



## ORDINANCE NO. 28782

1 AN ORDINANCE relating to pay and compensation; amending Chapter 1.12 of the  
2 Tacoma Municipal Code, to implement changes to Section 1.12.229,  
3 entitled "VEBA Accounts", regarding contributions of unused and accrued  
4 leave by eligible nonrepresented employees at the time of retirement; and  
5 declaring the effective date as provided by law.

6 WHEREAS Ordinance No. 26070, adopted September 30, 1997, provides  
7 for nonrepresented employee participation in Voluntary Employee Beneficiary  
8 Association ("VEBA") accounts as an alternative to the taxable severance  
9 payment of unused sick leave accruals upon retirement, with 25 percent of sick  
10 leave accruals deposited into an eligible employee's VEBA account upon their  
11 retirement, on a pre-tax basis, and

12 WHEREAS, in June 1998, the Personal Time Off ("PTO") plan was  
13 created as a replacement for vacation and sick leave plans, and provides that  
14 100 percent of unused PTO leave accruals are paid to the employee in cash at  
15 the time of retirement or separation, and

16 WHEREAS currently, approximately 90 percent of nonrepresented  
17 employees are enrolled in the PTO plan; therefore a survey was conducted in  
18 2021 to assess interest in allowing a contribution of PTO leave accruals to a  
19 VEBA account on behalf of nonrepresented employees at the time of retirement,  
20 and  
21

22 WHEREAS, based on the survey responses, a majority of nonrepresented  
23 employees are in favor of expanding the VEBA program to provide for a  
24 contribution of PTO accruals at the time of retirement, and  
25  
26



1 WHEREAS, due to IRS regulations regarding the administration of VEBA  
2 plans, eligible, non-taxable contributions must be made as a group, and

3 WHEREAS this ordinance will add a new subsection to Tacoma Municipal  
4 Code ("TMC") 1.12.229 requiring a contribution in the amount of 50 percent of  
5 accrued PTO leave into a VEBA account, beginning in 2022, by eligible  
6 nonrepresented employees at the time of retirement, unless the majority of eligible  
7 employees vote to suspend the VEBA contribution; Now, Therefore,

8 BE IT ORDAINED BY THE CITY OF TACOMA:

9 Section 1. That Section 1.12.229 of the Tacoma Municipal Code is hereby  
10 amended, effective as provided by law, to read as follows:  
11

12 **1.12.229 VEBA Accounts.**

13 A. The City shall deposit into a VEBA (Voluntary Employee Beneficiary Association) Account a sum  
14 equivalent to 25 percent of the sick leave accruals for a nonrepresented employee; or, if provided for in a  
15 collective bargaining agreement, 25 percent of the sick leave accruals, and up to the amount provided in  
the specific collective bargaining agreement of Personal Time Off accruals for any employee who meets  
the following criteria:

- 16 1. The employee must qualify under subsection B of this section; and
- 17 2. The employee must be separated from the City service due to (i) retirement for disability or length of  
service with attendant pension payments under any City employee pension system; or (ii) death.

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

19 B. An employee shall qualify for a deposit into a VEBA Account pursuant to subsection A of this section  
if the following three criteria are met:

- 20 1. a. The employee is not a member of one of the City's collective bargaining units at the time of  
retirement or death, or
- 21 b. If the employee is a member of a duly selected collective bargaining unit at the time of his or her  
22 retirement or death, the employee shall qualify for a deposit into a VEBA Account only if, at the time of  
the employee's retirement or death, a valid collective bargaining agreement confers upon the employee  
23 the right to a VEBA account; and
- 24 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 cashout payment under Section 1.12.230D.1 which was in  
effect immediately prior to the effective date of the ordinance codified in this section; and
- 25 3. The total sum due to the employee is \$100.00 or greater.

26 C. In addition to VEBA benefits for which an employee may be eligible under subsections A and B  
above, the City shall deposit \$125.00 per month into an individual VEBA Account for each employee



represented by the Tacoma Police Management Association, Local 26, who is also an LEOFF II pension system member, per the collective bargaining agreement; provided, however, contributions for employees who become represented by said bargaining unit after May 21, 2001, will be made beginning the first full month following an employee's permanent appointment to a classification represented by the bargaining unit.

D. In addition to VEBA benefits for which an employee may be eligible under subsections A and B above, beginning in 2022, the City shall also deposit into a VEBA Account a sum equivalent to 50 percent of the Personal Time Off ("PTO") accruals for a nonrepresented employee as long as the following criteria is met:

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

The sum deposited into the VEBA Account shall be calculated at the employee's regular classification rate of pay effective at the time of retirement or death.

2. This subsection is in effect each year unless there is a request, by at least 20 percent of employees eligible to retire in the next calendar year, to vote to suspend the VEBA deposit for the next calendar year only, which will be determined by a majority of the returned ballots. For 2022, such vote shall occur in 2021 following City Council approval of this subsection.

Section 2. That the City Clerk, in consultation with the City Attorney, is authorized to make necessary corrections to this ordinance, including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers, and any references thereto.

Passed \_\_\_\_\_

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
Deputy City Attorney