



Req. #

ORDINANCE NO. 25070

1 AN ORDINANCE regarding compensation, and amending Chapter 1.12 of the
2 Tacoma Municipal Code by adding a new section thereto, to be known as
3 Section 1.12.229; and amending Sections 1.12.230, 1.12.231, and 1.12.232
4 thereof.

5 BE IT ORDAINED BY THE CITY OF TACOMA:

6 Section 1. That Chapter 1.12 of the Tacoma Municipal Code is hereby
7 amended by adding a new section thereto, to be known as Section 1.12.229,
8 which reads as follows:

9 **1.12.229 VEBA Account for retirees.**

10 A. The City shall deposit into a VEBA Account a sum equivalent to
11 25 percent of the sick leave accruals of any employee who meets the following
12 criteria:

13 1. The employee must qualify under TMC Section 1.12.229(B).

14 and

15 2. The employee must be separated from the City service due to
16 (i) death or (ii) retirement for disability or length of service with attendant
17 pension payments under any City employee pension system.

18 The sum deposited in the VEBA Account shall be calculated at the
19 employee's regular classification rate of pay effective at the time of retirement.

20 B. An employee shall qualify for a deposit into a VEBA Account
21 pursuant to TMC 1.12.229(A) if the following three criteria are met:

22 1. (a) The employee is not a member of one of the City's
23 collective bargaining units at retirement, or,
24

25
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

(b) if the employee is a member of a duly selected collective bargaining unit at the time of his or her retirement, the employee shall qualify for a deposit into a VEBA Account only if a valid collective bargaining agreement in force at the employee's retirement confers upon the employee the right to a VEBA account; and

2. The employee shall qualify for a deposit into a VEBA Account only if the VEBA Account deposit is a reasonable and equitable substitute for the cash out payment under TMC 1.12.230(D)(1) which was in effect immediately prior to the effective date of this section. However, an employee may apply for a cash out where the VEBA account will be clearly detrimental when compared to the preexisting benefit in the unusual circumstances of his or her particular case. The employee must prove he or she is not qualified under a preponderance of evidence standard for a VEBA Account due to one or more of the following circumstances: (a) the employee has access to alternative post-retirement benefits and therefore will not use the VEBA Account in a reasonably foreseeable time or manner following separation from the City; (b) the employee, his or her spouse, and dependents have only nominal medical expenses and the panel is convinced that, due to the employee's circumstances, projected medical expenses will be substantially below what would normally be expected; (c) the employee possesses a compelling immediate need for cash to prevent a hardship to the employee or his or her dependents, such as loss of shelter or inability to obtain food; (d) a



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

bona fide emergency need exists due to events beyond the control of the employee, such as for airfare to attend a seriously ill or incapacitated relative in the absence of other reasonable alternative methods of payment; or (e) such similar circumstance as the panel finds unique and compelling which would render the VEBA deposit an inequitable or unreasonable alternative to the cash out payment. An employee's desire for cash without any additional compelling factors set forth above shall not render the VEBA deposit an unreasonable or inequitable benefit; and

3. The total sum due to the employee is \$100 or greater.

C. In the event an employee contends he or she is entitled to the cash out, upon application for retirement, he or she shall submit to the Human Resources Department a written application on such form as the Human Resources Department shall identify and require. The Human Resources Department shall then convene a panel to consider such declaration. The panel shall be comprised of the Director or Acting Director of the Human Resources Department, the Manager or Acting Manager of the Risk Management Division of Human Resources, the City Treasurer or Acting City Treasurer, the City Attorney or his or her designee, and a representative appointed by the Joint Labor Council. Such panel shall convene within 14 days of receipt of the declaration, and shall render its decision within 28 days of receipt of the declaration. Such panel shall receive evidence from the employee in a manner prescribed by the panel. In no case shall a cash out payment be made until the panel has issued its decision. The

93



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

panel shall determine whether an employee is qualified for the VEBA deposit solely upon the criteria set forth in this Section 1.12.229 and such administrative guidelines as the Human Resources Director shall issue to aid in the interpretation of Section 1.12.229. The determination of the panel shall be binding.

