RESOLUTION NO. 17-0363

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EDGEWOOD, WASHINGTON, AMENDING THE CITY OF EDGEWOOD PERSONNEL POLICIES TO INCORPORATE A MOVE FROM A CITY SPONSORED SUPPLEMENTAL RETIREMENT PLAN (457) CURRENTLY WITH NATIONWIDE TO THE STATE OF WASHINGTON DCP PROGRAM, AND TO MAKE CHANGES TO THE MEDICAL BENEFITS PLAN

WHEREAS, the City Council has authorized moving the City sponsored supplemental retirement plan, currently provided through Nationwide to the State of Washington Deferred Compensation Plan (457); and

WHEREAS, the State 457 plan is available only for government employees employed by jurisdictions required to participate in the Washington State Department of Retirement Systems; and

WHEREAS, the State DCP plan’s sole purpose is to provide a secure, low cost retirement plan that is designed to return the highest return to the employee by charging the lowest cost of administering the plan, whereas the Nationwide plan is managed by a “for profit” corporation who has a commitment to produce a profitable return to its shareholder.; and

WHEREAS, Medical Benefit costs and market have changed over time from both regulation and economic forces and require periodic updating for the City to remain competitive and compliant;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EDGEWOOD, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. The Edgewood City Council hereby amends its personnel policies to allow employees to participate in the Washington State DCP plan and receive insurance benefits as outlined in the attached hereto as Personnel Policy-Section 7 Revision of Retirement and Insurance Benefits.

ADOPTED THIS 11TH DAY OF APRIL 2017

Daryl Eidinger, Mayor

ATTEST:

Rachel Pitzel, City Clerk
Personnel Policy-Section 7 Revision of Retirement and Insurance Benefits

A. RETIREMENT BENEFITS

Federal Law provides States, electing to provide a state-wide retirement system, to exempt State, County and Local Government Employers from the Federal Social Security system. The State of Washington made such an election in 1944 creating the Washington State Department of Retirement Systems. County and Local jurisdictions could opt in or out of the Federal Social Security system by an election of the majority of their employees, at the time the jurisdiction incorporated. Those opting in are required to participate in both the State Department of Retirement Systems and the Federal Social Security system. Many jurisdictions that opted out and do not offer Social Security, enacted supplementary retirement programs such as 401(a) or 457 deferred compensation plans. Many have mandatory participation as a requirement for employment.

Washington State Department of Retirement Systems
Public Employee's Retirement Plan (PERS)

All benefit-eligible employees are covered under the Public Employees Retirement System (PERS). The State of Washington sets benefit levels and contribution rates for employee and employer. Participation requirements are set by the Washington State Department of Retirement and are a condition of employment. The City of Edgewood does not participate in the Federal Social Security system.

Washington State Deferred Compensation Plan (DCP)

As a supplement to PERS and in lieu of participation in the Federal Social Security system, the City provides a State of Washington Deferred Compensation 457 Plan. The City sets contribution levels to mirror those of the Social Security system. This is commonly referred to as an employer match plan. The City requires participation as a condition of employment for all benefit eligible employees. The State DCP plan does not accommodate multiple employer contributions. Part-time benefit eligible employees who are employed by another DCP participating employer will have the per payroll employer contribution match added to their regular pay. These employees are encouraged to increase their voluntary employee contributions to the State DCP plan in the amount of this addition.

Employees may elect to make additional voluntary contributions to the DCP 457 plan, which are not matched by the employer. Additional contributions are subject to Federal contribution limitations. Current limitation amounts, which may change from time to time, are available to view through the DCP website.

Medicare

All eligible employees participate in the Federal Medicare system.
B. WORKERS COMPENSATION BENEFITS FOR JOB-RELATED INJURIES/ILLNESSES

All employees are covered by the State Workers' Compensation Program. This insurance covers employees in case of on-the-job injuries or job-related illnesses. For qualifying cases, State Industrial Insurance will pay the employee for workdays lost and medical costs due to job-related injuries or illnesses. All job-related accidents should be reported immediately to the supervisor.

When an employee is absent for one or more days due to an on-the-job accident, he/she is required to file a claim for Workers' Compensation. If the employee files a claim, the City will continue to pay (by use of the employee's unused sick leave) the employee's regular salary pending receipt of Workers' Compensation benefits.

**Coordination of Benefits:** When the employee receives Workers' Compensation benefits, he/she is required to repay to the City the amount covered by Workers' Compensation and previously advanced by in the form of sick leave the City within two weeks of receiving Worker's Compensation benefits. This policy is to ensure that the employee will receive prompt and regular payment during periods of injury or disability so long as accrued sick leave is available, while ensuring that no employee receives more than he/she would have received had the injury not occurred. Upon the repayment of funds advanced, the appropriate amount of sick leave shall be restored to the employee's account.

