

# Ordinance No. 00142

[\(Council Minutes 97/10/20\)](#)

## ORDINANCE NO. 142

AN ORDINANCE of the City Council of the City of Lakewood, Washington establishing a Section 125 Plan for the City and authorizing the City Manager to negotiate a contract for administration of the City's Section 125 Plan

WHEREAS, changes in the Federal law relative to wage payment and Federal tax withholding have allowed employers, including municipal employers, to have as an option available to employees a plan whereby certain deductions for child care purposes, medical expenses and related purposes, may be deducted from an account paid by contributions from the subscribing employees to the effect that payments for such services would be reimbursed from the account with pre-federal income tax dollars; and,

WHEREAS, this plan, identified as the Section 125 Plan, is advantageous for subscribing employees in that those regular and predictable expenses would be paid with pre-tax dollars, resulting in an ultimate increase in the take home pay of the employee; and,

WHEREAS, the plan is also advantageous for the City, as an employer, in that its contributions to the employee's retirement program would be reduced by a proportionate margin correlating to the contributions by the employee into the account; and,

WHEREAS, there are certain administrative costs which the City would incur, but those costs should be offset by the savings in retirement contributions which the City would otherwise make; and,

WHEREAS, the subscribing employees would need to identify the amount of their contributions to this plan cognizant of the fact that deducted but unexpended funds would inure to the City, not to the employee, at the end of the year, and also that the amount of the deductions would be set one time per year, and would not be changeable throughout the rest of that year; and,

WHEREAS, because of the advantages to the City as an employer and to the employees of the City, and because of the desire of a number of employees of the City to take advantage of such a plan, it is appropriate that the City Council authorize the City Manager to negotiate and execute a contract for administration of the City's Section 125 Plan.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKEWOOD, WASHINGTON DO ORDAIN as follows:

1. That a Section 125 Plan for the City of Lakewood is hereby established, and the City Manager is authorized to negotiate and execute a contract administration of the City's Section 125 Plan.

2. That if any section, sentence, clause or phrase of this Ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance.

3. That this Ordinance shall be in full force in effect five (5) days after publication of the Ordinance Summary, as provided by law.

ADOPTED by the City Council this 20th day of October, 1997.

CITY OF LAKEWOOD

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Bill Harrison, Mayor

ATTEST:

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Alice M. Bush, CMC, City Clerk

Approved as to Form:

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Daniel B. Heid, City Attorney

=s Section 125 Plan.

2. That if any section, sentence, clause or phrase of this Ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance.

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