Section 2. That Section 1.12.230 of the Tacoma Municipal Code is hereby amended to read as follows:

1.12.230 Sick allowance with pay. It is the policy of the City of Tacoma to pay its employees on account of sickness or accident disability in accordance with the provisions set forth herein.

A. Eligibility for Sick Leave. The following provisions, unless otherwise specified, apply to all regular, probationary, or appointive full-time employees except those employees of the Tacoma Municipal Belt Line Railway set forth in Section 1.12.231 and members of the Police and Fire Departments covered by RCW 41.26 (LEOFF I Pension System) set forth in Section 1.12.232.

1. Accrual. Regular, probationary, or appointive full-time employees shall accrue sick leave at the rate of 3.69 hours for each 80 hours in which he/she is in paid status. Eligible employees who are on leave of absence for active duty training or for inductive purposes shall accrue sick leave.

a. Sick leave earned shall be credited to an employee's accruals after the completion of each biweekly pay period and may not be used in the pay period earned.

94



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

b. For purposes of this section, eligible permanent employees of the Municipal Belt Line Railway assigned to the Extra Board will be considered as full-time employees.

2. Permissible Use of Paid Sick Leave.

a. Sick leave may be taken in tenths (0.10) of an hour increments.

b. Injury or illness of employee to such extent as to constitute a hazard to the safety or health of himself/herself or other employees.

c. Medical or dental care for the employee. Supervisors should attempt to accommodate appointments for care. Employees should attempt to schedule such appointments to minimize disruption to work.

d. Quarantine of employee due to exposure to a contagious disease.

e. On-the-job injuries during the first three days if not eligible for Worker's Compensation and as a supplement to Worker's Compensation at the rate of one-half day of sick leave per day absence after the 120-day supplementary on-the-job injury benefits provided under Section 1.12.090.

f. Death of a spouse, father, mother, foster parent, brother, sister, child, foster child, grandparents or grandchildren of employee or

95



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

relatives of the spouse of the employee in the same categories of relationship subject to the requirements of subsection B.6. hereinafter set forth.

g. Serious injury or illness to those relatives living with and dependent upon the employee, constituting an emergency or crisis, and requiring the attention of a physician subject to the requirements of subsection B.5 hereinafter set forth.

h. Employees working shifts other than the regular Monday through Friday workweek shall be paid holiday pay plus paid sick leave when scheduled to work on a holiday and they are unable to work due to illness or injury. Such employees when not scheduled to work on a holiday, shall not be entitled to paid sick leave therefor.

i. Pre-induction physical for service in the Armed Forces.

j. Illness or disability due to pregnancy or conditions related thereto.

k. Care for children under the age of 18 when there is a health condition which requires treatment or supervision.

B. Requirements for all Paid Sick Leave.

1. Every employee must report to the designated representative of his/her department head the reason for an absence prior to the beginning of his/her scheduled workday or such earlier time as required by his/her department or division head.

96



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

2. An employee must keep his/her department head informed of his/her condition if an absence is of more than four working days in duration.

3. For each absence an employee must submit an explanation of the reason for such absence. A statement by the attending physician is required if requested by the department head.

4. Employee must permit home visits or medical examinations at the expense and convenience of the City.

5. Upon approval by the department head a maximum of four days' sick leave may be granted for a serious illness or injury suffered by a relative living with and dependent upon the employee. In the event of any such absence, a statement by the attending physician attesting to the nature and seriousness of said injury or illness shall be required if requested by the department head.

6. a. Upon approval by the department head, a maximum of four days' sick leave may be granted for the death of spouse, father, mother, foster parent, brother, sister, child or foster child of employee.

b. For the purpose of attending the funeral, upon approval by the department head, a maximum of one day's sick leave may be granted for the death of grandparent, grandchild, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the employee or the death of a father, mother, foster parent, brother, brother-in-law, sister, sister-in-law, child, foster child, grandparent, or grandchild of the spouse of the employee.

97



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

7. An employee who has served in higher or lower positions on temporary appointments shall be paid for sick leave at the rate of pay at which he/she has worked for a majority of the time in the six-month period immediately prior to the effective date of the sick leave taken. If the employee has been serving on numerous appointments at different rates of pay during said six-month period and has not worked any single rate for a majority of the time, he/she shall be paid sick leave at the rate of pay which together with any higher rates of pay would constitute a majority of the time worked.

