



MEETING DATE: 10/15/07

ITEM NO.

6

COUNCIL AGENDA REPORT

DATE: October 11, 2007

TO: MAYOR AND TOWN COUNCIL

FROM: PAMELA S. JACOBS, INTERIM TOWN MANAGER

P. Jacobs

SUBJECT: ADOPT RESOLUTION TO PARTICIPATE IN THE CALIFORNIA GOVERNMENT VOLUNTARY EMPLOYEE BENEFICIARY ASSOCIATION (VEBA) TRUST AND AUTHORIZE THE INTERIM TOWN MANAGER TO EXECUTE ANY DOCUMENTS NECESSARY TO IMPLEMENT THE VEBA TRUST

RECOMMENDATION:

Adopt resolution of the Town Council for the Town of Los Gatos to participate in the California Government VEBA Trust and authorize the Interim Town Manager to implement the plan.

DISCUSSION:

The Town has historically provided a comprehensive program of benefits that addresses many of the health and welfare needs of the employees and their families. Periodically, additions and/or modifications to the benefit structure are made to comply with negotiated labor agreements or to provide an improved benefit for employees. One such amendment to the benefit structure recommended by staff is participation in the California Government Voluntary Employees' Beneficiary Association, a multi-employer VEBA created by the City of Foster City. Foster City created this plan in 2003 to provide VEBA benefits to governmental entities within California.

The VEBA Trust is a tax-exempt benefit plan qualifying under Section 501(c)(9) of the Internal Revenue Code. Upon enrollment in a VEBA, a participant is assigned an individual account held in trust. The participant is then eligible to make voluntary contributions to their account from their active employee salary and by converting eligible accrued leave such as sick or vacation leave. Expenses such as unreimbursed medical premiums and expenses, co-pays, pharmacy charges and Long Term Care are eligible expenses under a VEBA Trust. Employees will realize a significant benefit since eligible contributions to a VEBA Trust and the reimbursed expenses from the VEBA Trust are tax exempt.

PREPARED BY:

Rumi Portillo
Rumi Portillo, Human Resources Director

Reviewed by: _____ Interim Town Manager *PS* _____ Town Attorney _____ Clerk Administrator *bc* Finance _____ Comm Dev

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MAYOR AND TOWN COUNCIL

SUBJECT: ADOPT RESOLUTION TO PARTICIPATE IN THE CALIFORNIA
GOVERNMENT VOLUNTARY EMPLOYEE BENEFICIARY ASSOCIATION
(VEBA) TRUST AND AUTHORIZE THE INTERIM TOWN MANAGER TO
EXECUTE ANY DOCUMENTS NECESSARY TO IMPLEMENT THE VEBA
TRUST

OCTOBER 11, 2007

The VEBA Trust will provide a comprehensive approach to assisting with rising cost of health care, one of the greatest challenges facing employers and employees. Through voluntary contributions to the VEBA Trust, employees are able to make health care choices specific to their needs and have more money available for health care expenses due to the tax savings realized through the program, without added burden to the employer.

To implement the plan, it will be necessary for the Town to execute a plan agreement with a third party administrator to implement the Trust. Thus, the attached resolution provides authority for the Interim Town Manager to execute any necessary documents.

ENVIRONMENTAL ASSESSMENTS:

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

FISCAL IMPACT:

There are no costs anticipated with the implementation of this program. The VEBA Trust is administered by an independent third party, Public Agency Finance Corporation. Their administrative fees, including initial setup and recurring expenses, will be paid out of the investment earnings of the Trust.

Attachment:

Resolution of the Town Council to Participate in the California Government VEBA Trust

RESOLUTION NO. _____

ADOPT RESOLUTION TO PARTICIPATE IN THE CALIFORNIA GOVERNMENT VOLUNTARY EMPLOYEE BENEFICIARY ASSOCIATION (VEBA) TRUST AND AUTHORIZE THE INTERIM TOWN MANAGER TO EXECUTE ANY DOCUMENTS NECESSARY TO IMPLEMENT THE VEBA TRUST

WHEREAS, the Town maintains a comprehensive health and welfare benefit program for its employees and their families; and,

WHEREAS, periodic modifications and or additions are made to the benefit programs; and

WHEREAS, the rising cost of health care is one of the most important cost containment issue for employers and employees; and

WHEREAS, the tax advantages of a Voluntary Employee Beneficiary Association Trust will provide employees with more assets for health care and related costs; and

WHEREAS, the California Governmental Voluntary Employee Beneficiary Association is a governmental multi-employer plan that permits employees to accumulate assets for this purpose pursuant to the provisions of Internal Revenue code section 501 (c)(9); and

WHEREAS, the California Governmental Voluntary Employee Beneficiary Association provides for participation pursuant to collective bargaining agreements;

WHEREAS, it is necessary to execute plan documents to implement the plan;

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Los Gatos, County of Santa Clara, State of California, that participation in California Government Voluntary Employer Beneficiary Association is hereby approved and the Interim Town Manager is authorized to execute any documents necessary to implement the VEBA Trust.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 15th day of October, 2007 by the following vote:

COUNCIL MEMBERS

AYES:

NOES:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

CLERK ADMINISTRATOR