

RESOLUTION NO. 3220

RESOLUTION ESTABLISHING, FOR NON-UNION EMPLOYEES, NEW RULES  
REGARDING: (1) TUITION ASSISTANCE; (2) EDUCATIONAL INCENTIVE  
PAY; (3) LONGEVITY INCENTIVE PAY; AND (4) VACATION ACCRUALS

WHEREAS, the City is presently operating under the 31-page "City of Selah Personnel Rules and Regulations" dated January 1, 2011, with regard to many topics and issues for employment of its workforce – and particularly with regard to non-union employees; and

WHEREAS, the City is also presently operating under Resolution No. 3134, enacted on July 9, 2024, with regard to multiple topics and issues for employment of is non-union employees; and

WHEREAS, City management desires to make one modification to the rules set forth within Resolution No. 3134, specifically to add the position of Assistant Fire Chief to the list of "excluded positions" with regard to educational incentive pay; and

WHEREAS, the City Council finds that good cause exists for making the modification and for enacting a new resolution (which is the instant Resolution, and which includes the modification) to take the place of Resolution No. 3134;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SELAH, WASHINGTON as follows:

Section 1. New Educational Incentive Pay Chart and Explanatory Language. The following new educational incentive pay chart and explanatory language is adopted for non-union employees:

**EDUCATIONAL INCENTIVE PAY:**

The City recognizes the benefits of hiring and retaining employees who hold higher education degrees that are related to job function.

This policy applies to n full-time non-union employees; provided however, that if a written personal contract and/or a written hiring document that was issued to an employee before this policy became effective establishes different rules for a specific employee, that contract and/or document will be followed for that employee. A similar, but perhaps not identical policy, may be established for union employees via Collective Bargaining Agreement(s).

Payment Chart. Except for the excluded positions and non-eligible positions identified below, each regular full-time non-union employee who holds one or more qualifying higher education degree(s) may be paid educational incentive pay so long as no payment exceeds the corresponding percentage set forth on the following chart (and, for clarity, "two-week pay period" denotes that the City issues payroll paychecks/direct deposits on a twice-per-month basis):

<u>Education Attainment:</u>	<u>Additional Compensation:</u>
AA Degree(s):	2% of gross base pay during the two-week pay period
BA or BS Degree(s):	4% of gross base pay during the two-week pay period
MA, MS or higher Degree(s):	6% of gross base pay during the two-week pay period

Definition of “Gross Base Pay During the Two-Week Pay Period”. “Gross base pay during the two-week pay period” for an exempt employee is the cumulative gross salary amount actually earned by the employee during the two-week pay period (or any portion of it) including any usage of paid vacation, but it does not include any other item(s) such as longevity pay, a vehicle allowance, or the value of fringe benefits. “Gross base pay during the two-week pay period” for a non-exempt employee is the cumulative straight-time gross wages actually earned by the employee during the two-week pay period (or any portion of it) including any usage of paid vacation, but it does not include any other item(s) such as overtime pay, comp time, longevity pay, a vehicle allowance, or the value of fringe benefits.

Only One Allotment. Under no circumstances may more than one (1) allotment of educational incentive pay be simultaneously paid to any employee. An employee may only receive payment for the highest educational level attained rather than for all levels attained. Two explanatory examples are set forth below:

Example One: an eligible employee holds an AA degree and also a BS degree. He/she may only receive a single educational incentive pay allotment of 4% for the Bachelor’s degree (without also receiving an additional 2% for the AA degree). If his/her base pay is \$3,500 gross for the two-week pay period, he/she may receive \$140 gross as educational incentive pay for that two-week pay period.

Example Two: an eligible employee holds an AA degree, two BA degrees, and also an MA degree. He/she may only receive a single educational incentive allotment of 6% for the MA degree (without also receiving an additional 2% for the AA degree and/or an additional 4% for either or both BS degree(s)). If his/her monthly base pay is \$3,500 gross for the two-week pay period, he/she may receive \$210 gross as educational incentive pay for that two-week pay period.

Which Degrees Qualify? If a degree is revoked or vacated by the issuing institution, such degree may no longer be used as a basis for educational incentive pay.

Preexisting Degrees. Each AA, BA, BS, MS or higher degree held by an existing employee (who is eligible for educational incentive pay under this policy) as of August 1, 2024, is recognized as a qualifying degree for purposes of this policy.

