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To: Lemoore City Council
From: JP Prichard, Administrative Analyst
Date: July 12, 2011
Subject: Required Section 125 Plan Amendment

Item # 3F

STAFF REPORT

Background:

For several years, the City of Lemoore has offered Section 125 benefits to its employees, which allow employees to have pre-tax deductions taken from their paychecks in order to provide reimbursement for Unreimbursed Medical expenses and/or Dependent Childcare expenses, also known as flexible spending accounts. These benefits are offered on a voluntary basis and have broad participation in all employee groups.

Due to the passage and implementation of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, many changes have been required for Section 125 benefit programs. Flexible spending accounts are required to be amended under IRS Notice 2010-59.

Attached for Council approval is Resolution 2011-28 which makes the required changes to the benefit plan agreement.

Budget Impact:

None.

Recommendation:

It is recommended that the City Council adopt Resolution 2011-28 in keeping with federal requirements.