

PERSONNEL COMMITTEE AGENDA
Monday, January 12, 2015 – 6:00 p.m.
Lincoln Center – 1519 Water Street
[A quorum of the City Council may attend this meeting]

Discussion and possible action on:

1. Notice of Employee seeking public office.
2. Amendment to Administrative Policy 3.01 #12 - Continuing Education.
3. Memorandum of Understanding/Grievance Settlement IAFF Local 484.
4. Request to modify pay rates for Summer Engineering Aide position.
5. Adjourn into closed session (approximately 6:05 p.m.) pursuant to Wisconsin State Statute 19.85(1)(e) [conducting other specified public business, whenever competitive or bargaining reasons require a closed session] for an update on bargaining.
6. Adjournment.

Any person who has special needs while attending this meeting or needs agenda materials for this meeting should contact the City Clerk as soon as possible to ensure a reasonable accommodation can be made. The City Clerk can be reached by telephone at (715) 346-1569, or by mail at 1515 Strong's Avenue, Stevens Point, WI 54481.

Copies of ordinances, resolutions, reports and minutes of the committee meetings are on file at the office of the City Clerk for inspection during normal business hours from 7:30 a.m. to 4:00 p.m.

January 6, 2015

MEMORANDUM

TO: Personnel Committee Members

FROM: Lisa Jakusz, City Personnel

RE: January 12, 2015 Personnel Committee Meeting Agenda.

1. Included in the packet is a notice from a City employee indicating his intention to run for a Town Board Supervisor position. Per City policy, employees are required to advise the Personnel Committee of their intent to run for a public office.
2. Included in the packet is a cover memo on this item from the City Comptroller/Treasurer, a copy of the related IRS publication and the draft amendment to the City Administrative Policy for your review and consideration.
3. Included in the packet is a Memorandum of Understanding between IAFF Local 484 and the City of Stevens Point. This MOU will resolve an outstanding grievance and clarify the pay for employees who are called in to work for an off-duty ambulance run that is subsequently cancelled in the future.
4. A memo from the Director of Public Works will be forthcoming under separate cover related to his request to adjust the hourly pay rates for the Summer Engineering Aides. An adjustment to these pay rates has not come before the Personnel Committee since November of 2001.
5. Closed session for an update on bargaining.

Please feel free to contact me with any questions or concerns regarding the agenda item or materials prior to the meeting.

CITY OF STEVENS POINT
PERSONNEL COMMITTEE
1515 STRONGS AVE.
STEVENS POINT WI.
54481

12-16-14

IN ACCORDANCE WITH THE CITY OF STEVENS
POINT ADMINISTRATIVE POLICY IT IS MY INTENT
TO PURSUE THE NON-PARTISAN POSITION OF TOWN
OF EAU PLEINE TOWN BOARD SUPERVISOR.
ELECTION DATE OF APRIL 2015

ROGER M. SKRZECZKOSKI SR

Roger M. Skrzeczkowski Sr 12-16-14

City of Stevens Point
1515 Strongs Avenue
Stevens Point, WI 54481-3594



Corey D. Ladick
Comptroller-Treasurer

Phone: 715-346-1574
Fax: 715-346-1683

January 5, 2015

To: Personnel Committee/Common Council

Re: IRS Regulations and Tuition Reimbursement Policy

Background/Problem

As discussed last month, I identified two potential issues concerning administrative policy and federal tax law. The second issue is related to tuition reimbursement. Under federal tax law, \$5250 in educational assistance can be provided to employees tax-free, without any exceptions. However, if more than \$5250 in assistance is provided, it may need to be included in wages, depending on a variety of fairly subjective criteria. (See Attached)

Proposed Solution

A very simple solution is to limit educational reimbursements to \$5250 per calendar year. In addition to greatly simplifying any taxation issues, this will have several other benefits for the City:

- Budgets for Educational Compensation are limited, this will ensure that one employee doesn't consume an unreasonably large share of the available funds
- There are now many educational options available, this will give employees a reason to select an option that is reasonably priced
- This will prevent employees from overloading on courses, which could interfere with work responsibilities

claim the dependent care credit if the employee paid for the services. For more information, see *Qualifying Person Test* and *Work-Related Expense Test* in Publication 503, Child and Dependent Care Expenses.

