



**Policy Purpose**

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. Reducing costs in a measurable way while maintaining or improving service and/or quality;
    - iii. Increasing productivity;
    - iv. Simplifying procedures;
    - v. Improving program effectiveness;
    - vi. Increasing customer satisfaction;
    - vii. Other recognizable achievements that are beneficial to the city and its citizens; and/or
    - viii. Recruitment, retention, or other action necessary to achieve critical staffing needs as listed in Section III below.
  - b. Awards and incentives may be in the form of gift cards, 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. Funds not already in the department's budget must be approved by the city council.
  - e. All cash awards, gift cards and bonus payments are taxable compensation and must be processed through the City's payroll system (as required by IRS Publication 15).
  - f. All gift cards must be purchased through the City-contracted gift card vendor.
  - g. Gift cards cannot be purchased with a procurement card or a manager card.
  - h. Employees will provide an email address to receive the gift card. A cash bonus may be paid to the employee (through payroll) in lieu of a gift card, if the employee chooses.
- II. Bonus Awards
  - a. A discretionary cash bonus award of up to \$1,000 may be granted to an employee with approval from the mayor or mayor's designee.
  - b. The justification used as the basis for granting a bonus award shall be specified as part of the Human Resources and Finance salary action approval process.
- III. Incentive Plans
  - a. Management may establish incentive plans that reward employees for exceptional performance that contributes to higher productivity or other recognizable achievements. Management should utilize the [Incentive Plan Form](#) when submitting a plan for approval.
  - b. An incentive plan should be in writing and include the following:
    - i. A description of the performance needed to receive the incentive.
    - ii. Clearly defined performance measurement criteria.
    - iii. A description of the efforts made to make the plan available to all qualifying employees.
    - iv. The time frame for the incentive plan.



- v. The amount of the incentive to be awarded.
  - c. Incentive Plans may not exceed \$5,000 per employee in the aggregate over a fiscal year.
  - d. Eligibility for participation in an incentive plan:
    - i. Incentive plans may be developed for any employee or class of employees and are normally submitted on a division or section-wide basis.
    - ii. Written proposals for an incentive plan should be on an employee or group basis and any or all incumbents in the specified group within the division or work group covered under the incentive plan should be equally eligible.
    - iii. Incentive plans may not be applied retroactively.
    - iv. Incentive plans must be approved by the department director before being submitted to the human resources and finance directors for approval.
  - e. Incentive plans that require the use of funds not already available in the department's budget must be approved by the city council.
- IV. Recruitment and 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 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 city employment before the completion of one year of service from the date the bonus payment is received.
  - c. The justification used as the basis for granting a recruitment or retention bonus must be specified as part of the award/bonus form.
- V. 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 an employee with a 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.
- VI. Paid Incentive Leave
- a. An employee may be granted paid incentive leave as an award for commendable job performance or other work-related accomplishments.
  - b. A department-authorized representative may award an employee paid incentive leave for up to a maximum of 24 hours in a calendar year for commendable work performance. Leave may be granted in hourly increments.
  - c. Leave must be approved by the employee's supervisor and 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.
  - d. Leave can be taken when mutually agreed upon by the supervisor and employee.
  - e. Leave hours used will be recorded in the city's payroll system, but shall be excluded from the calculation of overtime.



- f. 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](#)  
[Award/Bonus Form](#)

Approved and passed this 31<sup>st</sup> date of August, 2018