



Policy Purpose

This policy outlines the city’s program intended to recognize, reward, and promote outstanding individual or team job performance. Incentives may also be offered in order to successfully attract, retain, and/or motivate either prospective or current employees.

I. General

- a. As authorized by a department director, management may grant a bonus or discretionary award to an employee for any of the following reasons:
 - i. Outstanding or commendable job performance or for work performed on a temporary basis, in an acting capacity or otherwise beyond an employee’s regular job assignment;
 - ii. Recruitment, retention, or other action necessary to achieve critical staffing needs;
 - iii. Reducing costs in a measurable way while maintaining or improving service and/or quality;
 - iv. Increasing productivity;
 - v. Simplifying procedures;
 - vi. Improving program effectiveness;
 - vii. Increasing customer satisfaction; and/or
 - viii. Other recognizable achievements that are beneficial to the city and its citizens.
- b. Awards and incentives may be in the form of cash and/or paid incentive leave.
- c. Cash awards and bonuses must be approved by the mayor or mayor’s designee.
- d. Department management is responsible for ensuring that approved cash awards are funded.
- e. All cash awards and bonus payments are taxable compensation and must be processed through the city’s payroll system (as required by [IRS Publication 15](#)).

II. Bonus Awards

- a. A discretionary cash bonus award up to \$1,000 may be granted to an employee with approval from the mayor or mayor’s designee.
- b. Justification used as the basis for granting a bonus award shall be specified as part of the [incentive award form](#) or [bonus award form](#).

III. Recruitment & Retention Bonuses

- a. A recruitment or retention bonus may be paid as an incentive to hire a new employee or to retain a current employee who possesses mission-critical knowledge, skills, experience, or abilities for a position or job assignment that has been determined to be difficult to fill.
- b. New hires or employees who receive a recruitment or retention bonus will be required to enter into a minimum service agreement, which calls for payback of a pro-rated amount if the employee voluntarily leaves their city employment before the completion of one year of service from the date the bonus payment is received.
- c. Justification used as the basis for granting a recruitment or retention bonus must be specified as part of an [incentive award form](#) or [bonus award form](#).



IV. Awards for Commendable Performance

- a. A department may recognize an employee's commendable work performance by awarding a Letter of Commendation, a Certificate of Appreciation or a gift card.
 - i. A department-authorized representative may provide employees with Letter of Commendation or Certificate of Appreciation. Such letter or certificate will be given to the employee and a copy placed in the employee's official personnel file located in the human resources department.
 - ii. Gift card awards cannot exceed \$250 per employee during a fiscal year.
 - iii. Gift card awards are considered compensation and taxable at the employee's applicable tax rate.

V. Paid Leave Incentive

- a. An employee may be granted paid incentive leave as an award for commendable job performance or other work-related accomplishments.
 - i. A department-authorized representative may award an employee paid incentive leave for up to three days or regular work shifts for commendable work performance.
 - ii. Leave must be used within one year of the date granted or it will be forfeited. Unused incentive leave is not eligible for payment upon separation from city employment.
 - iii. Leave can be taken when mutually agreed upon by the supervisor and employee.
 - iv. Leave hours used will be recorded in the city's payroll system, but shall be excluded from the calculation of overtime.
 - v. A copy of the letter documenting the leave granted will be placed in the employee's official personnel file maintained by the human resources department.

Current References:

- [IRS Publication 15](#)
- [Incentive Award Form](#)
- [Bonus Award Form](#)

Approved and passed this 31st date of December, 2016