8. Employees shall accrue sick leave according to the provisions of this section; provided, however, that any employee who leaves the City service during the first six months of employment shall not be compensated for any accrued sick leave.

C. Enforcement of Sick Leave Provisions.

1. Misrepresentation of any material facts in connection with paid sick leave by any employee shall constitute grounds for suspension or discharge.

2. It shall be the responsibility of the department head or his/her designated representative to:

a. Review all applications for sick leave and approve those which are bona fide and comply with the provisions of this section. Employees still absent at the end of a pay period may be certified for payment of sick leave by the department head by his/her signing the payroll timecards, subject to



1 department head's approval for sick leave pay immediately upon the
2 employee's return to work.

3 b. Investigate any suspected abuse of sick leave.

4 c. Withhold approval of sick leave pay in the event of
5 unauthorized use.

6
7 d. Initiate disciplinary action if, as a result of investigation,
8 it is determined that an employee has been guilty of willful misrepresentation in
9 a request for sick leave pay.

10 D. Incentive Payments for Non-use of Sick Leave Accruals.

11 1. An employee separated from the City service due to death or
12 retirement for disability or length of service with attendant pension payments
13 under any City employee pension system who does not qualify for a VEBA
14 deposit under TMC 1.12.229 shall be compensated at his/her regular
15 classification rate of pay in effect at the time of retirement to the extent of
16 25 percent of his/her sick leave accruals.

17
18 2. A regular or appointive employee separated in good standing
19 from the City service for any other reason than death or retirement due to
20 disability or length of service with attendant pension payments under any City
21 employee pension system pursuant to TMC 1.12.229 who has a minimum of
22 10 days accrual shall be compensated at his/her regular classification rate of
23 pay to the extent of 10 percent of his/her sick leave accruals up to a maximum
24 accrual of 120 days. An employee separated from the City service due to layoff
25
26



1 may, upon reemployment from the eligible list or departmental reemployment
2 list upon which placed as provided in Section 1.24.900, have his/her sick leave
3 accrual restored upon repayment to the City of the 10 percent payment as
4 herein provided. If appointed from other employment lists within the two-year
5 period of eligibility, such repayment may also apply.
6

7 E. Authorization – Police and Fire Disability Payments. Certification for
8 payment for absences due to injury or illness covered by the State of
9 Washington Police or Fire Pension Acts shall not be made by the Human
10 Resources Director until authorization is received from the appropriate Pension
11 Board.
12

13 Section 3. That Section 1.12.231 of the Tacoma Municipal Code is hereby
14 amended to read as follows:

15 **1.12.231 Sick allowance with pay – Locomotive Engineer, Railway**
16 **Switch Operator, Railway Switching Supervisor, and Railway Yardmaster.**

17 The following provisions apply to permanent full-time or permanent Extra Board
18 employees of the Tacoma Municipal Belt Line Railway in the classifications of
19 Locomotive Engineer, Railway Switch Operator, Railway Switching Supervisor
20 and Railway Yardmaster.
21

22 A. Each regular full-time, probationary or permanent Extra Board
23 employee shall accrue sick leave at the rate of 3.69 hours for each biweekly
24 pay period in which he/she has any regular time for which regular pay will be
25 received. Eligible employees who are on a leave of absence for active duty
26



1 training or for inductive purposes shall accrue sick leave. Sick leave shall be
2 credited to an employee's accruals after the completion of each biweekly pay
3 period and may not be used in the pay period earned. There shall be no limit
4 on sick leave accruals.

5 B. Sickness benefits shall be equal to 100 percent of the employee's
6 regular basic daily rate; provided that if the employee has served in higher or
7 lower positions on temporary appointments, benefits shall be computed on the
8 pay rate appropriate to the class of position that the employee has worked on
9 for the majority of time in the six-month period immediately prior to the effective
10 date of the sick leave taken.