The City may require an examination at its expense, performed by a physician of its choice to determine when the employee can return to work and if he/she will be capable of performing the duties of the position.

C. INSURANCE BENEFITS

The City sponsors a Medical, Dental, Vision, Term-Life, Disability and Employee Assistance Plan through the Association of Washington Cities (AWC). Plan participation levels, premiums and plan options change from time to time. The City requires employees to contribute through payroll deduction 10% of the cost of their medical premiums. The City pays 100% of Dental, Vision, Term-Life, Disability and the Employee Assistance Plan.
Opt Out Provision
Employees covered by another medical benefits plan where acceptable documentation and plan benefits are comparable to the City's AWC plan, may opt out of the City sponsored Medical plan. Employees are required to maintain their comparable benefit plan at all times. AWC requires the City maintain enrollment of a minimum of 75% of its eligible employees in its medical plan. Opt out options are therefore available on a “first come first serve” basis. Those opting out will receive a regular pay increase in lieu of the employer sponsored medical benefit in the sum of $300 dollars per month for the time the employer is not providing medical benefits. **Warning:** loss of your comparable medical benefit plan could require you purchase comparable individual medical plan coverage until the City AWC plan opens their enrollment allowing you to opt back in.

All benefit-eligible employees and their dependents are eligible to participate in the City's various insurance programs on the first day of the month following employment. The programs and criteria for eligibility will be explained upon hire. As with all benefits, the City reserves the right to make changes in the carriers and provisions of these programs when deemed necessary or advisable, without prior notice to affected employees.

D. CONTINUATION OF INSURANCE

Leave of Absence: Subject to applicable law, upon mutual agreement between the employee and the City, and in accordance with the terms and conditions of the insurance policy, the City will continue health insurance coverage at the employee’s expense during an approved unpaid leave of absence. COBRA continuation rights may apply in the event coverage is not extended through the City.

Workers Compensation Leave: An employee receiving Workers Compensation benefits continues to accrue vacation leave and sick leave for up to six (6) months. The City also continues to pay for the employer's portion of health insurance premiums, provided that the employee continues to pay their share of premiums, if any. After six (6) months, the employee's benefits shall cease unless the City Manager makes an exception based on the criteria stated in Changing the Policies (Section 1-F) of these policies. The employee may continue health care benefits by self-paying insurance premiums for the remainder of the time he/she receives Workers Compensation benefits.

COBRA Rights: Upon an employee's termination from the City employment or upon an unpaid leave of absence or another qualifying event, the employee may be eligible to continue City health insurance benefits to the extent provided under the federal COBRA regulations. An administrative handling fee over and above the cost of the insurance premium may be charged the employee or his/her dependents who elect to exercise their COBRA continuation rights.

Termination, Retirement, Leave of Absence: For eligible employees who terminate, retire or are on an approved leave of absence, the City will pay the premium through the end of the month in which the employees last day occurs.

E. UNEMPLOYMENT COMPENSATION
City employees may qualify for State Unemployment Compensation after termination from City of Edgewood employment depending on the reason for termination and if certain qualifications are met. Determination is made through the Washington State Employment Security office.

F. **BENEFITS UPON HIRE/RETURN FROM LEAVE**

Upon hire or return from an unpaid leave, an employee’s benefits-leave accruals and insurance coverage will commence on the first of the month following the month of the date of hire or return from leave.

G. **BENEFITS FOR PART-TIME AND TEMPORARY EMPLOYEES**

Unless noted otherwise in these policies, benefits for benefit-eligible employees are as follows:

**Permanent Part-Time Employees:**

By providing stable part-time positions with competitive pay and benefits to individuals who are not available for full time employment, the City is better positioned to offer a higher quality service to the public where a full time position budget is not feasible. The City considers part-time employees who work an average work schedule of 18 hours or more per week, available for City sponsored benefits. Part-time employees working less than 18 hours per week are not available for benefits.

**Pro-rated:**

All leaves, including holidays, and benefit allowances are pro-rated. Pro-rated means the ratio between the number of hours in the employee’s normal average schedule of at least 18 hours per week (annual average weekly schedule) and forty (40) hours per week rounded up to the nearest 10 percent. For Medical Benefits sponsored by the employer, the employee premium sharing of 10% will be adjusted up to the actual percent ratio rounded to the nearest whole number. Other employer sponsored insurance benefits will be paid the same as full-time employees.

**Contract and Temporary Employees:**

Contract and Temporary employees are not eligible to receive Employer sponsored benefits, including leaves, holidays, and insurance.