

# City of Sterling Personnel Policies

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## CHAPTER 12 EMPLOYEE BENEFITS

Except where mandated by federal, state or sponsoring association requirements, contribution rates for employee benefits are subject to change depending upon the City's financial ability to fund the programs.

### SECTION 1 - RETIREMENT PROGRAMS

The retirement programs which a full-time employee with the City of Sterling participate are dependent upon the type of service appointment an employee holds. The retirement programs (service appointment specific) are listed below.

**A. Unclassified Service Appointment-**

**FICA** - All employees of the City holding an unclassified service appointment, regardless of hours worked per week, are required to contribute to the Federal Insurance Contributions Act, more commonly known as FICA. This plan requires contributions from both the employee and the employer based the earned income of the employee.

**401(a)** - Additionally, full-time employees of the City of Sterling (unclassified service) receive a supplemental retirement benefit on their anniversary date after the completion of twelve (12) months of continuous service with the City of Sterling. This 401(a) plan is arranged and funded by the City of Sterling with no matching contributions from employees required. The amount of funds available for employee investment is calculated using base pay. This plan is a defined contribution plan with employees determining the investment options in which they wish to participate. Gains on investments are not taxable until withdrawal of funds; taxable as income and not as capital gains. Funds from this retirement program are normally available only after separation from employment with the City.

**B. Classified Service Appointment (Full Time Sworn Police and Fire Personnel)-**

**FPPA (Fire and Police Pension Association)** - All classified employees of the City are covered under a pension plan administered through the FPPA and governed by the board of that association under statutes established by the State of Colorado. This is a defined benefit (pension) plan with membership beginning upon the date of appointment. Contribution rates are actuarially determined by FPPA and deducted from the base pay as an employee's contribution to the pension fund. For each period that the employee is receiving a paycheck, the City must meet the contribution rate of the employee to this fund. If an employee is off work due to injury or illness or does not receive a paycheck for any other reason, then the City is not required to and will not make a contribution to the FPPA fund on the employee's behalf. The City of Sterling does not and will not make any contributions to an employee's FPPA when the employee is on a leave of absence, drawing Workers' Compensation, or is not receiving a paycheck for any other reason.

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## C. **Medicare** deductions-

All employees of the City, regardless of their type of service appointments, will have Medicare taxes withheld. FPPA membership does not exempt a member from this tax.

## **SECTION 2 - INSURANCE PROGRAMS**

Some programs listed in this section are mandated, such as workers compensation insurance. Other insurance programs are offered by the City voluntarily; are not requirements by statute, and are true benefits as such.

### A. **Workers' Compensation Insurance**

As per Colorado Statute found in the Colorado Workers Compensation Act of 2005 and amendments thereof, the City provides Workers' Compensation Insurance coverage to pay for medical and compensation benefits for any employee injured on the job. Please contact the Human Resource Office if you have questions regarding this insurance.

### B. **Health/Dental/Life Insurance**

For these benefits there is a waiting period for benefit availability with the effective date of coverage being the first day of the month following the completion of the waiting period. Details of the program will be explained by the Human Resource Department during the orientation interview. The plan document is available in the Human Resource Office. Continuation (COBRA) and conversion of these benefits upon separation from city service is available as per Federal and State Statutes through the current insurance provider.

#### 1. **Health and Dental Insurance**

Regular full-time employees regardless of their service appointment may elect to be enrolled in their choice of health and dental insurance plans offered by the City. An employee may elect to decline coverage on the initial enrollment date, but will only be eligible to participate at a later date under qualifying event provisions or during subsequent open enrollment periods. Employee premium contributions unless otherwise indicated are required. Employee premium contributions deducted through the 125 Plan are withheld from the employee's check on a pretax basis.

#### 2. **Life Insurance**

All regular full-time employees will be enrolled in a basic life policy and AD&D (Accidental Death and Dismemberment) policy. This coverage is mandatory and premiums are paid by the City. Currently, basic dependent life insurance coverage is also available with premiums paid by the City. A supplemental life insurance plan for employees and their dependents is also available so long as the employee pays the cost of this particular premium. In the case of supplemental Life Insurance, premiums are withheld on an after tax basis to avoid benefits being taxable upon payment.

### C. **Disability Insurance**

The City provides disability insurance for regular full time employees for wage continuation in the event an employee suffers a non-service related illness or injury that requires the employee to be absent from work for an extended period of time. Health Insurance coverage will only be effective for the disability period provided the employee makes the appropriate payment to the City. The City will continue to contribute its portion of the health and dental insurance premiums for a maximum of twelve (12) months from the date of the initial absence. The employee's position will only remain available for twelve (12) months from the initial absence awaiting the employee's return.