Future Degrees. A degree earned by an existing employee (who is eligible for educational incentive pay under this policy) after August 1, 2024, and/or

a degree possessed by a future employee (who is eligible for educational incentive pay under this policy) who begins employment with the City after August 1, 2024, will qualify under this policy only if:

- the degree is issued by an institution that at the time of issuance was accredited by an institutional accreditor recognized by the U.S. Department of Education, unless the Mayor, City Administrator, or the delegatee(s) of either, if any, choose in his/her/their exclusive and unlimited discretion to recognize an employee's degree(s) from an institution that is accredited by a different accreditor of generally equal status – such as one accredited under foreign law – in writing when the employee is hired or when he/she earns the degree(s); and
- the Mayor, City Administrator, or the delegatee(s) of either, if any, assess in his/her/their exclusive and unlimited discretion that the degree is sufficiently related to the employee's job function.

The decisions by the Mayor, City Administrator, and/or the delegatee(s) of either, if any, with regard to future degrees shall not be subject to contradiction or change at a later date by the same or a future Mayor, City Administrator, or the delegatee(s) of either, if any. No current or future employee shall have any legal or equitable basis under or stemming from this policy for challenging or appealing the assessment of the Mayor, City Administrator, or the delegatee(s) of either, if any, with regard to such assessment; however, unlawful discrimination and unlawful retaliation shall not occur.

Issuance & Deductions/Withholdings. Educational incentive pay is issued on a twice-per-month basis concurrently with issuance of payroll paychecks/direct deposits. The gross amount of educational incentive pay is subject to all applicable deductions and withholdings (just like an employee's base salary or base wages are).

#### What Happens When....?

When an Exempt Employee's Rate of Base Pay Changes During a Two-Week Pay Period – Mandatory Delay Until Start of Month. If an exempt employee's rate of base pay changes for any reason – including but not limited to the employee being granted a mid-year pay raise, successfully completing an applicable probationary period, and/or due to an anniversary date or transition to a higher step or rank – any educational incentive pay for the exempt employee shall continue being calculated based on his/her prior rate of base pay for the remainder of the existing calendar month and shall not be calculated on his/her new rate of base pay until the commencement of the forthcoming next calendar month. Two explanatory examples are set forth below:

Example One: an eligible exempt employee holds a BS degree, had an original base rate of pay of \$3,500 gross per two-week period

pay, and thus had been receiving \$140 gross as educational pay per two-week pay period. His/her rate of base pay is then increased to \$4,000 gross per two-week pay period and such change takes effect on February 7<sup>th</sup>. His/her educational incentive pay (of 4% for the BS degree) will continue being calculated on his/her original base rate of pay through the remainder of February (and thus will remain at \$140 gross per two-week pay period through February), and it may then be calculated on his/her new base rate of pay on March 1<sup>st</sup> (and thus may increase to \$160 gross per two-week pay period from March 1<sup>st</sup> onward).

Example Two: an eligible exempt employee holds a BS degree, had an original base rate of pay of \$3,500 gross per two-week pay period, and thus had been receiving \$140 gross as educational pay per two-week pay period. His/her rate of base pay is then decreased to \$3,000 gross per two-week pay period and such change takes effect on February 7<sup>th</sup>. His/her educational incentive pay (of 4% for the BS degree) will continue being calculated on his/her original base rate of pay through the remainder of February (and thus will remain at \$140 gross per two-week pay period through February), and it will then be calculated on his/her new base rate of pay on March 1<sup>st</sup> (and thus will decrease to \$120 gross per two-week pay period from March 1<sup>st</sup> onward).

When a Non-Exempt Employee's Base Rate of Pay Changes during a Two-Week Pay Period – Immediate Effect. In contrast to the mandatory delayed effect of a change for an exempt employee (as established in the preceding paragraph and two explanatory examples), there is not a mandatory delayed effect of the change when an eligible non-exempt employee's base rate of pay changes during a two-week pay period. This is because the non-exempt employee's educational pay is calculated on his/her cumulative wages earned during the two-week pay period, and it does not matter whether he/she earned wages at one base rate for a portion of the two-week period and then at a different rate for the remainder of the two-week pay period – what matters is the cumulative total wages earned during the two-week pay period. Whatever straight-time wages he/she earned are simply multiplied by the applicable educational pay percentage, if educational incentive pay has been authorized for the employee.