Employee. For this exclusion, treat the following individuals as employees.

- A current employee.
- A leased employee who has provided services to you on a substantially full-time basis for at least a year if the services are performed under your primary direction or control.
- Yourself (if you are a sole proprietor).
- A partner who performs services for a partnership.

Exclusion from wages. You can exclude the value of benefits you provide to an employee under a dependent care assistance program from the employee's wages if you reasonably believe that the employee can exclude the benefits from gross income.

An employee can generally exclude from gross income up to \$5,000 of benefits received under a dependent care assistance program each year. This limit is reduced to \$2,500 for married employees filing separate returns.

However, the exclusion cannot be more than the smaller of the earned income of either the employee or employee's spouse. Special rules apply to determine the earned income of a spouse who is either a student or not able to care for himself or herself. For more information on the earned income limit, see Publication 503.

Exception for highly compensated employees.

You cannot exclude dependent care assistance from the wages of a highly compensated employee unless the benefits provided under the program do not favor highly compensated employees and the program meets the requirements described in section 129(d) of the Internal Revenue Code.

For this exclusion, a highly compensated employee for 2014 is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than \$115,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee was not also in the top 20% of employees when ranked by pay for the preceding year.

Form W-2. Report the value of all dependent care assistance you provide to an employee under a dependent care assistance program in box 10 of the employee's Form W-2. Include any amounts you cannot exclude from the employee's wages in boxes 1, 3, and 5. Report both the nontaxable portion of assistance (up to \$5,000) and any assistance above the amount that is non-taxable to the employee.

Example. Company A provides a dependent care assistance flexible spending arrangement to its employees through a cafeteria plan. In addition, it provides occasional on-site dependent care to its employees at no cost. Emily, an employee of company A, had \$4,500 deducted from her pay for the dependent care flexible spending arrangement. In addition, Emily used the on-site dependent care several times. The fair market value of the on-site care was \$700. Emily's Form W-2 should report \$5,200 of dependent care assistance in box 10 (\$4,500 flexible spending arrangement plus \$700 on-site dependent care). Boxes 1, 3, and 5 should include \$200 (the amount in excess of the nontaxable assistance), and applicable taxes should be withheld on that amount.

Educational Assistance

This exclusion applies to educational assistance you provide to employees under an educational assistance program. The exclusion also applies to graduate level courses.

Educational assistance means amounts you pay or incur for your employees' education expenses. These expenses generally include the cost of books, equipment, fees, supplies, and tuition. However, these expenses do not include the cost of a course or other education involving sports, games, or hobbies, unless the education:

- Has a reasonable relationship to your business, or
- Is required as part of a degree program.

Education expenses do not include the cost of tools or supplies (other than textbooks) your employee is allowed to keep at the end of the course. Nor do they include the cost of lodging, meals, or transportation.

Educational assistance program. An educational assistance program is a separate written plan that provides educational assistance only to your employees. The program qualifies only if all of the following tests are met.

- The program benefits employees who qualify under rules set up by you that do not favor highly compensated employees. To determine whether your program meets this test, do not consider employees excluded from your program who are covered by a collective bargaining agreement if there is evidence that educational assistance was a subject of good-faith bargaining.
- The program does not provide more than 5% of its benefits during the year for shareholders or owners. A shareholder or owner is someone who owns (on any day of the year) more than 5% of the stock or of the capital or profits interest of your business.
- The program does not allow employees to choose to receive cash or other benefits that must be included in gross income instead of educational assistance.
- You give reasonable notice of the program to eligible employees.

Your program can cover former employees if their employment is the reason for the coverage.

For this exclusion, a highly compensated employee for 2014 is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than \$115,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee was not also in the top 20% of employees when ranked by pay for the preceding year.

Employee. For this exclusion, treat the following individuals as employees.

- A current employee.
- A former employee who retired, left on disability, or was laid off.
- A leased employee who has provided services to you on a substantially full-time basis for at least a year if the services are performed under your primary direction or control.
- Yourself (if you are a sole proprietor).
- A partner who performs services for a partnership.

Exclusion from wages. You can exclude up to \$5,250 of educational assistance you provide to an employee under an educational assistance program from the employee's wages each year.

