



Legislation Text

File #: 45075, **Version:** 1

Fiscal Note

The recently adopted 2017 Operating Budget fully funds the City's VEBA commitment as outlined in resolution 39320. The 2017 anticipated cost is \$596,651; the anticipated General Fund impact is \$423,798.

Title

Authorizing the Mayor and Clerk to sign an Indemnification Agreement with the VEBA established by Local 6000, providing for indemnification of the City for the administration, oversight and operation of the VEBA.

Body

WHEREAS, in RES-15-0078, Legistar 39320, the Common Council approved the following:

BE IT FURTHER RESOLVED that the City will provide at least the following wage increases to City employees in Compensation Groups 15, 16, 17, 18, 19, 20, 23, 31, 32, 33, 43, 44, 71 and 83:

Pay period 26 in December 2015 - increase wages at least 2.25%

Pay period 26 in December 2016 - increase wages at least 1.0%

Beginning with pay period 26 in December 2016 the City shall make a contribution to a retiree health insurance trust fund or Voluntary Employee Benefit Association (VEBA) for employee compensation groups in a manner similar to the contribution the City is currently making for employees in compensation group 15. The amount shall be equal to 1.25% of base wages and shall continue annually thereafter, and be increased every year thereafter by the same percentage increase applied to base wages. (The 2016 contribution for compensation group 15 shall be given as a 1.25% wage increase.) In the event that a plan is not legally established this contribution shall be given in 2016 to those employees as a 1.25% wage increase. The City will not administer these trusts and shall be held harmless in the administration of the program and from making any additional contributions to the health insurance fund beyond the amounts stated above unless adopted through a subsequent resolution. Once plans have been established the employee handbook shall be updated to reflect said plans in a manner similar to that of compensation group 15.

WHEREAS, the City was informed in late October, 2016, that Local 6000 and the Madison City Attorneys Association had formed a Voluntary Employee Beneficiary Association (VEBA) called the "City Employees Voluntary Employees' Beneficiary Association, Inc.," pursuant to Internal Revenue Code Sec. 501(c)(9); and

WHEREAS, the VEBA will be open to City employees in the following compensation groups: CG 16, 20, 23, 31, 32, 33 and 83; and

WHEREAS, the City's involvement in the VEBA, pursuant to RES-15-0078 is to fund the VEBA and obtain indemnification from the VEBA; and

WHEREAS, the VEBA has provided the City with an indemnification agreement that has been reviewed and approved by the City Attorney.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and the City Clerk are authorized to enter into the indemnification agreement with the VEBA, which indemnifies the City for the administration, operation and oversight of the VEBA, on a form approved by the City Attorney.