When an Exempt or Non-Exempt Employee Earns a Qualifying Degree During a Two-Week Pay Period – Mandatory Delay Until Start of Month. If an eligible exempt employee or an eligible non-exempt employee earns a qualifying degree during his/her employment, a corresponding adjustment to educational incentive pay shall not occur until commencement of the calendar month following the month in which the degree was earned. An explanatory example is set forth below:

Example: an eligible employee holds a BS degree, had an original base rate of pay of \$3,500 gross per two-week pay period, and thus had been receiving \$140 gross as educational pay per two-week pay period. He/she then earns a MS degree on February 7<sup>th</sup>. His/her educational incentive pay will remain the same for remainder of February (and thus will remain at \$140 gross per two-week pay period through February), and it may be calculated at his/her new MS-level of attainment on March 1<sup>st</sup> (and thus may increase to \$210 gross per two-week pay period from March 1<sup>st</sup> onward).

When an Exempt Employee's Employment is Terminated – Proration for any Partially-Completed Two-Week Pay Period. If an eligible exempt employee's employment is terminated during a two-week payroll period rather than at the conclusion of a two-week payroll period, any issuance of educational incentive pay for the final partially-completed payroll period shall be prorated accordingly. An explanatory example is set forth below:

Example: an eligible exempt employee had been receiving \$260 gross of educational incentive pay per two-week pay period. However, his/her employment is terminated effective at the conclusion of February 7<sup>th</sup>, when there was still eight days remaining in the two-week payroll period of February 1-15. Thus, any final issuance of educational incentive pay will be prorated as follows: 7 days out of a 15-day period is 46.67%; and 46.67% of \$260 gross equals a prorated final issuance of educational incentive pay of \$121.34 gross for the partially-completed final payroll period. No educational incentive pay may be issued for the payroll period of February 16-28 or any later period.

When a Non-Exempt Employee's Employment is Terminated. In contrast to applying a proration for a partially-completed two-week payroll period when an eligible exempt employee's employment is terminated during a two-week payroll period (as established in the preceding paragraph and one example), no proration is necessary or applicable when an eligible non-exempt employee's employment is terminated during a two-week payroll period. This is because the non-exempt employee's educational pay is calculated on his/her cumulative wages earned during the two-week pay period, and it does not matter whether he/she earned wages for the totality of the two-week pay period or only for a portion of it – what matters is the cumulative total wages earned during the two-week pay period. Whatever straight-time wages he/she earned are simply multiplied by the applicable educational pay percentage, if educational incentive pay has been authorized for the employee.

When an Exempt or Non-Exempt Employee Cashes-Out Vacation –

Educational Incentive Pay Does Not Apply. If an exempt employee's employment or a non-exempt employee's employment is terminated and he/she has a balance of accrued-but-unused vacation time, he/she is entitled to a cash-out payment for such time (according to the City's vacation policy). However, even if the employee has a qualifying degree and has been regularly receiving corresponding educational incentive pay, the cash-out of the employee's vacation time shall not include any value, additional time or additional percentage in the form of educational incentive pay. Rather, educational incentive pay shall cease on the last day of the employee's employment. Educational incentive pay does not apply to any post-employment payments or cash-outs to a (former) employee.

No Retroactive Payments. No retroactive payments of educational incentive pay shall occur under or stemming from this policy.

Excluded Positions. The following positions, despite being regular full-time non-union employee positions, are excluded from any eligibility for educational incentive pay irrespective of whether any occupant of such a position does or does not have any higher education degree(s) (unless a written personal contract and/or a written hiring document that was issued to an employee before this policy became effective establishes a rule for the occupant of one of these positions, and if so, that contract and/or document will be followed for that employee):

- City Administrator;
- City Attorney;
- Assistant City Attorney;
- Finance Director (a/k/a presently Clerk/Treasurer, but such alternate title will soon be negated);
- Public Works Director;
- Fire Chief;
- Deputy Fire Chief;
- Assistant Fire Chief;
- Police Chief;
- Deputy Police Chief; and
- Police Lieutenant.

