

AGENDA ITEM 2.H.

To: Matt Rexroad, Chair
and Members of the Board of Directors

From: Mat Ehrhardt, P.E., Executive Director/APCO

Date: December 9, 2009

Subject: Approve the Flexible Benefits Plan with Employee Benefit Specialists, Inc.

Recommended Action

Approve and authorize the following to set up the District's Flexible Benefits Plan with Employee Benefit Specialists, Inc. (EBS):

1. Authorize the APCO to enter into Agreement No. 09-32 with EBS to install a Flexible Benefits Plan (FBP);
2. Authorize the APCO to sign Agreement No. 09-35 with EBS for the Adoption of the Cafeteria Plan;
3. Authorize the Chair to sign Resolution No. 09-13 for implementation of the FBP; and
4. Authorize the APCO to File the Cafeteria Plan 125 with the Internal Revenue Service.
5. Authorize the APCO to sign Agreement No. 09-36 with EBS for Flexible Benefits Card Services (debit cards).

Reason For Recommended Action

The Board approved the flexible benefits plan for medical expenses (calendar year limit of \$2,500) and dependent care expenses (calendar year limit of \$5,000) for all District employees by Minute Order Numbers 09-20 and 09-21 to be effective starting January 1, 2010.

Background

The District worked with EBS to implement the plan. Since EBS already has contracts with both Yolo County and Yolo County Communication's for flexible spending accounts, requesting proposals for this service was not necessary, since the county had completed the bid process. Also, it is a cost savings to the District to use the same provider, since no new set-ups for programming or man power for the county payroll will be needed.

Budget Impact

The costs for implementing and maintaining the plan is in the budget for 2009/2010. The start up costs are approximately \$850 (\$250 initial set-up fee, staff presentation \$250 plus travel, and plan 125 document \$350).

Other charges: \$135 monthly minimum charge, in-kind services for staff time on enrollment and paperwork, and confirmation statements (depending on enrollment) \$1.25 per statement.

Minor risks for covering some medical expenses. Employee limits can be used by the employee prior to year end, and if employee separates from employment prior to the full funding commitment, the District would be liable for any costs incurred and not funded by the individual employee. However, if the employee doesn't use the full amount they paid into the plan, the balance is transferred to the District. The District will use any

unused employee balances to offset the monthly charge to the District for maintaining the program.

Other Agency Involvement

The Agreement, Resolution and Plan 125 are approved to form by District Counsel. Also, Yolo County auditors reviewed the requirements of submitting the necessary data and funds to EBS, and they have agreed to do the transfers.

Attachment: Agreement No. 09-32
 Agreement No. 09-35
 Agreement No. 09-36
 Resolution No. 09-13
 Summary 125 Plan
 Summary of Services