



City of Stevenson

Leana Johnson, City Administrator

Phone (509)427-5970
FAX (509) 427-8202

7121 E Loop Road, PO Box 371
Stevenson, Washington 98648

To: Stevenson City Council
From: Leana Johnson, City Administrator
RE: Gordy Rosander Medical Premium Repayment
Meeting Date: May 17, 2018

Executive Summary:

At the April 19th council meeting, staff presented information regarding the overpayment of medical premiums for Gordy Rosander's children in the amount of \$18,244.25. Ken Woodrich, City Attorney, reached out to MRSC for verification as to whether or not this would classify as wages and therefore be required to be paid back according to RCW 49.48.200. MRSC confirmed that yes, medical premiums classify as wages and have to be paid back. Council expressed a desire to lessen the financial impact of the repayment. The following analysis and calculations show an option to balance out the impact.

Analysis:

RCW 49.48.200 limits the amount that can be deducted from an employee's paycheck to reimburse back wages to 5%. The calculations below show the difference to the employee between his current monthly salary and a revised monthly salary of \$6,387.57 with the maximum 5% deduction. The overall financial impact to the employee will be \$.11. It will take approximately 57 payments (4 years and 9 months) or less to payback the \$18,244.25 overpayment.

Current Monthly Salary	6,011.83
Revised Monthly Salary	6,387.57
Maximum Deduction 5%	319.38
FICA Difference	28.74
Retirement Difference	27.73
Total Revised Salary	6,011.72
Difference	(0.11)

The monthly additional cost to the city will be an estimated \$132.82 per month, or approximately \$1,600 per year.

Conclusion:

Staff recommends approving a revised annual salary for Gordy Rosander of \$76,650.88 effective May 1, 2018. This will continue until the back wages have been paid in full.