11 C. Where the benefits under this section supplement an allowance from
12 the Railroad Retirement Board, the combined total of such supplemental
13 benefits and the allowance received from the Railroad Retirement Board for
14 any one day shall not exceed 100 percent of the appropriate basic daily rate.
15 An employee who forfeits any allowance from the Railroad Retirement Board
16 because of failure to timely file for such benefits shall also forfeit any benefits
17 he/she would otherwise be entitled to under this section.

18 The City will pay the employee 100 percent of his/her basic daily rate
19 including benefits received from the Railroad Retirement Board and the
20 employee upon receipt of those benefits shall endorse and turn over to the Belt
21 Line Railway moneys received. Failure to comply with this provision shall be
22 cause for forfeiture of all benefits under this provision, including moneys and
23
24
25
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

hours. Flagrant violations of this provision could be cause for disciplinary action. Employees paid in advance, under the provisions of this section, and failing in their responsibility that causes forfeiture of benefits shall be liable to repay to the City moneys received.

D. Upon approval by the Superintendent, a maximum of four days' sick leave may be granted for a serious illness or injury suffered by a relative living with and dependent upon the employee, constituting an emergency or crisis, and requiring the attention of a physician. In the event of any such absence, a statement by the attending physician attesting to the nature and seriousness of said injury or illness shall be required if requested by the Superintendent.

E. An employee separated from the City service due to death or retirement for disability or length of service under Railroad Retirement pension with attendant pension payments, who does not qualify for a VEBA deposit under TMC Section 1.12.229, shall be compensated to the extent of 25 percent of his/her sick leave accruals. A permanent employee separated in good standing from the City service for any other reason than death or retirement shall be compensated to the extent of 10 percent of his/her sick leave accruals up to a maximum accrual of 120 days.

F. Benefits under this section apply to nonoccupational injury or bona fide sickness of organic origin and of sufficient severity to disable the employee, provided that such nonoccupational injury or sickness was not



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

caused by the use of drugs or intoxicants, recklessness, gross negligence or any act contrary to law.

G. In order to be granted benefits under this section, the employee must report to the proper authority the reason for the absence and keep the Superintendent informed of his/her condition. The Superintendent must be satisfied that the reason for the absence is legitimate and satisfactory evidence, including a verifying certificate from a reputable physician, may be required.

H. Bereavement leave of up to four working days will be allowed in case of employee's spouse, father, mother, foster parent, grandparent, grandchild, brother, sister, child, or foster child, or spouse's parent, brother, sister or grandparent. Each working day of such leave will be paid at the employee's regular basic daily rate; provided that if the employee has served in higher or lower positions on temporary appointments, benefits shall be computed on the pay rate appropriate to the class or position that the employee has worked on for the majority of time in the six-month period immediately prior to the effective date of the sick leave taken. Bereavement leave may be charged against the employee's sick leave accruals, if any. Employees must notify the Superintendent prior to taking bereavement leave.

I. Enforcement of Sick Leave Provisions.

103



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

1. Misrepresentation of any material facts in connection with paid sick leave by any employee shall constitute grounds for suspension or discharge.

2. It shall be the responsibility of the Superintendent or his designated representative to:

a. Review all applications for sick leave and approve those which are bona fide and comply with the provisions of this section and forward same to the Personnel Department. The Personnel Director shall not certify the payment of sick leave until such approved applications have been received, except that employees still absent at the end of a pay period may be certified for payment of sick leave by the Personnel Director upon recommendation of the department head by his signing the payroll, subject to the receipt of an approved application for sick leave pay immediately upon the employee's return to work.

b. Investigate any suspected abuse of sick leave.

c. Withhold approval of sick leave pay in the event of unauthorized use.

d. Initiate disciplinary action if, as a result of investigation, it is determined that an employee has been guilty of willful misrepresentation in a request for sick leave pay.

Section 4. That Section 1.12.232 of the Tacoma Municipal Code is hereby amended to read as follows:

104



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

1.12.232 Sick allowance with pay – LEOFF I Police and Fire

personnel. It is the policy of the City of Tacoma to pay its employees on account of sickness or accident disability in accordance with the provisions set forth herein.

A. Eligibility for Sick Leave. The following provisions shall apply to all regular, probationary, or appointive Police and Fire employees covered by RCW 41.26 (LEOFF I Pension System).

