Town Council of the Town of Apple Valley.

### SUMMARY:

On January 1, 2013, the Affordable Care Act placed a \$2500 limit on contributions into health spending accounts. Prior to January 1, 2013, employees were able to defer up to \$10,000 into a health spending account on a pre-tax basis. The new limit will take effect for the Town's upcoming plan year beginning on July 1, 2013. With this change, it is necessary to update a resolution 2002-34 involving Town Council Member benefits.

Town Council members currently receive \$725 per month in their Cafeteria Plan. These contributions are used to purchase medical, dental or vision coverage with any remaining unused amount deferred into a Section 125 health spending account to be used for out-of-pocket medical, dental or vision expenses. The proposed updated resolution will allow the Town to defer only up to the IRS allowable limit, \$2500 as of July 1, 2013, into the Town Council's Section 125 health spending accounts. Any used portion of the Section 125 plan contributions are returned to the General Fund at the end of the plan year.

**BACKGROUND:**

Effective January 1, 2013, the Affordable Care Act placed a \$2500 limit on health spending accounts which is a reduction from the prior limit of \$10,000 annually.

**FISCAL IMPACT:**

This item does not have a financial impact on the current year budget.

**RESOLUTION NO. 2013-09**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY  
AMENDING THE BENEFITS TO THE MEMBERS OF THE TOWN COUNCIL OF THE  
TOWN OF APPLE VALLEY**

WHEREAS, the Town Council of the Town of Apple Valley currently receives \$725 per month into the Cafeteria plan to be used to purchase medical, dental, and vision coverage; and

WHEREAS, any used portion of the Cafeteria plan contributions are deferred into a Section 125 health savings account for out-of-pocket medical, dental, and vision expenses; and

WHEREAS, the Town Council of the Town of Apple Valley wishes to modify Resolution 2002-34, amending the Town Council Benefits:

NOW, THEREFORE, BE IT RESOLVED THAT:

Members of the Town Council shall be entitled to participate in the Town's health, dental, and vision program or receive reimbursement for expenses associated with premiums for health, dental, or vision programs including Section 125 authorized out-of-pocket expenses up the amount provided for the employee benefit plan which is established by resolution. These amounts shall be deposited into a Section 125 account to be used for this purposed, up to the IRS allowable limit. Any funds not used for this purpose shall be returned to the General Fund at the end of the plan year.

Unless otherwise noted, the effective date of this Resolution shall be February 12, 2013.

**APPROVED** and **ADOPTED** this 12<sup>th</sup> day of February 2013.

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Curt Emick, Mayor

ATTEST:

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La Vonda M-Pearson, Town Clerk