



## Legislation Text

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**File #:** RES 17-0143, **Version:** 1

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Mark Danaj, City Manager

**FROM:**

Teresia Zadroga-Haase, Human Resources Director  
Gregory S. Borboa, Risk Manager

**SUBJECT:**

Adopt Resolution No. 17-0143 Regarding the Restated Section 125 Flexible Benefits Plan (Human Resources Director Zadroga-Haase).

**ADOPT RESOLUTION NO. 17-0143**

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**RECOMMENDATION:**

It is recommended that the City Council adopt Resolution No. 17-0143 adopting the restated Section 125 Flexible Benefits Plan and authorize the City Manager to execute the plan document.

**FISCAL IMPLICATIONS:**

There are no fiscal implications associated with this action.

**BACKGROUND:**

The City has had a Section 125 Flexible Benefits Plan since 1993. It allows employees to make pre-tax deductions from earning to pay employee share of health insurance premiums, to set aside dollars to pay for medical treatment and related expenses, and to pay for dependent care. The plan requires periodic updating in order to ensure compliance with current statutory requirements and internal practices. The restatement presented for adoption is the result of the most recent update.

**DISCUSSION:**

A Section 125 Flexible Benefit Plan is an important benefit that allows pre-tax earnings to be used by employees to pay for various benefit elements. The plan is designed to allow for these types of deductions for health premiums, medical expenditures, and dependent care. The Plan structure is governed by the Internal Revenue Code and other legal constructs, to include provisions of the Affordable Care Act. Staff worked with our benefits consultant and legal advisors to do a comprehensive review. The results of this effort are presented for adoption by City Council and consist of updates to comply with changes in both IRS regulations and the Affordable Care Act, and bring the plan document up to date with the law and with current operational practices. The plan document must be adopted by the governing body.

**LEGAL REVIEW**

The resolution has been reviewed and approved by the City Attorney as to legal form.

**Attachments:**

1. Resolution No. 17-0143
2. Restated Section 125 Flexible Benefits Plan