

Ordinance No. 120861

Council Bill No. 114225

The City of Seattle
Council Bill/Ordinance

AN ORDINANCE relating to the Health Care Subfund of the General Fund; amending Seattle Municipal Code Section 4.50.020 to clarify uses of the Health Care Subfund; amending Seattle Municipal Code Section 4.100.020 to provide for the Personnel Director to collect and deposit savings from salary reduction agreements into the Health Care Subfund; and repealing Section 5 of Ordinance 120489.

7-17-02 Pass
7-22-02 Pass

CF No. _____

Date Introduced: <u>JUL 1 2002</u>	DRAGO	
Date 1st Referred: <u>JUL 1 2002</u>	To: (committee) <u>COM. BUSINESS & Labor Committee</u> ✓	
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage: <u>7-22-02</u>	Full Council Vote: <u>9-0</u>	
Date Presented to Mayor: <u>7-23-02</u>	Date Approved: <u>7/31/02</u>	
Date Returned to City Clerk: <u>7/31/02</u>	Date Published: <u>3/9/02</u>	T.O. <u>✓</u> P.T. <u>✓</u>
Date Vetoes by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

This file is complete and ready

Law Department

Law Dept. Review

R

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: _____

Jan Page

Councilmember

Committee Action:

7-17-02 Pass JD

7-22-02 Passed 9-0

This file is complete and ready for presentation to Full Council. Committee: _____

(Initial/Date)

Department

Law Dept. Review

OMP
Review

(V)
City Clerk
Review

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ORDINANCE 120861

AN ORDINANCE relating to the Health Care Subfund of the General Fund; amending Seattle Municipal Code Section 4.50.020 to clarify uses of the Health Care Subfund; amending Seattle Municipal Code Section 4.100.020 to provide for the Personnel Director to collect and deposit savings from salary reduction agreements into the Health Care Subfund; and repealing Section 5 of Ordinance 120489.

WHEREAS, on November 22, 1999, the City Council passed Ordinance 119762, which amended prior ordinance language relating to the Health Care Subfund of the General Fund; and

WHEREAS, on August 20, 2001, the City Council passed Ordinance 120489, further clarifying uses of the Health Care Subfund; and

WHEREAS, on November 13, 2001, the City Council passed Ordinance 120626, amending the Health Care Subfund language in Ordinance 119762 and codifying this language in a new Section 4.50.020 of the Seattle Municipal Code; and

WHEREAS, the Personnel Director has approved the implementation of a salary reduction agreement program for eligible health care expenses; and

WHEREAS, the Council now wishes to incorporate some of the revisions passed in Ordinance 120489 but inadvertently left out of Ordinance 120626 and to provide for the administration of the salary reduction agreement program for eligible health care expenses;

NOW THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 4.50.020 of the Seattle Municipal Code, Ordinance 119762 as amended, is further amended as follows:

4.50.020 Health Care Subfund (~~Reserve~~).

There is hereby created in the City Treasury, as a Subfund of the General Fund, a "Health Care Subfund" into which are paid all City employee((s)) and eligible retiree contributions to the medical, vision, dental, employee assistance, flexible spending accounts including dependent care assistance and health care spending, and any additional health care programs contemplated by ((this-))ordinance, ((and-))all money otherwise accruing to the



1 City under such programs, and such other revenues as may be authorized by ordinance, and
2 from which special funds shall be paid all liabilities incurred by the City by reason of such
3 medical, vision, dental, employee assistance, flexible spending accounts including
4 dependent care assistance and health care spending, and any additional health care
5 programs, and such other expenditures as may be authorized by ordinance. A separate
6 Reserve (~~(Account)~~) of the Health Care Subfund is hereby created to hold the reserves
7 necessary to obtain and maintain approval by the State of Washington Risk Manager for the
8 City's self-insured medical (~~(and dental health)~~) care program authorized under Chapter
9 48.62 RCW. The Reserve (~~(Account)~~) shall maintain a balance which is equal to at least
10 two months and ten days of projected health care claims and non-City administrative costs
11 under the self-insured plans, and shall be administered in compliance with applicable law
12 including State of Washington self-insurance regulations, Chapter 236-22 WAC.

