

# Agenda Report

**DATE:** December 13, 1999

**TO:** Pasadena City Council  
Through the Finance Committee

**FROM:** City Manager

**SUBJECT:** Authorization to Appropriate Funds to Fund a Feasibility Study for Design of a Flexible Benefits Plan

**RECOMMENDATION:**

It is recommended that the City Council approve a journal voucher to appropriate funds in the amount of \$45,000, from the Benefits Fund unappropriated balance to Account No. 8114-101-481000 in the Human Resources Department.

**BACKGROUND:**

These funds will be allocated to fund a study to determine the feasibility of implementing a flexible benefits (cafeteria) plan for City employees. A flexible benefits plan can provide the employees with a sense of choice, while the City maximizes on the value of the dollars spent on providing a contemporary competitive benefit package.

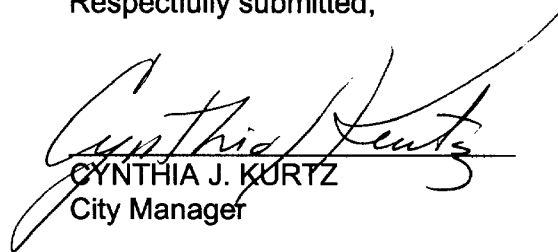
Last year, the negotiated agreement with the Pasadena Police Officers Association included a provision to review the long term disability (LTD) insurance program as part of a flexible benefits plan. Presently, there are two choices: health insurance and deferred compensation. Staff believes that it will be beneficial to determine the feasibility of expanding the benefits package to include, e.g., improved LTD coverage, vision care, cash in-lieu of benefits, out-of-pocket cash reimbursement for dental and medical expenses under the IRS 125 plan, and improved life insurance.

It is expected that a flexible benefits plan implementation will permit employees increased flexibility in designing the level of benefits needed for their specific situation; may provide the City with an effective benefits structure to reduce current costs and control future costs; and will help attract and retain the best qualified employees in today's highly competitive labor market. It is anticipated that the study will be complete by April 2000.

**FISCAL IMPACT:**


The cost of the feasibility study is \$45,000. Funds are available in the Benefits Fund.

Respectfully submitted,




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