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## General aspects of the Disability Insurance Plans

- Premiums for disability insurance are paid by the City of Sterling for both the short term disability (STD) and long term disability (LTD) plans. Because the city pays the premiums, benefits from either STD or LTD plans are subject to state and federal income taxes.
- Eligibility for both plans begins the first day of the month following six months of continuous employment.
- In the instance of benefits payments, be advised of the coordination of benefits between PTO, workers compensation, and/or the disability carriers which will limit the benefit amount.
- Any employee who makes a false claim for STD or LTD or who misrepresents the reasons for requesting or who uses STD for unauthorized purposes shall be subject to severe disciplinary action up to and including dismissal.
- FMLA leave shall run concurrently with disability leave, see Chapter 10, Section 7 D).
- PTO Accrual shall be discontinued while an employee is receiving STD or LTD benefits.

**Note:** The STD and LTD provider may require your treating physician to provide information supporting your request for disability payments. It is important that you provide this information in a timely manner as a delay will interrupt your benefit payments.

<b>DISABILITY INSURANCE COMPARISON TABLE</b>		
	<b>Short Term</b>	<b>Long Term</b>
<b>Waiting Period before benefits are paid</b>	80 Consecutive Work Hours (120 Consecutive Work Hours for Fire Personnel on Shifts)	66 consecutive working days or 90 consecutive calendar days
<b>Maximum Benefit Rate paid by Insurance Carrier</b>	70% of insured rate of pay at the time of the disability	60% of insured rate of pay at the time of the disability
<b>Duration</b>	56 Working Days or 448 Work Hours	See the Plan Document
<b>PTO Accrual</b>	Discontinued	Discontinued

### **1. SHORT TERM DISABILITY (STD)**

The onset of benefits may occur if the employee has missed eighty (80) consecutive hours [one hundred twenty (120) consecutive hours for designated fire personnel] of work due to a non-service related illness or injury. This period of time is referred to as the waiting period. During this waiting period absences from work shall be deducted from an employee's accrued PTO, or reported as Leave without Pay, in the event PTO is not available. The STD carrier generally provides benefits at seventy (70) percent of the employee's regular rate of pay at the time of disability. After the onset of benefits, remaining PTO hours may be used to supplement the STD benefit to equal an employee's regular pay during the disability. Under no circumstances, however, shall an employee receive a combination of PTO, and STD benefit which exceeds the employee's normal base pay.

Employees shall contact their supervisor to request STD Leave. The request shall be submitted in writing. Please be aware of the insurance carrier's limitations regarding STD benefits for leave associated with child birth and/or conditions arising from delivery as they may differ in duration for the purposes of STD benefits. Generally, leave of this nature is treated as any other temporary disability except for duration of benefits.

### **2. LONG TERM DISABILITY (LTD)**

Should an employee's disability be anticipated to exceed a total of sixty-six (66) consecutive working days or ninety (90) consecutive calendar days, the employee may initiate an application for LTD with the City's Long Term Disability Insurance Provider. For uninterrupted benefits an application for LTD should be initiated four (4) to six (6) weeks prior to the end of short-term disability benefits if the physician's general prognosis is that the employee will be unable to return

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to work at the end of STD benefits. The LTD carrier generally provides benefits at sixty (60) percent of the employee's regular rate of pay at the time of the disability, or at a rate in accordance with State Statutes for sworn fire and police personnel. For all sworn Fire and Police personnel benefits under the LTD will be coordinated with the State Death and Disability Plan to provide no more than sixty (60) percent of pre-disability earnings or a minimum benefit of one hundred (100) dollars per month.

Worker's Compensation disability benefits, and such other benefits as may be available, may be coordinated with the LTD carrier. The coordination of benefits will generally limit the disability amount in total to sixty (60) percent of the pre-disability salary or wage rate at the time of the disability. In the event the employee is unable to return to full duty within twelve (12) months from the date of disability and initial absence the employee will be separated from employment.

## **SECTION 3 - Section 125 Spending Accounts and Insurance Premium Contributions**

Section 125 of the IRS Code has provisions which allows for pretax deductions under certain conditions for some benefits. For a description of how Section 125 can benefit you or the limitations or drawbacks of Section 125, please contact the Human Resource Office. A salary reduction agreement completed, signed and dated by the employee must be on file in the Finance Office (Payroll) to utilize the pretax deduction of premiums. In the absence of a salary reduction agreement premium contributions will be withheld as an after tax deduction. Open enrollment occurs each year prior to the beginning of the benefit year. No changes can be made in the election amount unless a qualifying event occurs during the benefit year. A qualifying event is explained in the plan document, maintained in the Human Resource Office. The following are the situations in which the pretax deductions are allowed by the City.

