

REQUEST FOR ACTION

Department Head

Phil Kern,
City Administrator

City Council Date

December 15, 2009

Agenda Item

Consider Personnel Policy Amendments

ACTION REQUESTED

Consider minor Personnel Policy Amendments as they relate to Employee Benefits

BACKGROUND

Staff is seeking approval for two minor Personnel Policy Amendments that relate to the City's Employee Benefits Package. Each year, the City budgets a certain amount of money to be contributed equally to each employee. This money is used to offset the cost of medical insurance and life insurance. Employees have the option to "opt in" to less expensive insurance policies which may provide a surplus in their benefit allocation for the year. Current Personnel Policy language dictates that these funds are directed to a retirement account.

Staff would like to clarify language to allow these funds to be used for two other IRS-allowable benefit programs. One would allow the employee to purchase supplemental insurance if the employee so chooses. This change would only formalize a current practice and simply require the word "supplemental" be added to the current policy. The second proposed change would be to formalize a policy which would allow these surplus dollars to be contributed toward educational reimbursement. Tax law allows an employer to contribute up to \$5,000 for education, tax-free. The law requires that the employer have a formal policy in place. Last year, the Council authorized this type of reimbursement for one employee. This policy amendment would formalize the policy and allow other employees to take advantage of surplus funds in their benefits package.

These changes in the personnel policy would not have any financial impact on the City, as the amount of contribution annually to the benefit package is fixed according to health insurance costs. The personnel policy is attached.

Staff has identified several other areas within the personnel policy that could be updated as well, but would like to present those changes formally to the Human Resources Committee and spend more time discussing them with the Council at a future worksession before presenting for an approval. These two minor changes – confirming current Council-approved practices – are being presented now so that they may be considered for employees making 2010 benefits allocations in December 2009.

ATTACHMENTS

- Personnel Policy, with proposed revisions