Assistance over \$5,250. If you do not have an educational assistance plan, or you provide an employee with assistance exceeding \$5,250, you must include the value of these benefits as wages, unless the benefits are working condition benefits. Working condition benefits may be excluded from wages. Property or a service provided is a working condition benefit to the extent that if the employee paid for it, the amount paid would have been deductible as a business or depreciation expense. See *Working Condition Benefits*, later, in this section.

Employee Discounts

This exclusion applies to a price reduction you give an employee on property or services you offer to customers in the ordinary course of the line of business in which the employee performs substantial services. However, it does not apply to discounts on real property or discounts on personal property of a kind commonly held for investment (such as stocks or bonds).

Employee. For this exclusion, treat the following individuals as employees.

- A current employee.
- A former employee who retired or left on disability.

- A widow or widower of an individual who died while an employee.
- A widow or widower of an employee who retired or left on disability.
- A leased employee who has provided services to you on a substantially full-time basis for at least a year if the services are performed under your primary direction or control.
- A partner who performs services for a partnership.

Exclusion from wages. You can generally exclude the value of an employee discount you provide an employee from the employee's wages, up to the following limits.

- For a discount on services, 20% of the price you charge nonemployee customers for the service.
- For a discount on merchandise or other property, your gross profit percentage times the price you charge nonemployee customers for the property.

Determine your gross profit percentage in the line of business based on all property you offer to customers (including employee customers) and your experience during the tax year immediately before the tax year in which the discount is available. To figure your gross profit percentage, subtract the total cost of the property from the total sales price of the property and divide the result by the total sales price of the property.

Exception for highly compensated employees.

You cannot exclude from the wages of a highly compensated employee any part of the value of a discount that is not available on the same terms to one of the following groups.

- All of your employees.
- A group of employees defined under a reasonable classification you set up that does not favor highly compensated employees.

For this exclusion, a highly compensated employee for 2014 is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than \$115,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee was not also in the top 20% of employees when ranked by pay for the preceding year.

Employee Stock Options

There are three kinds of stock options—incentive stock options, employee stock purchase plan options, and non-statutory (nonqualified) stock options.

Wages for social security, Medicare, and federal unemployment (FUTA) taxes do not include remuneration resulting from the exercise, after October 22, 2004, of an

lease value rule (discussed in section 3) to value the benefit.

Demonstrator cars. Generally, all of the use of a demonstrator car by your full-time auto salesperson qualifies as a working condition benefit if the use is primarily to facilitate the services the salesperson provides for you and there are substantial restrictions on personal use. For more information and the definition of “full-time auto salesperson,” see Regulations section 1.132-5(o). For optional, simplified methods used to determine if full, partial, or no exclusion of income to the employee for personal use of a demonstrator car applies, see Revenue Procedure 2001-56. You can find Revenue Procedure 2001-56 on page 590 of Internal Revenue Bulletin 2001-51 at www.irs.gov/pub/irs-irbs/irb01-51.pdf.

Qualified nonpersonal use vehicles. All of an employee's use of a qualified nonpersonal use vehicle is a working condition benefit. A qualified nonpersonal use vehicle is any vehicle the employee is not likely to use more than minimally for personal purposes because of its design. Qualified nonpersonal use vehicles generally include all of the following vehicles.

- Clearly marked, through painted insignia or words, police, fire, and public safety vehicles.
- Unmarked vehicles used by law enforcement officers if the use is officially authorized.
- An ambulance or hearse used for its specific purpose.
- Any vehicle designed to carry cargo with a loaded gross vehicle weight over 14,000 pounds.
- Delivery trucks with seating for the driver only, or the driver plus a folding jump seat.
- A passenger bus with a capacity of at least 20 passengers used for its specific purpose.
- School buses.
- Tractors and other special-purpose farm vehicles.
- Bucket trucks, cement mixers, combines, cranes and derricks, dump trucks (including garbage trucks), flat-bed trucks, forklifts, qualified moving vans, qualified specialized utility repair trucks, and refrigerated trucks.

See Regulations section 1.274-5(k) for the definition of qualified moving van and qualified specialized utility repair truck.