Rationale for Excluding Certain Positions. The above-listed positions are excluded from educational incentive pay eligibility because such positions are among the highest-compensated City employment positions and the City expects occupants/applicants for such positions to hold higher education degrees. Similar or additional positions may also be added to the exclusion list in the future by the Mayor, City Administrator, or the delegatee(s) of either, if any; and if any position(s) are added to the exclusion list, the occupant(s) of such position(s) may then be provided with offsetting vacation accruals and utilizations not exceeding the amounts specified in this policy.

Offsetting Vacation for Excluded Positions. As offsets for being excluded from educational incentive pay, the occupant of each excluded position may be granted the following:

- (a) accrual of up to forty (40) additional hours of paid vacation per calendar year (which equates to, as a rounded figure, 1.67 additional hours per two-week pay period) over-and-above the otherwise applicable maximum that would apply for the employee per the City's vacation policy (see and compare the Standard Accrual Chart and the Alternate Accrual Chart within the vacation policy);
- (b) rollover of up to sixty (60) addition hours of accrued-and-unused vacation hours at yearend over-and-above the otherwise applicable maximum that would apply per the City's vacation policy; and/or
- (c) cash-out of up to sixty (60) additional hours of accrued-and-unused vacation upon termination of employment over-and-above the otherwise applicable maximum that would apply per the City's vacation policy.

Non-Eligible Positions. Temporary employees, seasonal employees, probationary employees (unless the employee previously completed a probationary period and is only now in probationary status due to taking a new position), part-time employees, the municipal judge, paid interns and/or sports referees are not eligible for educational incentive pay. The "non-eligible positions" differ from the "excluded positions" for purposes of this policy in that the excluded positions may be granted offsetting vacation accruals and utilizations as set forth within this policy, whereas the non-eligible positions may not be granted such nor anything else due to falling fully outside the scope of this policy.

Deviation from Policy. In no circumstance shall any employee be issued a payment under or stemming from this policy that exceeds what he/she is allowed to receive according to the terms of this policy (nor shall any excluded employee receive or utilize vacation accrual(s) under or stemming from this policy in excess of what he/she is allowed to receive according to the terms of this policy). However, the Mayor, City Administrator, or the delegatee(s) of either, if any, may deviate from this policy in a downward or lessening manner – such as by decreasing, suspending and/or eliminating future educational incentive payment(s) and/or future offsetting vacation accrual(s) under this policy – when he/she/they assess in his/her/their exclusive and unlimited discretion that such a deviation is necessary or appropriate for any reason including but not limited to due to an employee's poor performance and/or inconsistent punctuality or attendance, discipline of an employee and/or general budget considerations. Such assessment shall not be subject to

contradiction or change at a later date by the same or a future Mayor, City Administrator, or the delegatee(s) of either, if any, with regard to the past; however, it may be undone with regard to the future. No current or future employee shall have any legal or equitable basis under or stemming from this policy for challenging or appealing the assessment of the Mayor, City Administrator, or the delegatee(s) of either; however, unlawful discrimination and unlawful retaliation shall not occur.

**City Reserves Right to Amend or Terminate this Policy.** No employee shall or will have any contractual, property and/or enforceable expectation interest, right or entitlement under or due to this policy with regard to any future educational incentive pay, future payment(s) of educational incentive pay, and/or future accrual(s) or utilization(s) of offsetting vacation. The City Council reserves the right to amend or terminate this policy at any time and in any regard.

**Section 2. New Longevity Incentive Pay Chart and Explanatory Language.** The following new longevity incentive pay chart and explanatory language is adopted for non-union employees:

### **LONGEVITY INCENTIVE PAY:**

The City recognizes the benefits of low employee turnover and continued durations of employment. Longevity incentive pay (a/k/a simply “longevity pay”) is an enticement for employees to remain continuously employed by the City.

This policy applies to full-time non-union employees and part-time non-union employees; provided however, that if a written personal contract and/or a written hiring document that was issued to an employee before this policy became effective establishes different rules for a specific employee, that contract and/or document will be followed for that employee. A similar, but perhaps not identical policy, may be established for union employees via Collective Bargaining Agreement(s).

Longevity incentive pay is not available to temporary employees, seasonal employees, probationary employees (unless the employee previously completed a probationary period and is only now in probationary status due to taking a new position), the municipal judge, paid interns and/or sports referees.