13 ~~((The Finance Director is authorized to transfer funds from the Health Care Subfund~~
14 ~~into the Reserve Account in order to establish and maintain the appropriate level of~~
15 ~~reserves.))~~

16 **Section 2.** Seattle Municipal Code Section 4.100.020, **Plan, policies and**
17 **administration**, Ordinance 114160 as amended, is further amended as follows:

18 The Finance and Personnel Directors shall be responsible for developing plans,
19 policies and procedures to guide, implement, administer and monitor those salary reduction
20 programs authorized in Section 4.100.010 of this chapter. The Personnel Director shall bill
21 and collect from City departments and offices on a monthly, quarterly or annual basis the
22 FICA and Medicare savings realized from salary reduction agreements entered into between
23 employees and the City for the dependent care and health care savings accounts (i.e.,
24 flexible spending accounts) pursuant to the Internal Revenue Code, 26 U.S.C. Sections 125

1 and 129. FICA and Medicare revenue collected under this authority shall be deposited into
2 the Health Care Subfund to offset the administrative costs of the salary reduction
3 agreements.

4 **Section 3.** Section 5 of Ordinance 120489 is hereby repealed.

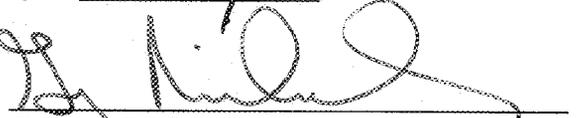
5 **Section 4.** This ordinance shall take effect and be in force thirty (30) days from and
6 after its approval by the Mayor, but if not approved and returned by the Mayor within ten
7 (10) days after presentation, it shall take effect as provided by Municipal Code Section
8 1.04.020.

9 **Section 5.** Any acts made consistent with the authority and prior to the effective
10 date of this ordinance are hereby ratified and confirmed.

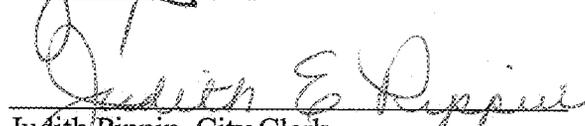
11 Passed by the City Council the 22nd day of JULY, 2002, and signed by
12 me in open session in authentication of its passage this 22nd day of JULY,
13 2002.

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15 
16 Peter Steinbrueck, President of the City Council

17 Approved by me this 31 day of July, 2002.

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20 Gregory I. Nickels, Mayor

21 Filed by me this 31st day of July, 2002.

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23 
24 Judith Pippin, City Clerk

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28 (SEAL)
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FISCAL NOTE

Department: Personnel	Contact Person/Phone: Raquel Gonzalez 684-0945	CBO Analyst/Phone: Diane Clausen 684-8151
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Legislation Title:

AN ORDINANCE relating to the Health Care Subfund of the General Fund; amending Seattle Municipal Code Section 4.50.020 to clarify uses of the Health Care Subfund; amending Seattle Municipal Code Section 4.100.020 to provide for the Personnel Director to collect and deposit savings from salary reduction agreements into the Health Care Subfund; and repealing Section 5 of Ordinance 120489.

Summary of the Legislation:

This ordinance cleans up and updates the Health Care Subfund municipal code by (1) reinserting language from Ordinance 120489 inadvertently dropped in Ordinance 120626, and (2) allowing for the revenues and expenditures related to the City's flexible spending programs for the Dependent Care Assistance Program and Health Care Program to flow through the Health Care Subfund. In addition, this ordinance clarifies billing procedures for the two flexible spending programs.

Background (Include justification for the legislation and funding history, if applicable):

The first half of the Flexible Spending Account Program, Dependent Care Assistance Program (DCAP) was implemented in 1996 (Ordinance 118321). At the request of the joint Labor Management Health Care Committee the second half of the program, Health Spending Account (HSA) is being implemented.

Back in

Public Private Partnership Review Status:

Is the project referenced in the legislation subject to P4 review? If yes, identify P4 review to date.

NO

Is the legislation subject to public hearing requirements? If yes, what public hearings have been held to date?

NO



Fiscal Sustainability Issues (related to grant awards):

Estimated expenditures and revenues for the program are based on an open enrollment that occurred at the end of April 2002.

