

RESOLUTION NO. 7609

**CITY OF SOUTH GATE
LOS ANGELES COUNTY, CALIFORNIA**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH GATE
ADOPTING SAFE HARBORS UNDER THE PATIENT PROTECTION AND
AFFORDABLE CARE ACT**

WHEREAS, the Patient Protection and Affordable Care Act (“ACA”) was enacted on March 23, 2010; and

WHEREAS, ACA added Section 4980H Shared Responsibility for Employers Regarding Health Care Coverage (Section 4980H) and Section 6056 Certain Employers Required to Report on Health Insurance Coverage (Section 6056) to Title 26 of the United States Code, the Internal Revenue Code; and

WHEREAS, Section 4980H imposes an assessable payment on an applicable large employer when (1) it fails to offer “substantially all” of its full-time employees (and their dependents) the opportunity to enroll in minimum essential coverage or offers coverage to “substantially all” of its full-time employees (and their dependents), but that coverage is either “unaffordable” or does not provide “minimum value” and (2) any full-time employee is certified to the employer as having received a subsidy for coverage through the exchange (“Assessable Payment”); and

WHEREAS, Section 6056 requires an applicable large employer to file with the Internal Revenue Service an annual return for each full-time employee; and

WHEREAS, the City of South Gate (“City”) is considered an applicable large employer because it employed an average of at least 50 full-time employees (including full-time equivalents) on business days during the preceding calendar year; and

WHEREAS, the Department of Treasury issued final regulations regarding Section 4980H that permit the City to adopt the Look Back Measurement Method Safe Harbor in order to determine the status of an employee as “full-time” for purposes of reporting and calculating the Assessable Payment, if any (79 Federal Register 8544, 8586, February 12, 2014); and

WHEREAS, the City intends to adopt the provisions of the Look Back Measurement Method Safe Harbor in order to determine the full-time status of its employees for reporting purposes and for purposes of the Assessable Payment; and

WHEREAS, the Department of Treasury issued final regulations regarding Section 4980H that permit the City to use one of three affordability safe harbors for any reasonable category of employees as long as the safe harbor is applied on a uniform and consistent basis for all employees in the category (79 Federal Register 8544, 8599-8601, February 12, 2014); and

WHEREAS, the City intends to use the affordability safe harbors as contemplated in the final regulations; and

WHEREAS, the City intends to use good faith efforts to comply with legal requirements under ACA despite that they have not yet been fully developed; and

WHEREAS, the City expects that further guidance and regulations may be issued regarding ACA;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SOUTH GATE DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Council hereby establishes the Look Back Measurement Method Safe Harbor with regard to all employees for the purpose of identifying full-time employees for calculation of the Assessable Payment and for IRS reporting purposes.

SECTION 2. The City Council does not establish the Look Back Measurement Method Safe Harbor for the purpose of determining eligibility for an offer of medical coverage for any employee. All represented employees' eligibility for an offer of medical coverage shall continue to be governed by the terms of any applicable memorandum of understanding.

SECTION 3. The City Council hereby delegates authority to the City Manager, including his/her designee(s), to create an Administrative Regulation that establishes measurement, administrative and stability periods, governs the measurement and tracking of employees' hours of service, and/or otherwise establishes procedures in accordance with Section 4980H to comply with the Look Back Measurement Method Safe Harbor.

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SECTION 4. For each reasonable category of employees, the City in its sole discretion, but on a uniform and consistent basis for all of the employees in a reasonable category, will apply one of the three affordability safe-harbors (i.e. Form W-2 Safe Harbor, Rate of Pay Safe Harbor, or Federal Poverty Line Safe Harbor) to determine the affordability of the minimum value coverage that it offers its full-time employees.

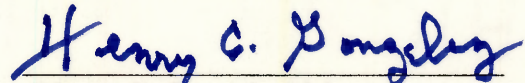
SECTION 5. The City Council hereby delegates authority to the City Manager, including his/her designee(s), to establish an Administrative Regulation to comply with any of the three affordability safe harbors in accordance with and as permitted by Section 4980H.

SECTION 6. The City Manager, including his or her designee(s), shall have authority to create, modify or amend Administrative Regulation(s) to ensure the City's compliance with Sections 4980H and 6056 of the Internal Revenue Code.

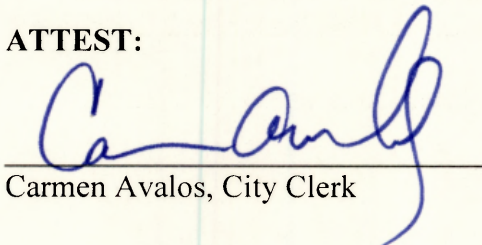
SECTION 7. The City Clerk shall certify to the adoption of this Resolution which shall be effective upon its adoption.

PASSED, APPROVED and ADOPTED this 24th of June 2014.

CITY OF SOUTH GATE:

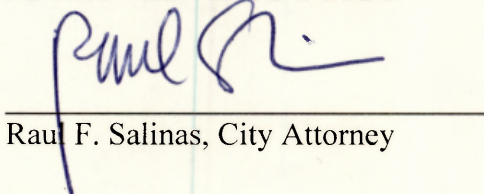

Henry C. Gonzalez, Mayor

ATTEST:


Carmen Avalos, City Clerk

(SEAL)

APPROVED AS TO FORM:


Raul F. Salinas, City Attorney

RESOLUTION CERTIFICATION PAGE

STATE OF CALIFORNIA)

COUNTY OF LOS ANGELES) SS

CITY OF SOUTH GATE)

I, Carmen Avalos, City Clerk of the City of South Gate, California, hereby certify that the whole number of Members of the City Council of said City is five; that Resolution No. 7609 was adopted by the City Council at their Regular Meeting held on June 24, 2014, by the following vote:

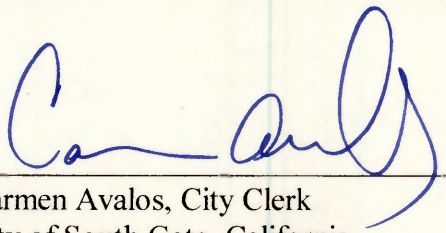
Ayes: Council Members: Gonzalez, Morales, Davila, De Witt and Hurtado

Noes: Council Members: None

Absent: Council Members: None

Abstain: Council Members: None

Witness my hand and the seal of said City on July 2, 2014.



Carmen Avalos, City Clerk
City of South Gate, California