**Payment Chart.** An eligible employee may be paid longevity incentive pay so long as no payment exceeds the corresponding percentage set forth on the following chart:

<u>Duration of Continuous City Employment as of Oct 31<sup>st</sup>:</u>	<u>Longevity Pay:</u>
0 to 60 months of service	Zero
61 to 120 months of service	3% of cumulative gross base pay from Nov - Oct
121 to 180 months of service	5% of cumulative gross base pay from Nov - Oct
181 to 240 months of service	6% of cumulative gross base pay from Nov - Oct
241 or more months of service	8% of cumulative gross base pay from Nov – Oct

Definition of “Cumulative Gross Base Pay from Nov – Oct”. “Cumulative gross base pay from Nov - Oct” for an exempt employee is the cumulative total of gross salary payments (including any payments for usage of vacation) actually paid to the employee inclusively between November 1<sup>st</sup> of the preceding year and October 31<sup>st</sup> of the year of issuance of longevity, but it does not include any other item(s) such as educational incentive pay, a vehicle allowance, or the value of fringe benefits. “Cumulative gross base pay from Nov - Oct” for a non-exempt employee is the cumulative total of gross straight-time wages (including any payments for usage of vacation) actually paid to the employee inclusively between November 1<sup>st</sup> of the preceding year and October 31<sup>st</sup> of the year of issuance of longevity pay, but it does not include any other item(s) such as overtime pay, comp time, educational incentive pay, a vehicle allowance, or the value of fringe benefits.

Only One Allotment. Under no circumstances may more than one (1) allotment of longevity incentive pay be simultaneously paid to any employee. An employee may only receive payment for the longest duration of continuous employment attained rather than for all levels attained.

Issuance & Deductions/Withholdings. Longevity incentive pay will be issued once per year during the month of November. The gross amount of longevity incentive pay is subject to all applicable deductions and withholdings (just like an employee's base salary or base wages are).

No Retroactive Payments, No Prorations, and No Cash-Outs. No retroactive payments and/or prorated payments of longevity incentive pay shall occur under or stemming from this policy. If an employee's employment is terminated prior to the date that a longevity incentive pay payment has been issued to him/her for the year in which the termination occurs, such (former) employee may not be issued a longevity incentive pay payment nor any prorated portion of a longevity incentive pay payment. In no circumstance shall any employee be provided any cash-out payment for longevity pay that has not yet been issued.

No Front-Loading. No current or future employee may receive any issuance of longevity incentive pay under or stemming from this policy in an amount that exceeds what he/she would otherwise be eligible to receive under the payment chart. No employee may receive or be credited with a front-loaded duration under this policy, which means, for example, that a newly-hired employee cannot be recognized as supposedly already having 60 months of continuous service at the City due to his/her preceding 60+ months of employment by a different municipality (however, if a written personal contract and/or a written hiring document that was issued to an employee prior to this policy taking effect establishes any degree of front-loading, the terms of that contract and/or hiring document will be followed for that employee).

Termination of Employment followed by Re-Employment. If an employee's employment is terminated, remains terminated for longer than 90 consecutive days

and is then later reestablished, the employee shall be recognized as having zero months of continuous employment and he/she shall not be eligible to receive longevity incentive pay until he/she completes a new continuous duration of 61 months of employment. By contrast, if the employee's employment is reestablished within 89 days of the date of the preceding termination of employment, he/she shall be recognized as having an uninterrupted continuous duration of employment that relates back to his/her duration of continuous employment that existed as of the date that the preceding termination occurred (but not including, obviously, the amount of time that the termination was in effect).

Deviation from Policy. In no circumstance shall any employee be issued a payment under or stemming from this policy that exceeds what he/she is allowed to receive according to the terms of this policy. However, the Mayor, City Administrator, or the delegatee(s) of either, if any, may deviate from this policy in a downward or lessening manner – such as by decreasing, suspending and/or eliminating future payments – when he/she/they assess in his/her/their exclusive and unlimited discretion that such a deviation is necessary or appropriate for any reason including but not limited to due to an employee's poor performance and/or inconsistent punctuality or attendance, discipline of an employee and/or general budget considerations. Such assessment shall not be subject to contradiction or change at a later date by the same or a future Mayor, City Administrator, or the delegatee(s) of either, if any, with regard to the past; however, it may be undone with regard to the future. No current or future employee shall have any legal or equitable basis under or stemming from this policy for challenging or appealing the assessment of the Mayor, City Administrator, or the delegatee(s) of either, if any; however, unlawful discrimination and unlawful retaliation shall not occur.

