

MEETING DATE/TYPE: VOTING MEETING 9-12-17

DEPARTMENT: Human Resources

AGENDA ITEM: Acknowledge and approve an Annual \$2,500.00 Military Appreciation Bonus to active City Military Personnel, to be evaluated every budget year.

Approved By: Michael Lamar, City Manager

Item Summary

In an effort to acknowledge acting military service employees at the City of Prescott, this item proposes an annual bonus to replace a former appreciation program discontinued due to Yavapai Combined Trust Agreement language interpretation.

Background

In January 2013, a proposal was made to Management, and signed by all the active military reservists employed at the City, that the City provide a \$220.00 a month (\$2,640.00 annually) insurance stipend to those military employees waiving the City's insurance. The proposal was accepted by the then City Manager with the intent of recognizing the military service but also, assist in offsetting the employee's premium for the Federal Tri-Care health insurance plan they were paying for out-of-pocket.

It was brought to the City's attention that the Yavapai Combined Trustee interpretation of the agreement language did not allow any of the four entity employees to waive insurance coverage and then be compensated by an allowance to that employee. Below is the YCT Agreement and Declaration of Trust excerpted language, effective July 1, 2009.

6.06 – Payment In Lieu Of Benefits. *No Employee or other Beneficiary shall have any right to receive any part of his/her own or the Participating Entities' contributions paid to him/her in lieu of benefits.*

Consequently, the stipend was discontinued July 1, 2017. In response to active military service employee requests, and management's desire to recognize their service, this proposal will provide both by reinstating a Military Appreciation Bonus annually in the amount of \$2,500.00 to be evaluated every year during the budget process. The allowance criteria are that the employee is an active reservist and a full-time City of

AGENDA ITEM: Acknowledge and approve an Annual \$2,500.00 Military Appreciation Bonus to active City Military Personnel, to be evaluated every budget year.

Prescott employee. There is no prerequisite to waive City health insurance nor enrollment in Tri-Care insurance to receive the bonus.

Financial Impact

FY 18 = July 1, 2017; introduce Military Appreciation Allowance to applicable employee's resulting in a \$2,500.00 departmental personnel expense for nine (9) current employees resulting in a total of \$22,500.00 annually. Two (2) employees are paid from enterprise funds and seven (7) from general fund personnel budgets. Separation from military or City service will result in a prorated return of the bonus to the City for that fiscal year. Program to be reviewed on an annual basis during the budget process.

Recommended Action: **MOVE** to acknowledge and approve an annual \$2,500.00 Military Appreciation Bonus to active City military personnel; to be evaluated every budget year.