



CHAPTER: 06 - Human Resources Policies	POLICY #: 06.11.08
	OFFICE/DEPARTMENT: Human Resources
SECTION: 11 - Miscellaneous	EFFECTIVE DATE: July 1, 2015
SUBJECT: 08 – Employee Gainsharing Program	CITY MANAGER: Erdal Donmez
	PAGE: 1 of 3

PURPOSE

The Employee Gainsharing Program is an integral part of the City's reward and recognition program. Its purpose is to encourage employees to think creatively and improve processes ultimately reducing City expenditures. This allows the City to pass the resulting cost savings to taxpayers and other customers.

SCOPE

All full-time and part-time employees are eligible for awards under this program. The eligible employee must be employed by the City on the date the award is announced in order to receive the award. **Use of this policy in any given year is at the discretion of the City Manager.**

POLICY

A. Departmental Percentage of Budget Retention Program

1. Ten percent (10%) of the City-Wide Net Favorable Variance each fiscal year is eligible for distribution.
2. The Budget Director shall recommend possible projects to the City Manager. A high priority will be placed on capital projects that address current maintenance and/or service delivery deficiencies that have been identified during the prior fiscal year but lacked funding to remedy. Funds cannot be used for employee wages or any other personal services costs including temporary service providers. Final approval of expenditures shall be made by the City Manager.

B. City-Wide Percentage Of Budget Employee Award Program

1. Subject to the discretion of the City Manager, each employee will receive a pro-rata share of 10% of City-Wide Net Favorable Variance each fiscal year.
2. No amounts will be awarded in fiscal years where a City-Wide Net Favorable Variance is not achieved.

3. The pro-rata share will be determined as follows:

- a. All full-time regular employees employed as of October 1 of the previous fiscal year will be allotted one share.
- b. All full-time regular employees employed after October 1 and prior to September 30 of the previous fiscal year will receive a .5 share.
- c. All full-time temporary and part-time regular or temporary employees who worked over 1,040 hours in the previous fiscal year will receive a .5 share.
- d. The dollar amount awarded per share shall not exceed \$500.00.

Definitions:

City-Wide Net Favorable Variance: The City-Wide Net Favorable Variance is determined by the Director of Budget and the Director of Financial Services. This determination will be made no earlier than November 1 and after all material accounting entries have been made for the preceding fiscal year. The Net Favorable Variance is calculated by subtracting actual expenses from actual revenues in the general fund and health fund (City health insurance claims only). One time revenues will be evaluated individually to determine whether they should be removed from this calculation.

Share: The value of a full share is determined by taking 10% of the Net Favorable Variance and then reducing the 10% by 8% to cover the cost of the employer share of FICA to be paid. The balance of the Net Favorable Variance is then divided by the total number of shares (eligible full time employees plus the sum of the half-shares associated with eligible part time employees). This amount may be rounded down for ease of administration or otherwise reduced at the discretion of the City Manager.

Procedures:

1. Amount paid to employees as a result of this policy is subject to applicable taxes.
2. This policy may be amended or cancelled by the City at any time. No part of this policy shall be interpreted to create a prevailing right for any employee. No parts of this policy or award given pursuant to this policy are subject to grievances under City policy or union contracts.
3. Human Resources will administer all aspects of the Gainsharing Program including determining employee eligibility, preparation of payment files for payroll processing and notification to eligible employees.

RESPONSIBILITIES

Director of Financial Services in conjunction with the Director of Budget: Determines the amount of the award.

Human Resources: Administers all aspects of the Gainsharing Program including determining employee eligibility, preparation of payment files for payroll processing and notification to eligible employees.

ADMINISTRATIVE REPEAL

The provisions contained herein shall supersede and replace all prior policies or procedures regarding this subject.

APPROVAL

City Manager	<u>Erdal Donmez</u>
Human Resources	<u>Dale Pazdra</u>