City Reserves Right to Amend or Terminate this Policy. No employee shall or will have any contractual, property and/or enforceable expectation interest, right or entitlement under or due to this policy with regard to any future longevity incentive payment(s). The City Council reserves the right to amend or terminate this policy at any time and in any regard.

Section 3. New Vacation Accrual Chart and Explanatory Language. The following new vacation accrual chart and explanatory language is adopted for non-union employees:

### **VACATION:**

The City provides paid vacation to most of its employees, as an employer-provided fringe benefit.

This policy applies to full-time non-union employees and part-time non-union employees; provided however, that if a written personal contract and/or a written hiring document that was issued to an employee before this policy became effective establishes different rules for a specific employee, that contract and/or document will be followed for that employee. A similar, but perhaps not identical policy, may

be established for union employees via Collective Bargaining Agreement(s).

Temporary employees, seasonal employees, the municipal judge and sports referees do not accrue any vacation. Probationary employees accrue vacation at the same rates as non-probationary employees, but probationary employees may not begin using/taking vacation until after they successfully complete their respective probationary periods (unless a written personal contract and/or a written hiring document that was issued to the employee upon/preceding his/her hiring establishes a different rule for a specific employee, or unless the employee previously completed a probationary period and is only now in probationary status due to taking a new position).

Accrual Charts for Full-Time Employees. An eligible full-time non-union employee may be granted vacation accruals irrespective of the number of hours he/she actually works during a two-week pay period so long as no accrual exceeds the corresponding amount set forth on the following applicable chart (and, for clarity, some figures within the charts have been rounded and “two-week pay period” denotes that the City issues payroll paychecks/direct deposits on a twice-per-month basis):

Standard Accrual Chart for Full-Time Non-Union Employees

Total Months of City Employment: Vacation Hours Accrued:

0 to 60 months of service	4.0 hrs. per two-week pay period (96.0/yr.)
61 to 120 months of service	5.5 hrs. per two-week pay period (132.0/yr.)
121 to 180 months of service	6.5 hrs. per two-week pay period (156.0/yr.)
181 to 240 months of service	7.5 hrs. per two-week pay period (180.0/yr.)
241 or more months of service	8.5 hrs. per two-week pay period (204.0/yr.)

Accrual Chart for Career Firefighters

Total Months of City Employment: Vacation Hours Accrued:

0 to 60 months of service	5.5 hrs. per two-week pay period (132.0/yr.)
61 to 120 months of service	7.0 hrs. per two-week pay period (168.0/yr.)
121 to 180 months of service	8.0 hrs. per two-week pay period (192.0/yr.)
181 to 240 months of service	9.0 hrs. per two-week pay period (216.0/yr.)
241 or more months of service	10.0 hrs. per two-week pay period (240.0/yr.)

Alternate Accrual Chart

for the “Excluded Positions” from Educ. Incentive Pay

Total Months of City Employment: Vacation Hours Accrued:

0 to 60 months of service	5.67 hrs. per two-week pay period (136.08/yr.)
61 to 120 months of service	7.17 hrs. per two-week pay period (172.08/yr.)
121 to 180 months of service	8.17 hrs. per two-week pay period (196.08/yr.)
181 to 240 months of service	9.17 hrs. per two-week pay period (220.08/yr.)
241 or more months of service	10.17 hrs. per two-week pay period (244.08/yr.)

Accrual by Eligible Part-Time Employees. An eligible non-union part-time employee will be eligible to accrue vacation under this policy only during each two-week payroll period in which he/she actually works (as distinguished from being paid for, such as by using vacation or other leave) at least thirty-five (35) cumulative hours. In such circumstance, an eligible part-time employee may be

granted vacation accruals so long as no accrual exceeds the pro-rata total of the amount set forth on the Standard Accrual Chart at the employee's total months as a City employee, which shall be calculated by comparing the total number of hours that the employee actually worked during the two-week pay period versus the amount of eighty (80) hours which is recognized for purposes of this policy as working full-time during a two-week pay period.