Estimated Expenditure Impacts:

FUND (List # and/or Account)	2002	2003	2004
00627 – Health Care Subfund	\$29,694	\$60,807.76	\$62,632.00
TOTAL	\$29,694	\$60,807.76	\$62,632.00

One-time - \$7,500

On-going – Approximately \$30,000.00

Estimated Revenue Impacts:

FUND (List # and/or Account)	2002	2003	2004
00627 – Health Care Subfund	\$59,036.66	\$60,807.76	\$62,632.00
TOTAL	\$59,036.66	\$60,807.76	\$62,632.00

One-time \$

On-going - Approximately \$60,000.00

The Health Care Spending Accounting enrollment has met with great success with a higher than anticipated number of employees enrolling in the program. Based on the initial enrollment in the program and feedback received, this level of enrollment should continue which will generate revenues that are slightly higher than expenditures. Revenues related to the program that exceed expenditures will be used to offset costs to the City (such as the monthly employee cost) and to provide enhancements to the program.

Estimated FTE Impacts: NONE

FUND	2002	2003	2004
TOTAL			

Do positions sunset in the future? If yes, identify sunset date?

Not Applicable.

Other Issues (including long-term implications of the legislation):





City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

June 18, 2002

Honorable Peter Steinbrueck
President
Seattle City Council
Municipal Building, 11th Floor

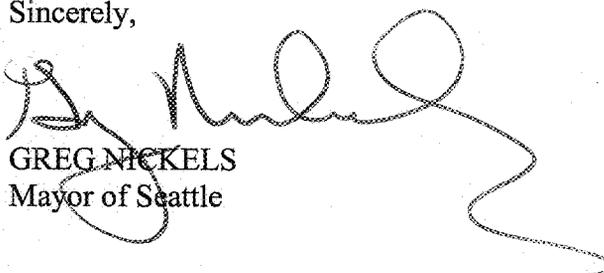
Dear Council President Steinbrueck:

I am transmitting the attached ordinance for Council consideration.

This ordinance cleans up and updates the Health Care Subfund municipal code by (1) reinserting language from Ordinance 120489 inadvertently dropped in Ordinance 120626, and (2) allowing for the revenues and expenditures related to the City's flexible spending programs for the Dependent Care Assistance Program and Health Care Program to flow through the Health Care Subfund. In addition, this ordinance clarifies billing procedures for the two flexible spending programs. It further amends SMC 4.100.020 to provide for the Personnel Director to collect and deposit savings from salary reduction agreements into the Health Care Subfund.

Thank you for your consideration of this legislation. Should you have questions please contact Raquel Gonzalez at 4-0945.

Sincerely,


GREG NICKELS
Mayor of Seattle

600 Fourth Avenue, 12th Floor, Seattle, WA 98104-1873

Tel: (206) 684-4000, TDD: (206) 684-8811 Fax: (206) 684-5360, E-mail: mayors.office@ci.seattle.wa.us

An equal employment opportunity, affirmative action employer. Accommodations for people with disabilities provided upon request.



STATE OF WASHINGTON – KING COUNTY

--SS.

148345
City of Seattle, Clerk's Office

No. ORDINANCE IN FULL

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:ORDINANCE 120861

was published on

8/9/2002

G. Stedman

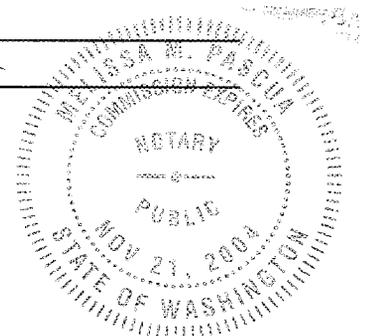
Subscribed and sworn to before me on

8/9/2002

Michael P. ...

Notary public for the State of Washington,
residing in Seattle

Affidavit of Publication



State of Washington, King County

City of Seattle

ORDINANCE 120661

AN ORDINANCE relating to the Health Care Subfund of the General Fund; amending Seattle Municipal Code Section 4.50.020 to clarify uses of the Health Care Subfund; amending Seattle Municipal Code Section 4.106.020 to provide for the Personnel Director to collect and deposit savings from salary reduction agreements into the Health Care Subfund; and repealing Section 5 of Ordinance 120489.

