

**City of Gustavus**  
**Policies and Procedures**

**Title: City of Gustavus Benefits Policy for Eligible Regular  
Position Employees**

**BACKGROUND:**

By Ordinance FY2012-13 adopted April 12, 2012, the Gustavus City Council approved a major revision to Title 3, Personnel. Revised Title 3 provides that it is the policy of the City of Gustavus to establish and amend, from time to time, by resolution, a written benefits policy, which describes various non-wage compensations that the City provides to employees in addition to wages or salaries. [CoG 3.05.01]

Consistent with the provisions of revised Title 3, the City Council adopted by Resolution 2012-17 this "City of Gustavus Benefits Policy," which applies to all eligible Regular Position employees. This policy replaces all previous City of Gustavus benefits and leave policies. CoG 3.04.01(b) (1)]

**I. Health Insurance Premium Reimbursement**

This benefit is provided to all Regular Position employees in proportion to hours worked each month, according to the following provisions:

**POLICY:**

The City of Gustavus will reimburse the health insurance premiums paid by qualifying employees in a gross amount of up to \$500 per month. To qualify for participation in this program, the employee must be (1) a Regular Position employee who (2) submits valid documentation verifying that he or she has paid amounts toward the premium required by an individual or family insurance plan under which the employee is insured. The City will not reimburse health insurance premium expenses incurred under insurance policies that are part of another employer-sponsored or group insurance plan, nor policies that do not specifically insure the employee. The City will not reimburse health insurance premium expenses incurred by any person or entity other than the employee.

**PROCEDURE:**

(A) On a monthly basis, the City Clerk will make a disbursement in an amount that is the lesser of \$500 or the amount actually paid by the qualifying employee in that month, to reimburse that employee's health insurance premium payments. All reimbursement amounts are subject to tax reporting and withholding and the employee will be paid a net amount.

(B) To receive reimbursement, the employee must provide proof to the City Clerk quarterly of (1) an active and current individual or family health insurance policy under which the employee is insured and (2) the amounts actually paid by the employee towards the premium for which the employee seeks reimbursement. The City will not make advance payments. Employees who have not actually made a health insurance premium payment but merely anticipate doing so do not qualify for this benefit.

(C) The maximum obligation of the City under this policy, per qualifying employee, is \$500 per month, or the premium amount actually paid by the employee, whichever is less. Any premium amount exceeding \$500/month (less withholding) will be the responsibility of the employee.

(D) This benefit will commence upon satisfactory completion of the probationary period.

(E) Employees receiving a benefit under this section must notify the City before the next pay period if they become ineligible for coverage under this policy. Failure to do so will result in the City recovering the amount of any improper reimbursements from the employee's future paychecks.

## **II. Deferred Compensation Program, a 457(b) Retirement Savings Plan**

The City participates in a 457(b) deferred compensation program with Lincoln Life. A 457(b) plan is a type of tax-advantaged deferred-compensation retirement plan that is available to state or local governments and their agencies. The employer provides the plan and the employee defers compensation into it on a pre-tax basis. Participation is voluntary. The participant contributes a flat amount of his/her choice each month, which is withdrawn from the monthly paycheck. Regular Position employees may contact the City Clerk for more information.

## **III. Paid Holidays [CoG 3.05.02]**

The City of Gustavus observes the following eight holidays:

1. New Year's Day (January 1)

2. President's Day (February 21)
3. Memorial Day (last Monday in May)
4. Independence Day (July 4)
5. Labor Day (first Monday in September)
6. Thanksgiving (fourth Thursday in November)
7. Day after Thanksgiving
8. Christmas (December 25).

- The City will grant an eight-hour day of paid holiday time to all Regular Position employees, both fulltime and part-time.
- Holiday pay will be calculated based on the employee's straight-time pay rate as of the date of the holiday. Employees will not receive additional compensation when a recognized holiday falls on a day an employee is on Paid Time Off. Employees will not receive compensation for a holiday that occurs on a day that the employee is on an unpaid leave of absence.
- This benefit will commence upon satisfactory completion of the probationary period.
- See Gustavus Municipal Code 3.05.02 for the application of the policy to Monday through Friday and Tuesday through Saturday work weeks.

#### **IV. Paid Time Off (PTO)**

The City of Gustavus recognizes that employees have diverse needs for time off from work. PTO will cover all forms of personal, vacation, and sick leave. This benefit will be granted to all Regular Position employees in proportion to the hours worked each month.

Paid Time Off is a provision for time taken off from an employee's regularly scheduled work hours. PTO may not be applied to days and hours the employee is not scheduled to work. With the exception of the permitted 120-hour carry-over of unused PTO hours at the start of a new fiscal year, PTO not taken during regularly scheduled work hours will be forfeited. Unused accrued PTO is cashed out only when an employee terminates.

- An employee's annual PTO benefit accrues in accordance with employment longevity as shown in the table below. Accrual rates for a new longevity category begin on the first day of the month of the employment anniversary.

- Annual PTO benefit accruals begin July 1 of each year and end June 30 of each year.
- A maximum of 120 hours of PTO may be carried over into the next fiscal year.
- Accrued PTO hours beyond 120 at the end of the fiscal year will be forfeited.
- For new hires, PTO will accrue retroactive to the date of hire if and when the employee satisfactorily completes the probationary period.
- An employee must receive approval from his/her supervisor for planned PTO. Approval of PTO is contingent upon the needs of the department/facility. In cases of emergency or illness, an employee must let his/her supervisor know about the absence as soon as possible.
- Upon termination an employee shall be paid the value at the time of cash-out of remaining PTO.
- PTO must be used in full before an employee may request unpaid leave.
- An employee must fill out a leave slip to be signed by his/her supervisor or by an email that is approved and printed by the supervisor.

### **Longevity Categories**

PTO is accrued on an hourly basis, and is credited on the monthly pay check in proportion to the actual straight-time hours worked that month. Accruals are based on longevity, that is, the number of years employed in a Regular Position with the City of Gustavus. The following table depicts Annual PTO accrual for a fulltime Regular Position, 2,080 hours/year.

| Longevity                      | Annual PTO Accrual, Fulltime equivalent | Accrual Rate PTO hours/actual straight-time hours worked* |
|--------------------------------|---|---|
| Less than two (2) years        | 80 hours                                | 0.0413223   |
| Two (2) through five (5) years | 120 hours                               | 0.0632911   |
| Six (6) or greater years       | 160 hours                               | 0.0862068   |

\*\*Actual number of straight-time hours worked\*\* means the total straight-time paid hours, minus holiday hours minus annual PTO accrual hours. (Overtime hours do not count toward PTO accrual.)

**Formula**

- Accrued PTO hours on a monthly (or any) pay check = (Actual number of straight-time hours worked) (accrual rate)
- The same accrual rate works for any employee in a given Longevity Category. Accrual rate = annual PTO accrual allotment divided by ( 2080 - 64 holiday hours - annual PTO accrual allotment)

**V. The City of Gustavus does not offer Compensatory Time Off.**

*Eric Marubank* July 14, 2014  
Signed Mayor of the City of Gustavus Date