- A. **Insurance Premiums** Most employee contributions for insurance premiums are withheld from the employee's pay check under this IRS provision. The premiums are withheld prior to the calculation of FICA, federal, and state income taxes. Please be advised that for some types of insurance coverage, pretax withholding of the premiums will cause the benefit received to be taxable.
  
- B. **Spending Accounts** The City offers participation in Flexible Spending Accounts, whereby employees may elect to have money deducted from their pay on a pretax basis to pay for either un-reimbursed medical expenses or child care expenses. The amount to be withheld is calculated by the employee and then withheld in equal installments throughout the year. This money may be used for expenses incurred in the benefit year only. The benefit year begins on January 1 and runs through December 31, with an extended grace period of 45 days from the end of the calendar year.

If you have questions regarding these spending accounts, contact the Human Resource Office.

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## SECTION 4 - DEFERRED COMPENSATION

Deferred compensation plans allow the opportunity to supplement retirement plans through the investment of funds in a variety of financial markets. The City of Sterling makes available to its regular employees several deferred compensation plans. Details on the plans and enrollment in a plan are available through the Human Resource Office. Deferred compensation is deducted from an employee's salary, and the City forwards the deduction on the employee's behalf to the deferred compensation plan provider.

These plans offer major tax advantages to participants. No federal or state income tax is withheld from the contribution, but employees are charged FICA taxes on the deferred amount.

Employees of the Police and Fire Departments will be charged a pension contribution on the deferred amount since the pension contributions are based on gross wages prior to any deductions (very similar to FICA deductions). State and federal income tax is collected on the deferred amount as it is paid back out to the separated or retired employee, but the retired employee will have the benefit of some added exemptions. Under current laws affecting a 457 plan, there are no taxes levied on capital gains.

## SECTION 5 – Reimbursement Policy for Undergraduate Tuition Expenses for Full-time City Employees

The City of Sterling encourages employees to take advantage of undergraduate educational courses offered at local colleges and universities. In support of this philosophy the City offers a tuition reimbursement program for its full-time employees. Plans of this nature normally qualify under IRS guidelines with the reimbursement of funds not being subject to payroll taxes, either federal or state.

The elements of the City's Tuition Reimbursement Plan are as follows:

1. Coursework shall be directly related to the employee's duties with the City. Final determinations regarding whether or not a course is related to an employee's duties and his or her eligibility shall be made by the City Manager or their designee.
2. A benefit limitation of **\$500** per term will be applied. Only one class per term is eligible for reimbursement. The use of term applies to the semester, either the fall, spring, or summer.
3. The higher education institute enrolled in and attending must be a **North Central Association accredited** educational institution.
4. Reimbursement for the class shall be made based on the lesser of the actual cost of the tuition for the course or the maximum benefit of \$500. Normally lab fees and incidental fees are not subject to reimbursement, only the actual tuition expense for the course.
5. This benefit is only available for courses which earn college credit hours. It is not available for courses or training programs which are required to maintain certifications or earn CEUs.
6. To qualify for tuition reimbursement a request must be submitted and approved at least two (2) weeks prior to the beginning of the class or course. Request forms are available in the Human Resource Office. Only requests through the Human Resource Office will be eligible for reimbursement.

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7. Reimbursement will be made for the course upon the employee presenting the final grade (C or Better; and a Pass in a Pass/Fail Grading System) upon completion of the course and a cancelled check, cash receipt or billing statement from the college or university which specifies the tuition amount and number of credit hours associated with the receipt or billing.
8. Coursework must be completed and the appropriate documents presented to verify course completion in the same calendar year as the original tuition reimbursement request. The City is under no obligation to honor late reimbursement requests or to encumber funds for late requests.
9. It is permissible for Department Heads to authorize an employee to adjust their schedule to attend classes locally or require an employee to take scheduled PTO provided the Department Head determines that such attendance will not disrupt the department's operations.
10. Upon requesting a course be reimbursed an employee will be required to enter into a repayment agreement with the City. The agreement will authorize the withholding of funds from an employees final paycheck if the employee leaves City employment before three years following the completion of the course. The following repayment schedule will apply beginning with tuition reimbursement requests after 1-7-07:

Interval	Repayment percent of reimbursement
During the first year after course completion	100 %
During the second year after course completion	50%
Three years after course completion	0%

## **SECTION 6 - CITY PURCHASED UNIFORMS**

Any City employee who is required to wear a uniform in the performance of their duties shall be provided with such uniform at the expense of the City. Replacement shall be at such time and in such amounts as the City Manager and Department Heads may designate. Employees are responsible for the cleaning of the issued uniforms. Under most normal circumstances, City issued uniforms shall be worn while at work. Off duty use of uniforms is prohibited.

