

**TOWN OF  
APPLE VALLEY, CALIFORNIA**

**AGENDA MATTER**

**Subject Item:**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY AMENDING THE EMPLOYEE BENEFIT PLAN**

**Summary Statement:**

The Personnel Committee met on June 18, 2008 to discuss the health benefit package provided for Town employees and the cost employees incur for benefit coverage. In addition, the Personnel Committee was asked to consider providing the Long Term Disability insurance for all employees and contributing to the administrative fee for the Section 125 plan.

Recently the premiums for medical insurance coverage increased by 15%. Due to these additional costs the Personnel Committee met and considered increasing the contribution being afforded to employees.

To assist with the cost of health premiums employees have been receiving \$725.00 per month since July 1, 2005. The Personnel Committee agreed to recommend that the Council provide up to \$150.00 per month for out-of-pocket premium expenses incurred by the employees, up to a total of \$875.00 per month to assist with the increased cost for health insurance premiums.

(Continued on next page)

**Recommended Action:**

Adopt Resolution No. 2008-37, a Resolution of the Town Council of the Town of Apple Valley Amending the Employee Benefit Plan.

**Proposed by:** James L. Cox, Interim Town Manager      **Item Number** \_\_\_\_\_

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

The Personnel Committee also considered and approved paying the current annual cost for Long Term Disability insurance for 2008-2009 fiscal year and the administrative fee, not to exceed \$7.00 per person for participation in the Section 125 Plan. The Town's contribution to employees will always coincide with the fiscal year budget and therefore the contribution from the Town is valid from July 1, 2008 through June 30, 2009.

The current (June 2008) monthly cost for Long Term Disability is \$2,563.04; this amount is based on .0048% of salaries for all full time employees. Additionally, the administrative fee for participation in the Section 125 Plan is \$7.00 per month for every employee who participates. The Town does not incur a cost for employees who do not elect to participate in the Section 125 plan. The committee agreed to establish an annual expiration date of July 1st through June 30<sup>th</sup> of each benefit year.

**RESOLUTION NO. 2008-37**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY AMENDING EMPLOYEE BENEFIT PLAN**

WHEREAS, the Town Council of the Town of Apple Valley has established an employee benefit plan for the Town of Apple Valley employees; and

WHEREAS, the Town Council of the Town of Apple Valley wishes to modify the employee benefit plan for the Town of Apple Valley employees;

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The employee benefit plan amount shall be increased up to \$875.00 per month to cover out-of-pocket premium expenses.
2. The maximum cash-back benefit for employees waiving medical benefits is \$350.00 per month. Employees may purchase dental and vision coverage with this amount. Any remaining balance may be deposited into a deferred compensation account or included as taxable income on their paychecks.
3. Long Term Disability (LTD) coverage for each employee will be provided by the Town. The Town agrees to provide the monthly premium for each full time employee.
4. Flexible spending accounts (Section 125) are provided for pre-tax deposits to cover health care and/or dependent day care. The Town agrees to provide the monthly administrative fee, not to exceed \$7.00 per month for each employee who has elected enrollment in this account.
5. All benefits provided for employees of the Town of Apple Valley will be in effect July 1, 2008 through Jun 30, 2009.
6. Said resolution shall become effective on July 1, 2008.
7. All resolutions, parts of resolutions in conflict herewith are hereby amended to be consistent herewith.

PASS, APPROVED AND ADOPTED THIS 24<sup>TH</sup> DAY OF JUNE 2008.

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Timothy J. Jasper, Mayor

ATTEST:

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La Vonda Pearson, Town Clerk