Pickup trucks. A pickup truck with a loaded gross vehicle weight of 14,000 pounds or less is a qualified nonpersonal use vehicle if it has been specially modified so it is not likely to be used more than minimally for personal purposes. For example, a pickup truck qualifies if it is clearly marked with permanently affixed decals, special painting, or other advertising associated with your trade, business, or function and meets either of the following requirements.

1. It is equipped with at least one of the following items.

- a. A hydraulic lift gate.
 - b. Permanent tanks or drums.
 - c. Permanent side boards or panels that materially raise the level of the sides of the truck bed.
 - d. Other heavy equipment (such as an electric generator, welder, boom, or crane used to tow automobiles and other vehicles).
2. It is used primarily to transport a particular type of load (other than over the public highways) in a construction, manufacturing, processing, farming, mining, drilling, timbering, or other similar operation for which it was specially designed or significantly modified.

Vans. A van with a loaded gross vehicle weight of 14,000 pounds or less is a qualified nonpersonal use vehicle if it has been specially modified so it is not likely to be used more than minimally for personal purposes. For example, a van qualifies if it is clearly marked with permanently affixed decals, special painting, or other advertising associated with your trade, business, or function and has a seat for the driver only (or the driver and one other person) and either of the following items.

- Permanent shelving that fills most of the cargo area.
- An open cargo area and the van always carries merchandise, material, or equipment used in your trade, business, or function.

Education. Certain job-related education you provide to an employee may qualify for exclusion as a working condition benefit. To qualify, the education must meet the same requirements that would apply for determining whether the employee could deduct the expenses had the employee paid the expenses. Degree programs as a whole do not necessarily qualify as a working condition benefit. Each course in the program must be evaluated individually for qualification as a working condition benefit. The education must meet at least one of the following tests.

- The education is required by the employer or by law for the employee to keep his or her present salary, status, or job. The required education must serve a bona fide business purpose of the employer.
- The education maintains or improves skills needed in the job.

However, even if the education meets one or both of the above tests, it is not qualifying education if it:

- Is needed to meet the minimum educational requirements of the employee's present trade or business, or
- Is part of a program of study that will qualify the employee for a new trade or business.

Outplacement services. An employee's use of outplacement services qualifies as a working condition benefit if you provide the services to the employee on the basis of need, you get a substantial business benefit from the services distinct from the benefit you would get from the payment of additional wages, and the employee is seeking employment in the same trade or business of the

12. Continuing Education

All educational reimbursements and payments are limited to a maximum amount determined by IRS regulations, currently \$5,250.00, for each employee per calendar year. The maximum amount shall be the amount, regardless of whether or not part or all of the amount is a working condition benefit per IRS regulations, that is excludable from wages for tax reporting purposes. Amounts excludable as a working condition benefit do not affect the maximum amount reimbursable by the City.

Courses must be pre-approved by the Department Head or appropriate authority and funding available within the department budget.

The City will be supportive of additional employee training and education; employees must exhibit a personal commitment and investment in gaining this additional education and/or training.

The City of Stevens Point encourages education and training in order to improve the qualifications of employees in their positions and prepare them for advancement in service to the City.

Employees interested in continuing education/training are encouraged to speak with their supervisor. The supervisor can disseminate information relating to available assistance.

Clerical and Related hourly employees:

The City shall pay the cost of tuition and books for job-related training after the successful completion of pre-approved courses.

Water/Wastewater hourly employees:

The Employer will pay the full cost of the schooling required by the Employer. Mileage and meals will also be paid for by the Employer. Mileage will be reimbursed at the rate outlined in Section 3.03 of the City's Administrative Policy. The Employer reserves the right to limit the number and type of schooling that is paid for. If the schooling is not satisfactorily completed, the employee shall reimburse the Employer for all tuition expenses. The Employer shall either adjust the employee's workweek or pay time and one-half (1-1/2) in the event that class attendance would cause the total hours worked by the employee to exceed forty (40) in one (1) week.

The City of Stevens Point will provide a Tuition Aid Program for management level employees who wish to take job related courses.