No Accrual During Leaves of Absence or When Using Vacation Immediately Prior to Retiring/Resigning. No employee may accrue any vacation time while he/she is away from work on a leave without pay basis. No employee may accrue any additional vacation time when he/she uses previously-accrued-and-unused vacation time after having communicated his/her intent to resign or retire and not return to work following such usage of vacation time; for example, if an employee announces his/her intent to retire and then chooses to use vacation time for his/her final ten days of employment, he/she shall not accrue any additional vacation time during those ten days – he/she would only accrue additional vacation time during those ten days if he/she subsequently returns to work for at least five (5) days after the vacation ends. Five (5) days is the minimum amount of time that the employee must return to work in order to accrue additional vacation time during the days when he/she used previously-accrued-and-unused vacation time at/near the end of his/her employment.

Accrual While on a Standard Vacation. An employee may accrue additional vacation during the time that he/she uses previously-accrued-and-unused vacation time without having communicated any intent to resign or retire; for example, when an employee is away on a standard weeklong vacation, he/she will accrue new vacation during that week – and in this regard “standard” means that the employee has not communicated any intent to resign or retire.

When Used, it Includes Educational Pay. When an employee uses accrued vacation time, his/her vacation pay (on a gross basis) will include his/her then-applicable base rate of pay and also educational incentive pay, if any. However, his/her vacation pay will not include any overtime, comp time, or any other additive percentage or item. Nor will it include any longevity pay, because longevity pay is issued once-per-year in a lump sum and no prorating applies.

When Cashed-Out, it Does Not Include Educational Pay. By contrast, when an employee cashes-out vacation time, the cash-out does not include any educational incentive pay or value – which is further explained later in this policy.

Scheduling – Ten Days Advance Notice to Supervisor. Absent emergency circumstance or approval by the Mayor, City Administrator, or the delegatee(s) of either, if any, a non-union employee desiring to use vacation on any specified day(s) must provide at least ten (10) working days advance notice to his/her immediate

supervisor and then be granted approval to use vacation on the specified day(s).

Approval Shall Not be Unreasonably Withheld. Approval for an employee to take vacation when he/she desires shall not be unreasonably withheld by the Mayor, City Administrator, or their delegatee(s), if any. However, there will be instances when certain employees will be required to be present for work and not on vacation, such as the finance director being available during City Council meetings in November and/or December when work on the next year's annual budget will occur.

Annual Rollover Limit. The maximum number of accrued-and-unused vacation hours that an employee may rollover from one calendar year to the next is two-hundred forty (240) hours; provided however, that occupants the "excluded positions" from educational incentive pay may rollover sixty (60) additional hours over-and-above such otherwise applicable limit. Any accrued-and-used vacation time held by an employee in excess of the applicable annual rollover limit shall be permanently forfeited by the employee without any cash-out (whether as a direct payment to the employee or as a deposit into the employee's VEBA account) and without any other compensation/offset to the employee.

Cash-Out Upon Termination. An employee who has a balance of accrued-but-unused vacation time as of the date that his/her employment is terminated shall be entitled to a cash-out for such time. A cash-out will occur irrespective of the reason for termination and irrespective of whether the employee was fired or chose to resign. The employee shall have the option of receiving a direct payment for the net value, of having the net value deposited into his/her VEBA account, or of having the net value apportioned between a direct payment to the employee and a deposit into his/her VEBA account.

Limit for Cash-Out (and/or for Deposit into VEBA). The maximum number of accrued-and-unused vacation hours that an employee may cash-out (for direct payment to the employee and/or for deposit into the employee's VEBA account) upon termination of employment is two-hundred forty (240) hours; provided however, that occupants the "excluded positions" from educational incentive pay may cash-out (for direct payment to the employee and/or for deposit into the employee's VEBA account) sixty (60) additional hours over-and-above the otherwise applicable limit. Any accrued-and-used vacation time held by an employee in excess of the applicable cash-out limit shall be permanently forfeited by the employee without any cash-out (either directly to the employee and/or as a deposit into the employee's VEBA account) and without any other compensation/offset to the employee.