WHEREAS, on November 22, 1999, the City Council passed Ordinance 119762, which amended prior ordinance language relating to the Health Care Subfund for the General Fund; and

WHEREAS, on August 20, 2001, the City Council passed Ordinance 120489, further clarifying uses of the Health Care Subfund; and

WHEREAS, on November 13, 2001, the City Council passed Ordinance 120626, amending the Health Care Subfund language in Ordinance 119762 and codifying this language in a new Section 4.50.020 of the Seattle Municipal Code; and

WHEREAS, the Personnel Director has approved the implementation of a salary reduction agreement program for eligible health care expenses; and

WHEREAS, the Council now wishes to incorporate some of the revisions passed in Ordinance 120489 but inadvertently left out of Ordinance 120626 and to provide for the administration of the salary reduction agreement program for eligible health care expenses;

NOW THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 4.50.020 of the Seattle Municipal Code, Ordinance 119762 as amended, is further amended as follows:

4.50.020 Health Care Subfund Reserve.

There is hereby created in the City Treasury, as a Subfund of the General Fund, a "Health Care Subfund" into which are paid all City employee, and eligible retiree contributions to the medical, vision, dental, employee assistance, flexible spending accounts including dependent care assistance and health care spending, and any additional health care programs contemplated by this ordinance, and all money otherwise accruing to the City under such programs, and such other revenues as may be authorized by ordinance, and from which special funds shall be paid all liabilities incurred by the City by reason of such medical, vision, dental, employee assistance, flexible spending accounts including dependent care assistance and health care spending, and any additional health care programs, and such other expenditures as may be authorized by ordinance. A separate Reserve Account of the Health Care Subfund is hereby created to hold the reserves necessary to obtain and maintain approval by the State of Washington Risk Manager for the City's self-insured medical and dental health care program authorized under Chapter 48.62 RCW. The Reserve Account shall maintain a balance which is equal to at least two months and ten days of health care claims and non-City administrative costs under the self-insured plans, and shall be administered in compliance with applicable law including State of Washington self-insurance regulations, Chapter 296-22 WAC.

The Finance Director is authorized to transfer funds from the Health Care Subfund into the Reserve Account in order to establish and maintain the appropriate level of reserves.

Section 2. Seattle Municipal Code Section 4.106.020, Plan, policies and administra-

STATE OF WASHINGTON - KING COUNTY

--SS.

148345
City of Seattle, Clerk's Office

No. ORDINANCE IN FULL

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

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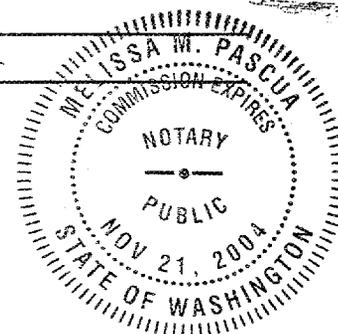
Subscribed and sworn to before me on

8/9/2002

Melissa W. Pasqua

Notary public for the State of Washington,
residing in Seattle

Affidavit of Publication



State of Washington, King County

City of Seattle

ORDINANCE 120861

AN ORDINANCE relating to the Health Care Subfund of the General Fund; amending Seattle Municipal Code Section 4.50.020 to clarify uses of the Health Care Subfund; amending Seattle Municipal Code Section 4.100.020 to provide for the Personnel Director to collect and deposit savings from salary reduction agreements into the Health Care Subfund; and repealing Section 5 of Ordinance 120489.

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NOW THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 4.50.020 of the Seattle Municipal Code, Ordinance 119762 as amended, is further amended as follows:

4.50.020 Health Care Subfund Reserves.

There is hereby created in the City Treasury, as a Subfund of the General Fund, a "Health Care Subfund" into which are paid all City employee, and eligible retiree contributions to the medical, vision, dental, employee assistance, flexible spending accounts including dependent care assistance and health care spending, and any additional health care programs contemplated by this ordinance, ~~and~~ all money otherwise accruing to the City under such programs, and such other revenues as may be authorized by ordinance, and from which special funds shall be paid all liabilities incurred by the City by reason of such medical, vision, dental, employee assistance, flexible spending accounts including dependent care assistance and health care spending, and any additional health care programs, and such other expenditures as may be authorized by ordinance. A separate Reserve Account of the Health Care Subfund is hereby created to hold the reserves necessary to obtain and maintain approval by the State of Washington Risk Manager for the City's self-insured medical and dental health care program authorized under Chapter 48.82 RCW. The Reserve Account shall maintain a balance which is equal to at least two months and ten days of health care claims and non-City administrative costs under the self-insured plans, and shall be administered in compliance with applicable law including State of Washington self-insurance regulations, Chapter 286-22 WAC.

The Finance Director is authorized to transfer funds from the Health Care Subfund into the Reserve Account in order to establish and maintain the appropriate level of reserves.

Section 2. Seattle Municipal Code Section 4.100.020, Plan, policies and administration