1. Accrual. Regular, probationary, or appointive full-time employees shall accrue sick leave at the rate of 3.69 hours for 80 hours in which he/she is in paid status. Eligible employees who are on a leave of absence for active duty training or for inductive purposes shall accrue sick leave.

a. Sick leave earned shall be credited to an employee's accruals after the completion of each biweekly pay period and may not be used in the pay period earned.

2. Use of Paid Sick Leave.

a. Sick leave may be taken in tenths (0.10) of an hour increments.

b. In all cases when eligible, employees shall be placed on leave pursuant to RCW 41.26 and shall not be eligible to be paid for sick leave for an absence when there is eligibility to be paid for leave under RCW 41.26; however, without regard to payment:

105



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

(1) When such leave is determined to be not job-connected, the sick leave accruals shall be debited hour-for-hour for time absent from the scheduled shift;

(2) When such leave is determined to be job-connected, sick leave shall be debited for the date of injury and up to three days when the disability leave is less than 15 calendar days;

(3) If the job-connected leave exceeds 15 calendar days but less than 120 work days, sick leave shall be debited for the day of injury only. If the job-connected disability leave exceeds 120 work days, sick leave shall be debited one-half day for every work day missed in excess of 120 work days;

(4) If the officer who is on leave is not able to return to work at the end of the disability leave pursuant to RCW 41.26, that person shall be retired and paid off for any unused sick leave as provided herein. In no such event shall an officer be placed on sick leave.

c. Death of a spouse, father, mother, foster parent, brother, sister, child, foster child, grandparents or grandchildren of employee or relatives of the spouse of the employee in the same categories of relationship subject to the requirements of subsection B.6. hereinafter set forth.

d. Serious injury or illness to those relatives living with and dependent upon the employee, constituting an emergency or crisis and

106



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

requiring the attention of a physician subject to the requirements of subsection B.5 hereinafter set forth.

e. Pre-induction physical for service in the Armed Forces.

B. Requirements for All Paid Sick Leave.

1. Every employee must report to the designated representative of his/her department head the reason for an absence prior to the beginning of his/her scheduled workday or such earlier time as required by his/her department or division head.

2. An employee must keep his/her department head informed of his/her condition if an absence is of more than four working days in duration.

3. For each absence an employee must submit upon the approved form an explanation of the reason for such absence. A statement by the attending physician is required if an absence caused by illness or injury to the employee extends beyond four working days, or for each absence, if requested by the department head.

4. Employee must permit home visits or medical examinations at the expense and convenience of the City.

5. Upon approval by the department head a maximum of four days' sick leave may be granted for a serious illness or injury suffered by a relative living with and dependent upon the employee. In the event of any such absence, a statement by the attending physician attesting to the nature and

107



1 seriousness of said injury or illness shall be required if requested by the
2 department head.

3 6. a. Upon approval by the department head a maximum of
4 four days' sick leave may be granted for the death of a spouse, father, mother,
5 foster parent, brother, sister, child or foster child of employee.
6

7 b. For the purpose of attending the funeral, upon approval
8 by the department head, a maximum of one day's sick leave may be granted for
9 the death of a grandparent, grandchild, son-in-law, daughter-in-law, brother-in-
10 law, or sister-in-law of the employee or the death of father, mother, foster
11 parent, brother-in-law, sister, sister-in-law, child, foster child, grandparent, or
12 grandchild of the spouse of the employee.
13

14 7. An employee who has served in higher or lower positions on
15 temporary appointments shall be paid for sick leave at the rate of pay at which
16 he/she has worked for a majority of the time in the six-month period
17 immediately prior to the effective date of the sick leave taken. If the employee
18 has been serving on numerous appointments at different rates of pay during
19 said six-month period and has not worked at any single rate for a majority of
20 the time, he/she shall be paid for sick leave at the rate of pay which together
21 with any higher rates of pay would constitute a majority of the time worked.
22

23 8. Employees shall accrue sick leave according to the provisions
24 of this section; provided, that any employee who leaves the City service during
25
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

the first six months of employment shall not be compensated for any accrued sick leave.