Calculation. Cashed-out vacation time shall be valued only as regular straight-time base pay, and, thus, shall not include educational incentive pay nor any future issuance of longevity incentive pay. The gross value of each

cash-out shall be calculated based on the employee's base rate of pay as of the date of the cash-out, rather than based on the date(s) when the to-be-cashed-out vacation time was accrued. For a non-exempt employee, the hours (or portions thereof) to-be-cashed-out vacation time are multiplied by the employee's then-applicable base hourly rate of pay. For an exempt employee, the employee's then-applicable monthly salary amount is multiplied by twelve, the product is divided by 2,080 hours (as an annual figure), and the resultant figure is recognized as the employee's equivalent hourly rate of pay; then, the hours (or portions thereof) of to-be-cashed-out vacation time are multiplied by the employee's equivalent hourly rate of pay.

Deductions/Withholdings. A cash-out (or such portion of it) that results in a direct payment to the employee is subject to all applicable deductions and withholdings (just like the employee's base salary or base wages are). By contrast, a cash-out (or such portion of it) that results in a contribution into the employee's VEBA account shall not be subject to deductions or withholdings (just like how the employee's other contributions into his/her VEBA account occur on a pre-tax basis) unless a court order and/or applicable law otherwise directs.

Restriction on Front-Loading. When hiring a new employee, the Mayor, City Administrator, or the delegatee(s) of either, if any, may frontload the employee with no greater than forty (40) accrued vacation hours and may also allow such employee to be using/taking vacation prior to him/her successfully completing his/her probationary period. Otherwise, no further or different frontloading of vacation time shall occur.

Termination of Employment followed by Re-Employment. If an employee's employment is terminated and is then later reestablished, the employee may be given credit for all time that he/she was previously a City employee because vacation accruals under this policy are based on the total months that an employee has worked for the City – and not, by contrast, based on an uninterrupted continuous duration of employment, which is what longevity pay is based upon.

Deviation from Policy. In no circumstance shall any employee be granted an accrual under or stemming from this policy that exceeds what he/she is allowed to receive according to the terms of this policy. However, the Mayor, City Administrator, or the delegatee(s) of either, if any, may deviate from this policy in a downward or lessening manner – such as by decreasing, suspending and/or eliminating future accruals – when he/she/they assess in his/her/their exclusive and unlimited discretion that such a deviation is necessary or appropriate for any reason including but not limited to due to an employee's poor performance and/or inconsistent punctuality or attendance, discipline of an employee and/or general budget considerations. Such assessment shall not be subject to contradiction or change at a later date by the same or a future Mayor, City Administrator, or the

delegatee(s) of either, if any, with regard to the past; however, it may be undone with regard to the future. No current or future employee shall have any legal or equitable basis under or stemming from this policy for challenging or appealing the assessment of the Mayor, City Administrator, or the delegatee(s) of either, if any; however, unlawful discrimination and unlawful retaliation shall not occur.

**City Reserves Right to Amend or Terminate this Policy.** No employee shall or will have any contractual, property and/or enforceable expectation interest, right or entitlement under or due to this policy with regard to any future vacation accrual(s). The City Council reserves the right to amend or terminate this policy at any time and in any regard.

**Section 4. Inclusion in Eventual New Employee Handbook.** The new rules established by the instant Resolution may be included within a forthcoming fully-revised employee handbook, without necessity of a new or subsequent approval from the City Council.

**Section 5. Correction of Typos.** The City Attorney is authorized to make any necessary or desirable clerical or formatting changes – including but not limited to correcting scrivener errors; changing formatting; eliminating bold, italic and underscore emphasis; changing numbering; and correcting references – when including the new rules established by the instant Resolution within a forthcoming fully-revised employee handbook and/or when City staff otherwise disseminates the new rules.

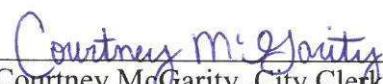
**Section 6. Effective Date.** The modification effectuated by the instant Resolution (in comparison to Resolution No. 3134) shall become effective at 12:01 a.m., Friday, August 1, 2025.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF SELAH, WASHINGTON, this 8<sup>th</sup> day of July, 2025.



Roger Bell, Mayor

ATTEST:



Courtney McGarity, City Clerk

APPROVED AS TO FORM:



Rob Case, City Attorney