



City of Grand Island

Tuesday, September 27, 2005

Council Session

Item G19

**#2005-278 - Approving Amendment to the Cafeteria Plan with
McDermott & Miller**

Staff Contact: Brenda Sutherland

Council Agenda Memo

From: Brenda Sutherland, Human Resources Director

Meeting: September 27, 2005

Subject: Cafeteria Plan Amendment

Item #'s: G-19

Presenter(s): Brenda Sutherland, Human Resources Director

Background

The City of Grand Island provides a section 125 cafeteria plan for its employees to set pre-tax dollars aside for reimbursable medical expenses. Currently the cafeteria plan is administered by McDermott & Miller, P.C.

Discussion

Due to a recent change in tax legislation, the City is able to allow its employees a grace period for the medical and dependent care reimbursement portion of the City's cafeteria plan. An amendment to the plan would allow City employees a grace period that would extend until March 15th of the following plan year. Currently, if an employee has any money left in their account that they have not used by the December 31, 2005, they would lose those dollars. This amendment would allow employees more time to get their cafeteria dollars spent.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the amendment to the current cafeteria contract.

Sample Motion

Motion to approve the amendment to the current cafeteria plan.

RESOLUTION 2005-278

WHEREAS, on June 14, 1999, by Resolution 99-191, the City of Grand Island approved McDermott & Miller of Grand Island, Nebraska of being the Section 125 Plan Administrator for the Cafeteria Plan Services; and

WHEREAS, the current plan covers both health insurance premiums and medical and dependent care reimbursement; and

WHEREAS, due to a recent change in tax legislation, the City is able to allow its employees a grace period of the medical and dependent care reimbursement portion of the City's cafeteria plan; and

WHEREAS, an amendment to the plan would allow City employees a grace period that would extend until March 15th of the following plan year, and would allow more time for employees to spend money set aside in their cafeteria plan; and

WHEREAS, the proposed amendment has been reviewed and approved by the City Attorney's office.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the proposed amendment to the Cafeteria Plan is hereby approved to allow a grace period until March 15th of the following plan year to spend money set aside in employee cafeteria plans.

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized and directed to sign such amendment on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, September 27, 2005.

RaNae Edwards, City Clerk