Management level employees must be employed with the City on a regular permanent basis for at least one year prior to the beginning of the course. The employee must be satisfactorily performing the duties and responsibilities of his/her current job and fulfill

all regular work obligations. However, if deemed in the best interest of the City, the department head can require training for an employee (hourly or management) prior to the employee's completion of one year of employment.

Reimbursement is subject to availability of funds within the department budget. Employees are encouraged to communicate with their department head in advance of enrollment to see if funds are available. Reimbursement will be made to the employee for the cost of tuition after the employee has submitted an official report card or transcript along with a paid receipt for tuition. Employees will not receive reimbursement for any portion of the course tuition that is eligible for reimbursement under other programs, scholarships or grants.

Approval of a course of study for tuition reimbursement, or the receipt of tuition reimbursement funds in no way obligates the City of Stevens Point to change an employee's job description, work assignment, provide salary adjustments or reclassifications within the management pay plan.

No reimbursement will be paid after an employee voluntarily ends employment with the City or is dismissed from employment.

The tuition reimbursement program is dependent on funding in the annual budget.

An employee who voluntarily leaves the City of Stevens Point employment within one year after successful completion of any course shall reimburse the City in full for any tuition reimbursement they received from the City. Employees voluntarily leaving the City within two years after successful completion of any course shall reimburse the City 50% of the tuition reimbursement they received from the City.

**SETTLEMENT AGREEMENT AND
MEMORANDUM OF UNDERSTANDING**

The City of Stevens Point ("City") and IAFF, Local 484, ("Union") agree as follows:

WHEREAS, the Union is the exclusive representative of the firefighters employed by the City; and

WHEREAS, the Union has asserted grievances relating to the call back and transfer pay for Ron Heibler and Trevor Howard that occurred on January 14th, 2014; and

WHEREAS, for the sole purpose of saving the costs associated with an arbitration proceeding, the Parties wish to settle the grievances by mutual agreement rather than through the grievance and arbitration process;

NOW, THEREFORE, the Parties stipulate and agree as follows:

1. The City and Union agree to settle the associated Grievance, which shall be withdrawn with prejudice.
2. All Members of the Union negatively impacted by the grievance will be paid at the "make whole" rate identified in the grievance.

The City will pay MPO/Paramedic Ron Heibler and Firefighter/Paramedic Trevor Howard at the double time rate for all hours worked by those individuals on January 14, 2014, and an additional 3 hours at the time and a half rate for the cancelled off-duty ambulance run on a 2080 hours/year pay rate.

3. The new voluntarily agreed upon plan described in this MOU will be incorporated into operations for the term of the current CBA and until there is a successor agreement.
4. The City and Union agree that for all future off-duty ambulance runs, the language of Article 8, Paragraph B of the Agreement Between City of Stevens Point and International Association of Firefighters Local 484, AFL-CIO January 1, 2013 – December 31, 2015 ("Contract") shall, in the event that an off-duty ambulance run is cancelled, entitle an employee reporting no sooner than 20 minutes before the scheduled time of the run to pay at the time and one-half rate for the greater of either three hours or the actual amount of time worked after reporting.
5. This Agreement is entered into on a non-precedent setting basis related to any other matters not covered by this Agreement and shall not prejudice either party's interpretation of any other language of the collective bargaining agreement.

6. The Union and City waive any right or claim to any other unpaid wages related to settlement of the Grievance and as it relates to the terms of this Agreement. This Agreement constitutes the full, complete, and final resolution of the grievance and the claims asserted therein.

Dated this _____ day of _____, 2014

CITY OF STEVENS POINT

STEVENS POINT FIREFIGHTERS
IAFF LOCAL 484

Gary Wescott
Mayor, City of Stevens Point

Justin Thomson, President
President IAFF Local 484

John V. Moe
City Clerk, City of Stevens Point

Matt Zander
Representative IAFF Local 484

LANGUAGE IN CURRENT LABOR AGREEMENT:

- B. **Off-Duty Ambulance Runs:** Pay based on 100% Fire Fighter Paramedic annual salary (2080 hours/year). Paid at time and one-half with three (3) hours minimum for each off-duty ambulance run. An employee reporting to work no sooner than twenty (20) minutes before scheduled time of an off-duty ambulance run, will receive pay at time and one-half with three (3) hours minimum if off-duty ambulance run is canceled.