



TO: Elizabeth Pauli, City Manager

FROM: Karen Short, Senior Human Resources Analyst
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COPY: City Council and City Clerk

SUBJECT: Pay and Compensation Ordinance – February 19, 2019

DATE: February 1, 2019

SUMMARY:

An ordinance to amend the Tacoma Municipal Code (TMC), Compensation Plan, Chapter 1.12.229 regarding VEBA Accounts.

STRATEGIC POLICY PRIORITY:

The requested ordinance aligns with the City Council’s Strategic Policy Priority to encourage and promote an efficient and effective organization, by providing for compensation for both represented and nonrepresented employees.

BACKGROUND:

Ordinance 26070, passed September 30, 1997 amended the Compensation plan and provided for employee participation in a VEBA (Voluntary Employee Beneficiary Association) Account plan, as an alternative to the incentive payment for non-use of sick leave. Employees retiring from the City benefit by depositing untaxed severance pay into a VEBA account, and use the funds for post-retirement medical expenses, without any additional cost to the City. The VEBA is authorized by Internal Revenue Code section 501(c)(9).

The amendment removes language from the section that is inconsistent with the VEBA Plan document, regarding cashout payments in lieu of a deposit to a VEBA account at the time of retirement, if otherwise eligible.

ISSUE:

Authorization from the City Council by ordinance is required to implement changes to the Compensation Plan for represented and nonrepresented classifications.

RECOMMENDATION:

It is recommended that the City Council take the necessary action to approve the legislation.

FISCAL IMPACT:

There is no fiscal impact.