

**CITY OF GUSTAVUS, ALASKA
RESOLUTION 2012-17**

A Resolution to Repeal the City of Gustavus 2006 "Employee Payment and Earnings Policy, as Amended" and to Adopt the Replacement "City of Gustavus Benefits Policy"

WHEREAS the City Council of the City of Gustavus adopted an "Employee Payment and Earnings Policy" by motion on June 8, 2006; and

WHEREAS the 2006 "Employee Payment and Earnings Policy" was amended by the City Council by Resolution 2011-23 on November 10, 2011 to define Regular Position employees and to establish the conditions for periodic pay adjustments to this category of employees; and

WHEREAS the City Council adopted a revised version of Title 3, Personnel, by Ordinance FY12-13 on April 12, 2012, which provides a mechanism, in Chapter 3.05, for adopting or amending a benefits policy; and

WHEREAS the City Council desires to adopt a new benefits policy for eligible Regular Position employees, consistent with the provisions of revised Title 3, adopted on April 12, 2012;

NOW THEREFORE BE IT RESOLVED as follows:

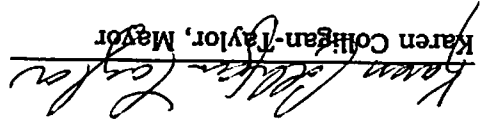
Section 1. The 2006 "Employee Payment and Earnings Policy, as Amended" is hereby repealed effective June 30, 2012 and the "City of Gustavus Benefits Policy," dated May 10, 2012, a copy of which is attached as Exhibit A, is hereby adopted as an official policy of the City of Gustavus effective July 1, 2012.

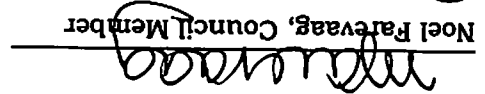
Section 2. On July 1, 2012, the City of Gustavus will cash out, at the June 30, 2012 pay rate, any accrued vacation pay earned by eligible employees under the 2006 "Employee Payment and Earnings Policy, as Amended" and will carry over up to 60 hours of vacation pay into the new employee Paid Time Off bank, which will go into effect on July 1, 2012.

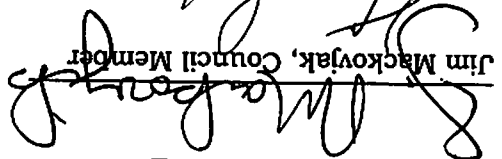
Section 3. All sick leave accrued under the 2006 "Employee Payment and Earnings Policy, as Amended" and not used by June 30, 2012 will be lost.

Section 4. Effective Date. This resolution is effective immediately upon adoption.

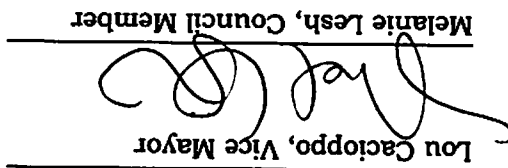
PASSED and APPROVED by the Gustavus City Council, this 10th day of May, 2012.


Karen Colligan-Taylor, Mayor

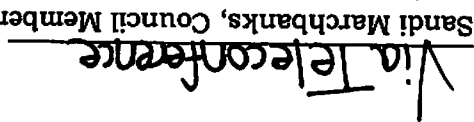

Noel Favevaag, Council Member

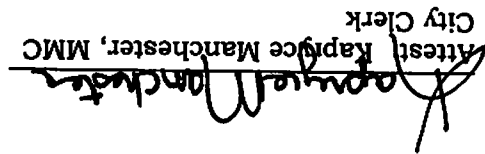

Jim MacKoyak, Council Member


Tim Sunday, Council Member


Lou Cacioppo, Vice Mayor

Melanie Lesh, Council Member


Sandi Marchbanks, Council Member


Kaye M. Manchester, MMC
Attest
City Clerk

City of Gustavus Benefits Policy

By Ordinance No. FY12-13 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 anticipates adopting a 457(b) deferred compensation program. 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 on the specific plan(s) which may be adopted by the City Council by resolution.

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.

- 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 60 hours of PTO may be carried over into the next fiscal year.
- 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 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)