

**CITY OF WASILLA
RESOLUTION SERIAL NO. 06-36**

**A RESOLUTION OF THE WASILLA CITY COUNCIL APPROVING THE
DISTRIBUTION OF A DISCRETIONARY BONUS TO ELIGIBLE EMPLOYEES.**

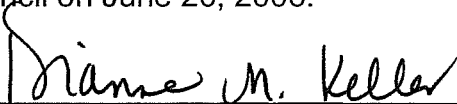
WHEREAS, the City Council agreed during the FY 06 budget preparation process to make a flex plan available to employees to reduce the City's projected increase in the cost of group health insurance; and

WHEREAS, the saving in health insurance cost budgeted for FY 06 are estimated to have been \$165,000 as a result of making the flex plan available to employees; and

WHEREAS, the City desires to share part of the cost saving that resulted from offering the flex plan to employees participating in the City's group health insurance program as a discretionary bonus.


NOW THEREFORE BE IT RESOLVED that the Wasilla City Council authorizes the City to distribute a discretionary bonus totaling 50% of the FY 06 health insurance cost savings among the employees who participated in the City's group health insurance plan pro rated to the number of months in FY 06 the employee participated in the City's group health insurance plan including benefits associated with the discretionary bonus.

ADOPTED by the Wasilla City Council on June 26, 2006.



DIANNE M. KELLER, Mayor

ATTEST:



KRISTIE SMITHERS, MMC
City Clerk

[SEAL]



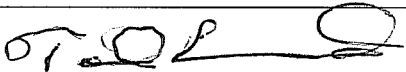
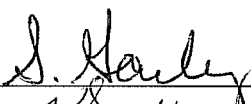
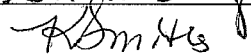
**CITY OF WASILLA
LEGISLATION STAFF REPORT**

RE: Resolution 06-36: A Resolution of the Wasilla City Council Approving the Distribution of a Discretionary Bonus.

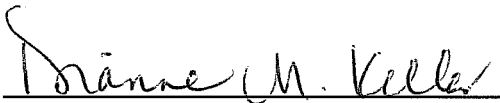
Agenda of: June 26, 2006

Date: June 16, 2006

Originator: Community and Economic Development

| Route to: | Department | Signature/Date |
|-----------|---|---|
| | Police Youth Court, Dispatch, Code Compliance | |
| | Culture and Recreational Services Library, Museum, Sports Complex | |
| X | Public Works & Recreation Facility Maintenance | |
| X | Finance, Risk Management & MIS Purchasing |  |
| X | Deputy Administrator Planning, Economic development, Human Resources |  |
| X | City Clerk |  |

REVIEWED BY MAYOR DIANNE M. KELLER:



FISCAL IMPACT: yes

Funds Available yes no

Account name/number: Various

Attachments: Resolution 06-36

SUMMARY STATEMENT:

In light of the trend of increasing cost of providing group health insurance for City employees, during last year's budget preparation process we worked with employees to develop a strategy to keep the increased cost of health insurance premiums down. The solution developed was to increase the deductible level in the group health insurance plan from \$250 to \$1,000 while implementing a flex plan option to make the new higher deductible palatable to employees. With Councils approval, this strategy was implemented for FY 06.

The savings in the City's group health insurance costs over the past 12 months realized by this strategy for FY 06 is estimated to be \$165,000. As was discussed with Council and employees during the development of this strategy for the FY 06 budget, we would like to share half of the cost savings resulting from implementing this strategy with those employees who participated in the city's group health insurance plan in FY 06 as a discretionary bonus.

RECOMMENDATION

The staff respectfully recommends adoption of Resolution 06-36 to authorize distribution of discretionary bonus to employees who participated in the City's group health insurance plan, pro rated to the number of months in FY 06 the employee participated in the plan including benefits associated with the discretionary bonus..