

## SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

TO: Board of Directors  
Sacramento Metropolitan Air Quality Management District

FROM: Larry Greene  
Air Pollution Control Officer / Executive Director

SUBJECT: Resolution to amend the District's Flexible Benefits Plan

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### **Recommendation**

Staff recommends the Board approve and authorize the Chairperson of the Board to sign the attached Resolution authorizing the Air Pollution Control Officer (APCO) to amend the District's flexible benefits / cafeteria plan to provide a medical flexible spending account option to District employees

### **Purpose**

The purpose of this Resolution is to amend the District's existing flexible benefits / cafeteria plan by incorporating a medical care flexible spending account (FSA) option into the plan. The resolution also authorizes the Air Pollution Control Officer to execute the adoption agreements and any related documents to become effective July 1, 2006, the start of the new flexible benefit plan year.

### **Background**

On June 6, 1996 the Board approved Resolution AQM 96-0038, allowing for the establishment of a flexible benefits / cafeteria plan and authorizing the Air Pollution Control Officer to execute the necessary documents to implement the plan. The plan became effective July 1, 1996.

The plan includes an option for District employees to enroll in a dependent care FSA. Employees can contribute up to \$5,000 per plan year (July – June) of pre-tax earnings to cover acceptable "dependent" care expenses, i.e. daycare costs etc...

On June 23, 2006 the Board approved Resolution 2005-041, giving approval for an amended labor agreement with the District's general bargaining unit, SADEA. One of the amendments included in that agreement was for the District to make available to employees a flexible spending account option for medical expenses. The proposed amendment will allow employees to contribute up to \$2,500 per plan year of pre-tax earnings to cover acceptable "medical" care expenses, i.e. prescriptions, co-pays etc...

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**Fiscal Impact**

Sufficient funds are included in the proposed FY06/07 budget to cover the cost of offering this benefit. The service provider's fees will be approximately \$1,800 per year. Based on a conservative enrollment estimate, the expected net payroll tax savings to the District will be approximately \$1,300 per year, making the net fiscal impact to provide this benefit about \$500 per year. Increased employee enrollment will result in a reduction of the net fiscal impact.

Respectfully submitted,

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Larry Greene  
Air Pollution Control Officer

Reviewed by:

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Kathrine Pittard  
District Counsel

**SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT**

**AQMD Resolution No. \_\_\_\_\_**

**Whereas**, under Resolution No. AQM 96-0038 dated June 6, 1996 the Board authorized the establishment of a flexible benefits / cafeteria plan and authorized the Air Pollution Control Officer (APCO) to execute the necessary documents to implement the plan; and

**Whereas**, the District implemented the flexible benefits / cafeteria plan effective July 1, 1996; and

**Whereas**, under Resolution No. 2005-041, dated June 23, 2006, the District agreed to offer a medical flexible spending account (FSA) as a benefit to employees; and

**Whereas**, sufficient funds are available in the proposed FY06/07 budget to implement the new benefit offering;

**Therefore, Be it Resolved** that the Board of Directors authorizes the APCO to amend the existing flexible benefits / cafeteria plan to incorporate a medical expense FSA option, and further authorizes the APCO to execute agreements and any related documents to become effective July 1, 2006, the start of the new flexible benefit plan year.

**On a Motion** by Director \_\_\_\_\_ and seconded by Director \_\_\_\_\_, the foregoing Resolution is passed and adopted by the Board of Directors of the Sacramento Metropolitan Air Quality Management District, State of California, the 25th day of May, 2006.

AYES            Directors  
NOES            Directors  
ABSENT        Directors

\_\_\_\_\_  
Chairperson, Board of Directors

(SEAL)

ATTEST. \_\_\_\_\_  
Clerk of the Board