C. Enforcement of Sick Leave Provisions.

1. Misrepresentation of any material facts in connection with paid sick leave by any employee shall constitute grounds for suspension or discharge.

2. It shall be the responsibility of the department head or his/her designated representative to:

a. Review all applications for sick leave and approve those which are bona fide and comply with the provisions of this section. Employees still absent at the end of a pay period may be certified for payment of sick leave by the department head by his/her signing the payroll timecards, subject to department head's approval for sick leave pay immediately upon the employee's return to work.

b. Investigate any suspected abuse of sick leave.

c. Withhold approval of sick leave pay in the event of unauthorized use.

d. Initiate disciplinary action if, as a result of investigation, it is determined that an employee has been guilty of willful misrepresentation in a request for sick leave pay.

D. Incentive Payments for Non-Use of Sick Leave Accruals.

109



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

1. An employee separated from the City service due to death or retirement for disability or length of service with attendant pension payments under any City employee pension system, who does not qualify for a VEBA deposit under TMC Section 1.12.229, shall be compensated at his/her regular classification rate of pay in effect at the time of retirement to the extent of 25 percent of his/her sick leave accruals.

2. A regular or appointive employee separated in good standing from the City service for any other reason who has a minimum of 10 days accrual shall be compensated at his/her regular classification rate of pay to the extent of 10 percent of his/her sick leave accruals up to a maximum accrual of 120 days. An employee separated from the City service due to layoff may, upon reemployment from the eligible list or departmental reemployment list upon which placed as provided in Section 1.24.900, have his/her sick leave accrual restored upon repayment to the City of the 10 percent payment as herein provided. If appointed from other employment lists within the two-year period of eligibility, such repayment may also apply.

3. Sick leave accruals for each Police and Fire service employee shall be redetermined as of April 30, 1989. Such accruals shall be redetermined by charging all illness and injury claims, arising after March 1, 1970, other than claims for which leave under RCW 41.26 could have been used against sick leave credits in the same manner as charged against other employees of the City. These sick leave accruals are available to be drawn on

110



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26


for required sick leave pursuant to this chapter and are included under the incentive payment plan referred to in D.1, above.

4. Such Police and Fire service employees shall have their sick leave accruals and charges against sick leave determined in the manner set forth in this chapter, irrespective of any benefits to which the Police and Fire service employees are entitled by State and Federal law, as of April 30, 1989.

E. Authorization – Police and Fire Disability Payments. Certification for payment for absences due to injury or illness covered by the State of Washington Police or Fire Pension Acts shall not be made by the Human Resources Director until authorization is received from the appropriate Pension Board.

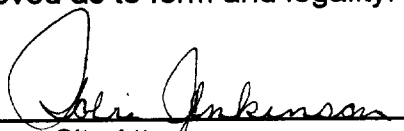
Section 5. This ordinance shall be effective as provided by law.

Passed SEP 30 1997


Mayor


Attest: City Clerk

Approved as to form and legality:


Assistant City Attorney





REQUEST FOR ORDINANCE OR RESOLUTION

CITY CLERK USE

Request #:	6356
Ordinance #:	26070
Resolution #:	

1. DATE: May 5, 1997

2. REQUESTING DEPARTMENT/DIVISION/PROGRAM Human Resources	3. CONTACT PERSON (for questions): Andy Michels	PHONE/EXTENSION 591-5444
--	--	-----------------------------

4. PREPARATION OF AN ORDINANCE IS REQUESTED FOR THE CITY COUNCIL MEETING OF TUESDAY MAY 13, 1997.

5. SUMMARY TITLE/RECOMMENDATION: (A concise sentence, as it will appear on the Council Agenda)

An Ordinance amending Tacoma Municipal Code Sections 1.12.230, 1.12.231, and 1.12.232 to rescind Incentive Payments for Non-Use of Sick Leave Accruals for qualified employees separated from the City for death or retirement for disability or length of service; and to create a new Section 1.12.229 to replace the Incentive Payments by providing for sick leave accumulations of qualified employees at retirement to be deposited in Voluntary Employee Benefit Association (VEBA) Medical Savings Accounts.

