

**CITY COUNCIL AGENDA TOPIC**

Ordinance amending Section 3.79.130(G)(4)(e) of the Bellevue City Code to increase the percentages of sick leave accruals employees may cash out upon retirement or separation and provide that the payment will be deposited into the employee's health reimbursement arrangement account.

Bindi Lassige, Director, 452-4581

Maria Boggs, Assistant Director, 452-6197

*Human Resources Department*

**EXECUTIVE SUMMARY****ACTION**

This Ordinance will amend Chapter 3.79 of the Bellevue City Code to provide an enhanced benefit to eligible employees by allowing them to cash out more of their accrued unused sick leave and depositing this amount into a tax-free account that they can use to pay for medical expenses.

**RECOMMENDATION**

Move to adopt Ordinance No. 6893

**BACKGROUND/ANALYSIS**

A health reimbursement arrangement (HRA) provides a tax-free account participants can use to pay their medical premiums and expenses. Many local municipalities provide an HRA benefit to their employees. In 2024, Bellevue established an HRA plan with the Voluntary Employees' Beneficiary Association (VEBA) Trust. Over half of Bellevue's representative employee groups have now drawn this benefit into their agreements with the City.

Staff believe it is in the City's best interest to expand the VEBA HRA benefit to non-represented groups and increase the percentages of accrued sick leave employees can cash out, both for retention purposes as well as to keep Bellevue competitive with other jurisdictions for recruitment purposes.

Currently, the City Code allows employees to receive a cash payment equal to 10 percent of their accrued unused sick leave hours, up to a maximum of 144 hours, upon retirement or separation with 20 or more years of service with the City. Staff are proposing an amendment that would instead allow eligible employees to receive a deposit into their VEBA HRA equal to 20 percent of their accrued unused sick leave hours, up to a maximum of 288 hours. In addition, staff are proposing to allow eligible employees who have been enrolled in certain health plans, or who have waived City-provided health coverage for at least three years, to receive an additional five percent of their accrued unused sick leave into their VEBA HRA, up to a maximum of 360 hours.

**POLICY & FISCAL IMPACTS****Policy Impact**

The City of Bellevue's core values of exceptional public service, stewardship, commitment to employees, integrity, innovation, and diversity, equity and inclusion guide compensation decisions. This

proposed code change reflects these core values and supports the City Council vision for high performance government by allowing Bellevue to stay competitive with other jurisdictions and attract, engage, and retain a high-performing, diverse workforce.

### **Fiscal Impact**

Based on current workforce projected retirements and existing sick leave balances, implementation of this enhanced benefit is expected to increase the City's sick-leave cash-out liability by approximately \$270,000 during the current budget cycle. The increased cost can be fully absorbed within the adopted 2025-2026 budget.

### **OPTIONS**

1. Adopt the Ordinance amending Section 3.79.130(G)(4)(e) of the Bellevue City Code to increase the percentages of sick leave accruals employees may cash out upon retirement or separation and provide that the payment will be deposited into the employee's health reimbursement arrangement account.
2. Do not adopt the Ordinance and provide alternative direction for staff.

### **ATTACHMENTS**

Proposed Ordinance No. 6893

### **AVAILABLE IN COUNCIL LIBRARY**

N/A