City personnel who wear a uniform that may be directly associated with the City are not allowed to patronize any establishment serving alcoholic beverages while in that uniform, except, as conditions warrant, in the official performance of their duties.

## **SECTION 7 - TRAINING ACTIVITIES**

The City shall, when possible, encourage training opportunities for employees and supervisors to the end that services rendered to the City may be made more effective, and the employees may become, at the same time, qualified for promotion to higher level positions. Attendance at training activities must be authorized in writing in advance by the department head. Training time is considered as time at work under most circumstances. The City Manager will make a final determination in the event of a dispute regarding the compensability of training time being paid as time at work. College course work taken for credit hours is not considered as a training activity (See **Tuition Reimbursement, Section 5** of this article).

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## SECTION 8 - PROFESSIONAL MEETINGS AND MEMBERSHIPS

It is recognized that it is a mutual benefit to the employee and the City to have City employees attend professional meetings, educational seminars and other training sessions which relate to their work and their standing in their profession. As such the City will provide for payment of professional membership fees and national professional conference attendance for Department heads and other critical professional or administrative employees. Spouses may attend these meetings, conferences, etc. but at the employee's expense for travel, accommodations, and meals. Professional memberships and conference attendance are subject to the approval of the City Manager.

## SECTION 9 - TRAVEL EXPENSES

Employees are expected to use good judgment in requesting reimbursement of travel expenses. Travel authorizations are issued through the Finance Department and subject to the administrative policies and guidelines issued through that office. All travel expenses are subject to review and authorization at the discretion of the City Manager

## SECTION 10 - USE OF CITY OWNED VEHICLES

Due to the nature and the hours of operation of the City's business, the city finds it advantageous and convenient to issue city owned vehicles to specific positions. These vehicles, city owned and issued to a specific position, may also be referred to as "take home vehicles". The issuance of a city owned vehicle to a position is a benefit to that particular position intended to provide transportation for the employee's daily work commute, to provide the ability for the employee to respond directly from home to the worksite in the event of an off duty call in, city and departmental emergencies, and for daily use in the course of work. As with other similar benefits limited personal use of the take home vehicle is allowed only under extreme circumstances.

Guidelines for usage of take home vehicles:

- Transportation of unauthorized non-city personnel out side of normal city business is prohibited.
- If an employee is taking the vehicle outside the authorized usage area on normal City business, a travel authorization must be approved prior to departure. This guideline may be waived in the case of emergencies or specific incidents where authorization is not practical.
- The daily commute should be the most direct route on improved roads to and from the normal place of business.
- Employees should keep in mind this is not a personal vehicle and use good sound judgment in off duty personal usage. Frequent personal usage may be grounds for disciplinary action up and including dismissal. You should be prepared to defend the usage of the vehicle in the event the usage is contested or a complaint is received regarding the usage. Be prepared to demonstrate the benefit to the city in personal usage of the vehicle.
- All vehicles shall be kept clean and operated in a manner so as to conform with existing traffic regulations and not bring discredit to the City. All department and city routine maintenance schedules and operations guidelines shall also apply to take home vehicles.

Employees with an authorized take home vehicle will be subject to appropriate IRS regulations concerning the tax implications of this benefit.

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## SECTION 11 - TELEPHONE AND FACSIMILE USAGE

The City's phones, cell phones, and Facsimile machines are for the purpose of conducting City business. However, they are available for limited personal use. In order to continue this policy, the use of phones including cell phones and Facsimile machines for personal business should not be abused, and under no circumstances shall long distance telephone calls be made for personal use. Employees will be expected to reimburse the City on a monthly basis for all personal usage as allowed under this section.

## SECTION 12 - RELOCATION AND MOVING EXPENSES

Individuals, who are to be employed in the position of department heads or other employees hired for critical positions of a professional, technical, or administrative nature, may be reimbursed for moving expenses incurred in relocating to accept employment with the City. Prior reimbursement approval must be granted by the City Manager in writing before relocation and moving expenses are incurred.