6. BACKGROUND INFORMATION/GENERAL DISCUSSION: (Why is this request necessary? Are there legal requirements? What are the viable alternatives? Who has been involved in the process?)

The Voluntary Employee Benefit Association (VEBA) Medical Savings Accounts generally provide a greater benefit than the Incentive Payments for the same cost because they are created under tax laws which allow the deposits to be made without taxation, whereas the Incentive Payments are taxed at cash out. Certain employees, however, will not be qualified for the new benefit if the Account is not a reasonable and equitable substitute for the Incentive Payment. These nonqualified employees will retain the Incentive Payment. In addition, employees who are members of collective bargaining units do not qualify for the Accounts until the Accounts and Administration Plan have been adopted by collective bargaining agreement.

7. FINANCIAL IMPACT: (Future impact on the budget.)

8. LIST ALL MATERIAL AVAILABLE AS BACKUP INFORMATION FOR THE REQUEST AND INDICATE WHERE FILED:

Source Documents/Backup Material	Location of Document
The Voluntary Employee Benefit Association (VEBA) Medical Savings Account (MSA) Plan for Public Service Employees in the State of Washington, Master Employer Benefit Plan, as Amended and Restated October 26, 1994	City Clerk's Office

9. FUNDING SOURCE: (Enter amount of funding from each source)

Fund Number & Name:	State \$	City \$	Other \$	Total Amount

If an expenditure, is it budgeted? Yes No Where? Org # Acct #

112

JC Gilbertson 10. Department Director/Utility Division Approval	Approved as to Availability of Funds Director of Finance	Dancy Foster City Manager/Director Utilities Approval
--	---	--



City of Tacoma

Memorandum

TO: Ray E. Corpuz, Jr.
City Manager

FROM: J. C. Gilbertson
Human Resources Director *J. C. Gilbertson*

SUBJECT: Ordinance Disclosure

DATE: May 7, 1997

On the agenda for Council action on May 13, 1997 will be an ordinance to amend the Compensation Plan. This memorandum discloses the contents of that ordinance pursuant to Section 1.12.970 of the Tacoma Municipal Code.

This ordinance creates Section 1.12.229 and amends Sections 1.12.230, 1.12.231 and 1.12.232 to provide for employee participation in Voluntary Employee Benefit Association (VEBA) Medical Savings Accounts as an alternative to the present Incentive Payments for Non-use of Sick Leave. By depositing untaxed severance pay in the VEBA account, a retiring employee receives addition funds for post retirement medical expenses, without any additional cost to the City. This savings plan is authorized by the Internal Revenue Code section 501 (c) (9).

A resolution to enter into a VEBA agreement is scheduled to be considered by the City Council as a resolution on May 13, 1997.

I would be happy to answer any questions you may have.

Ordinance No. 26070

First Reading of Ordinance: MAY 13 1997

MAY 20 1997 cont to 6-3-97

Final Reading of Ordinance: SEP 30 1997

JUN - 3 1997 Set over to a date to be determined

Passed: SEP 30 1997

Roll Call Vote:

MEMBERS	AYES	NAYS	ABSTAIN	ABSENT
Mr. Baarsma	✓			
Mr. Crowley	✓			
Mr. De Forrest	✓			
Mr. Evans	✓			
Mr. Kirby	✓			
Dr. McGavick	✓			
Mr. Miller	✓			
Dr. Silas	✓			
Mayor Ebersole	✓			

MEMBERS	AYES	NAYS	ABSTAIN	ABSENT
Mr. Baarsma				
Mr. Crowley				
Mr. De Forrest				
Mr. Evans				
Mr. Kirby				
Dr. McGavick				
Mr. Miller				
Dr. Silas				
Mayor Ebersole				

AFFIDAVIT OF PUBLICATION

10/02/97

STATE OF WASHINGTON }
COUNTY OF PIERCE } ss

THE CITY OF TACOMA

JIM LONG, being first duly sworn on oath, deposes and says that he is the Publisher of the

"TACOMA DAILY INDEX, INC."

