



Town of Farmville

Town Council

March 21, 2025 at 11:00 AM
Council Chamber of the Town Hall
116 North Main Street, Farmville, VA

AGENDA

1. **Call to Order**
2. **Roll Call**
3. **Request Adoption Resolution No. 2025-03-01, Amending the Employee Handbook to Phase Out the Health Insurance Payment in Lieu of Coverage**
 - a. Resolution No. 2025-03-01



Town of Farmville

Agenda Item Summary

MEETING DATE: March 21, 2025

ITEM NUMBER: 3.a. – Resolution No. 2025-03-01

BACKGROUND: Report by the Town Manager.

The Town of Farmville currently allows eligible employees who waive Town health insurance coverage and verify enrollment in an alternate, qualified group medical plan to receive a payment in lieu of coverage, as outlined in Chapter 4, Section II, Subsection D of the Employee Handbook.

Upon review, the Town Council has determined that this benefit is no longer in the Town's long-term financial interest. As a result, the Town seeks to amend the Employee Handbook to phase out the in-lieu health insurance benefit and eliminate the option for new hires while implementing a transition period for current employees.

Key Changes:

- Effective March 21, 2025, new hires will no longer be eligible for the in-lieu payment.
- For existing employees currently receiving this benefit, the payment will be phased out over three fiscal years, reducing the benefit by \$2,500 per year until it reaches \$1,000 annually in FY28, which will be the final ongoing benefit.
- Employees who switch to the Town's health insurance plan and later disenroll will no longer be eligible for the in-lieu benefit.

RECOMMENDATION: Adopt Resolution No. 2025-03-01, approving the amendment to the Employee Handbook and phasing out the health insurance payment in lieu of coverage.

FISCAL IMPACT: The financial impact of this transition has been reviewed and accounted for in the Town's budget planning. The proposed resolution ensures fiscal responsibility while providing a structured transition for current employees.

ATTACHMENTS:

1. Resolution No. 2025-03-01

RESOLUTION NO. 2025-03-01

A RESOLUTION AMENDING THE EMPLOYEE HANDBOOK TO PHASE OUT THE HEALTH INSURANCE PAYMENT IN LIEU OF COVERAGE

WHEREAS, the Town Council periodically reviews employee benefits and financial policies to ensure fiscal responsibility and equitable administration; and

WHEREAS, the Town of Farmville's Employee Handbook, under Chapter 4, Section II, Subsection D, currently allows eligible employees who waive Town health insurance coverage and verify enrollment in an alternate, qualified group medical plan to receive a payment in lieu of coverage; and

WHEREAS, the Town Council has determined that the continuation of this benefit for new employees and current employees not already receiving this benefit is not in the long-term financial interest of the Town and has therefore approved a phased elimination of the benefit; and

WHEREAS, effective March 21, 2025, current employees not currently receiving this benefit and employees hired on or after this date will no longer be eligible to receive a payment in lieu of coverage and must either enroll in the Town's health insurance plan or forgo any additional compensation in lieu of benefits; and

WHEREAS, to ensure a smooth transition for existing employees currently receiving this benefit, the Town will gradually phase out the payment over a period of three fiscal years as follows:

- **Fiscal Year 2026:** The annual benefit will be reduced by \$2,500, leaving a remaining benefit of \$6,000 annually.
- **Fiscal Year 2027:** The annual benefit will be reduced by \$2,500, leaving a remaining benefit of \$3,500 annually.
- **Fiscal Year 2028:** The annual benefit will be reduced by \$2,500, leaving a final continuing benefit of \$1,000 annually.

WHEREAS, employees who are grandfathered into this benefit may continue to receive the \$1,000 annual payment beyond FY28, unless they choose to enroll in the Town's health insurance plan at any point; and

WHEREAS, employees who elect to enroll in the Town's health insurance plan at any time and later choose to disenroll will not be eligible to receive the in-lieu benefit again; and

WHEREAS, the financial impact of this phase-out has been reviewed and accounted for in the Town's budgeting process to ensure a responsible and effective transition;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN OF FARMVILLE TOWN COUNCIL:

1. Chapter 4, Section II, Subsection D of the Employee Handbook is hereby repealed and replaced with the following provisions:

- Effective March 21, 2025, employees hired on or after this date, as well as current employees who are not already receiving the in-lieu benefit, will not be eligible to receive a payment in lieu of health insurance coverage. These employees must either enroll in the Town's health insurance plan or forgo any additional compensation related to health benefits.
- For employees who are currently receiving the in-lieu benefit as of March 21, 2025, the benefit will be gradually phased out over three fiscal years, as follows:
 - Fiscal Year 2026: The benefit will be reduced by \$2,500, leaving a remaining benefit of \$6,000 annually.
 - Fiscal Year 2027: The benefit will be reduced by \$2,500, leaving a remaining benefit of \$3,500 annually.
 - Fiscal Year 2028: The benefit will be reduced by \$2,500, leaving a final ongoing benefit of \$1,000 annually.
- Employees grandfathered into this benefit may continue receiving the \$1,000 annual payment beyond FY28, unless they enroll in the Town's health insurance plan at any time.
- If a grandfathered employee elects to enroll in the Town's health insurance plan, they will permanently forfeit eligibility for the in-lieu benefit. Should they later choose to disenroll from the Town's plan, they will not be eligible to receive the in-lieu payment again and will be treated as a new employee under this policy.

2. That all prior policies, resolutions, or provisions in conflict with this resolution are hereby repealed.

3. That the Finance and Human Resources Departments are authorized and directed to implement these changes in accordance with payroll and benefits administration.
4. That this resolution shall be in full force and effect upon approval.

Approved:

Mayor

Attest:

Town Clerk

I certify that the above resolution was:

Adopted on _____.

Ayes: _____. Nays: _____. Absent: _____. Abstain: _____.

The Honorable Sallie O. Amos: _____.

The Honorable A.D. "Chuckie" Reid _____.

The Honorable Daniel E. Dwyer _____.

The Honorable Tommy Pairet _____.

The Honorable Adam B. Yoelin _____.

The Honorable Donald L. Hunter _____.

The Honorable John F. Hardy _____.