

**CITY OF GUSTAVUS, ALASKA  
RESOLUTION CY18-01**

**A RESOLUTION BY THE CITY OF GUSTAVUS UPDATING THE CITY BENEFITS POLICY  
AND PROCEDURE**

**WHEREAS**, the City of Gustavus last updated its employee benefits policy and procedure effective November 1, 2016, and;

**WHEREAS**, the City of Gustavus values its employees and intends to compensate employees competitively within our region, and;

**WHEREAS**, federal laws passed since the Affordable Care Act was enacted have made the previous health insurance reimbursement policy obsolete, and;


**WHEREAS**, the City of Gustavus encourages employees to obtain medical insurance for their health and financial security and knows the associated costs can be high, and;


**WHEREAS**, the City of Gustavus encourages a positive work/life balance and understands a flexible work schedule can foster this balance while still ensuring all duties are performed, and;

**NOW THEREFORE, BE IT RESOLVED** that effective January 1, 2018, the City of Gustavus updates its Employee Benefits Policy and Procedure as attached to:

- 1) Offer all qualified employees a taxable monthly health insurance stipend of \$800, or a prorated amount based on their approved work schedule, and;
- 2) Offer a flexible work schedule, where practicable to all qualified employees.
- 3) Item 1 in this policy and procedure will expire on December 31, 2018 unless renewed or modified by a majority vote of the council.

**PASSED** and **APPROVED** by the Gustavus City Council this 15<sup>th</sup> day of January, 2018.

  
\_\_\_\_\_  
Barbara Miranda, Mayor

  
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Attest: Karen Platt, City Clerk

**CITY OF GUSTAVUS**  
**POLICIES AND PROCEDURES**

**TITLE: CITY OF GUSTAVUS BENEFITS POLICY FOR ELIGIBLE REGULAR  
POSITION EMPLOYEES EFFECTIVE JANUARY 1, 2018**

**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 2018-01 this "City of Gustavus Benefits Policy," which applies to all eligible Regular Position employees. This updated policy, effective January 1, 2018, replaces all previous City of Gustavus benefits and leave policies. [CoG 3.04.01(b) (1)]

**I. Health Insurance Stipend**

The City of Gustavus does not offer a group health insurance plan but encourages employees to obtain medical insurance for their health and financial security. To that end, the City offers a monthly health insurance stipend to all Regular Exempt and Non-Exempt Position employees in proportion to base hours outlined in their job description. This stipend is similar to a monthly bonus in that it is subject to payroll taxes, is reported as income, does not count toward the accrual of paid time off (PTO), and is not included in the base wages considered for the City match in the Retirement Savings Plan. The stipend is included during the regularly scheduled payroll.

**POLICY:**

The City of Gustavus will pay a monthly health insurance stipend to all qualifying employees in a gross amount of up to \$800 per month, prorated to the base hours for each position. To qualify for participation in this program, the employee must be (1) a Regular Exempt or Non-Exempt Position employee who (2) is no longer in their probationary period. The City cannot ask if an employee is covered under a health insurance plan, how much their monthly premium is, or how they plan on spending the stipend.

**PROCEDURE:**

- (A) On a monthly basis, the City Treasurer will add the health insurance stipend to the employee's paycheck in an amount of \$800 gross wages for full-time employees or a pro-rated amount based on the employee's approved base hours. All stipend amounts are subject to tax reporting and withholding, and the employee will be paid a net amount.
- (B) Examples of prorated stipends:

| Monthly Stipend | Work Schedule         |
|-----------------|-----------------------|
| \$800.00        | full-time employee    |
| \$700.00        | 87.5% (35 hours/week) |

|          |                     |
|----------|---------------------|
| \$600.00 | 75% (30 hours/week) |
| \$400.00 | 50% (20 hours/week) |

## 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 or percentage of his/her choice each month, which is withdrawn from the monthly paycheck. The City will match the employee's monthly contribution up to a maximum of 7% of the employee's straight time pay, overtime pay, and paid time off pay for the month. Health insurance stipends are not included in the percentage matched. Regular Position employees may contact the City Clerk or Treasurer for more information. This benefit commences upon satisfactory completion of the probationary period.

## III. Paid Holidays [CoG 3.05.02]

The City of Gustavus observes the following nine holidays:

1. New Year's Day (January 1)
  2. President's Day (third Monday in February)
  3. Memorial Day (last Monday in May)
  4. Independence Day (July 4)
  5. Labor Day (first Monday in September)
  6. Veterans Day (November 11)
  7. Thanksgiving (fourth Thursday in November)
  8. Day after Thanksgiving
  9. Christmas (December 25)
- The City will grant an eight-hour day of paid holiday time to all full-time Regular Position employees or a pro-rated amount based on the employee's approved base hours.

| Hours of Holiday Pay | Work Schedule         |
|----------------------|-----------------------|
| 8                    | full-time employee    |
| 7                    | 87.5% (35 hours/week) |
| 6                    | 75% (30 hours/week)   |
| 4                    | 50% (20 hours/week)   |

- 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.

#### **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. Compensatory Time Off**

The City of Gustavus does not offer Compensatory Time Off.

**VI. Flexible Work Schedule**

The City of Gustavus recognizes that alternative work schedules can foster a positive work/life balance. To this end, regular position employees may be allowed by their supervisor to have a flexible work schedule. Hours worked by each regular position employees may be flexed during the work week as approved by their supervisor, provided core business hours are covered and job duties are being completed. The Mayor and/or City Administrator may designate core hours for each employee.

*B. Miranda*

1/15/18

Signed

Mayor of the City of Gustavus

Date