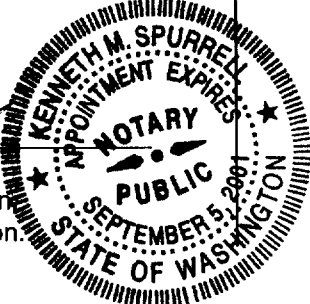
a daily legal newspaper. That said newspaper is a legal newspaper, which, pursuant to the provisions of Chapter 213 of the 1941 Session Laws of the State of Washington, has been approved as a legal newspaper by order of the Superior Court of the State of Washington in and for Pierce County, entered on June 12, 1941, in Cause No. 84921 entitled "In the matter of the application and qualification of Tacoma Daily Index as a legal newspaper." That said newspaper has been published regularly and continually at least once a week, in the English language, as a newspaper of general circulation the city of Tacoma, Pierce County, Washington, the city where the same was published at the time of said application for approval for at least six months prior to the date of such application, and is now and during all of said time so printed, either in whole or in part, in a office maintained at the aforesaid place of publication, and the same is now and ever since said date has been so published. That the advertisement, of which the attached is a printed copy as published, was published in said newspaper 1 times, commencing on 10/02/97 and ending on 10/02/97, both dates inclusive. That the full amount of the fee charged for the foregoing publication is the sum of \$ 714.00. That said newspaper was generally circulated all of said time, and that said advertisement was published in the newspaper proper and not in supplement form.

Subscribed and sworn before me this _____

30th day of OCTOBER

19 97.

Kenneth M. Spurren
Notary Public in and for the State of Washington
Residing at Tacoma, Pierce County, Washington.



CITY LEGAL NOTICES
ORDINANCE NO. 26070
#6356

AN ORDINANCE regarding compensation, and amending Chapter 1.12 of the Tacoma Municipal Code by adding a new section thereto, to be known as Section 1.12.229; and amending Sections 1.12.230, 1.12.231, and 1.12.232 thereof.

BE IT ORDAINED BY THE CITY OF TACOMA: Section 1. That Chapter 1.12 of the Tacoma Municipal Code is hereby amended by adding a new section thereto, to be known as Section 1.12.229, which reads as follows:

A. 1.12.229 **VEBA Account for retirees.**
A. The City shall deposit into a VEBA Account a sum equivalent to 25 percent of the sick leave accruals of any employee who meets the following criteria:
1. The employee must qualify under IMC Section 1.12.229(B), and
2. The employee must be separated from the City service due to (a) death or (b) retirement for disability or length of service with attendant pension payments under any City employee pension system. The sum deposited in the VEBA Account shall be calculated at the employee's regular classification rate of pay effective at the time of retirement.
B. An employee shall qualify for a deposit into a VEBA Account pursuant to IMC 1.12.229(A) if the following three criteria are met:
1. (a) The employee is not a member of one of the City's collective bargaining units at retirement, or
(b) if the employee is a member of a duly selected collective bargaining unit at the time of his or her retirement, the employee shall qualify for a deposit into a VEBA Account only if a valid collective bargaining agreement in force at the employee's retirement covers upon the employee the right to a VEBA account; and
2. The employee shall qualify for a deposit into a VEBA Account only if the VEBA Account deposit is a reasonable and equitable substitute for the cash out payment under IMC 1.12.229(D) which was in effect immediately prior to the effective date of this section. However, an employee may apply for a cash out when the VEBA account will be clearly detrimental when compared to the prospective benefit in the usual circumstances of his or her particular case. The employee must prove he or she is not qualified under a preponderance of evidence stipulated by a VEBA Account in a reasonably foreseeable time or manner following separation from the City; (b) the employee, his or her spouse, and dependents have only nominal medical expenses and the panel is certified that, due to the employee's circumstances, protected medical expenses will be substantially below what would normally be expected; (c) the employee possesses a compelling immediate need for cash to prevent a hardship to the employee or his or her dependents, such as loss of shelter or inability to obtain a. Sick leave may be taken in tenths (0.10) of an hour increments.
b. Injury or illness of employee to such extent as to constitute a hazard to the safety or health of himself/herself or other employees.
c. Medical or dental care for the employee. Supervisors should attempt to accommodate appointments for care. Employees should attempt to schedule such appointments to minimize disruption.