



ADMINISTRATIVE POLICIES AND PROCEDURES

Policy: Relocation Expense Policy
Creation Date: October 25, 2016
Prepared By: HR Department
Approved By: City Manager
Legal Review: Elizabeth Ruhmann

POLICY: Relocation Expense Policy

I. POLICY:

It is the policy of the City of El Paso to reimburse employees for relocation (moving) expenses only upon final approval by the City's Human Resources Director. The City will comply with all applicable federal and state income tax withholding and Form W-2 reporting requirements for reimbursement of relocation expenses.

II. PURPOSE:

The purpose of this policy is to provide a standard procedure for the reimbursement of relocation expenses of newly hired staff moving to the City of El Paso for the purpose of accepting a full-time position in an Executive or Professional/Managerial position, or in a position that is designated as hard to fill; and to provide guidance to departments regarding the required approvals for processing relocation expense reimbursements.

III. DEFINITIONS:

- A. Hard-to-fill: Refers to a position that is difficult to fill as indicated by failure to fill the position at the entry rate, or the position to be filled requires specialized training, experience or knowledge which is scarce or in high demand.
- B. New Hire: A person who is hired by the City of El Paso who has not previously worked for the City, or who is rehired after leaving City service in good standing.
- C. Relocation: The process of moving to El Paso, Texas, or the surrounding area, from out of town for the purpose of accepting employment with the City of El Paso.

IV. THRESHOLD REQUIREMENTS:

- A. The City of El Paso may offer relocation expense reimbursement to a new hire if he/she:
 - 1. is hired into an Executive series position, a Professional/Managerial position, or a position designated as hard-to-fill; and
 - 2. must relocate his/her residence by at least 50 miles to have a reasonable commuting

distance to the work site for the City of El Paso.

- B. Once the above criteria is met, the following three tests must all be met before relocation expenses are considered for reimbursement:
1. **Time Test:** The new hire must be hired for a full-time position (40 hours per week) and work full-time for a minimum of 39 weeks during the first 12 months of employment with the City.
 2. **Distance Test:** The new hire must have relocated to the El Paso, Texas area from at least 50 miles away from their former home in order to accept the job with/for the City.

* IRS guidelines on the time and distance tests can be found in IRS Publication 521
<http://www.irs.gov/publications/p521/ar02.html#sthash.QyzoAlkP.dpuf>
 3. **Funding:** The hiring department must verify their budget can support the associated relocation costs.
- C. Relocation expense reimbursement may be requested by the hiring department according to the guidelines established in this policy. The hiring department is responsible for all approved relocation costs.
- D. Relocation reimbursement requires the final approval of the Human Resources Director or designee. Approvals must be granted prior to beginning relocation reimbursement discussions with the candidate.
- E. The offer letter to a new appointee must stipulate the terms of relocation expense reimbursement and must specify the maximum moving expense reimbursement that will be paid by the City.

V. REIMBURSEMENT AMOUNT

Each request for relocation expense reimbursement will be reviewed on a case-by-case basis within the parameters of this policy.

As a general guideline, an acceptable reimbursement amount will be in the range of \$2,000 to \$10,000; however, in no event shall relocation expense reimbursement exceed 10% of the new hire's annualized salary.

VI. HIRING DEPARTMENT RESPONSIBILITIES

The hiring department must ensure all items listed below are completed when offering relocation expense reimbursement:

1. The employee meets the time and distance test requirements.
2. Approval is obtained from the Human Resources Director or designee, in advance.
3. Reimbursement limits are not exceeded.
4. Reimbursement is stipulated in the employment job offer letter.
5. Required documentation is submitted by the new hire for reimbursement.

VII. EMPLOYEE RESPONSIBILITIES

A new hire eligible for relocation reimbursement is responsible for:

1. Providing the hiring department with three itemized moving company estimates. The City will reimburse at the rate of the lowest bidder.
2. Obtaining and submitting original itemized receipts necessary to support all claims for reimbursement within 60 days after paid or incurred. All expenses which are being submitted should occur within 12 months following the first day of employment at the City.

NOTE: If the new hire does not remain employed for a minimum of two years, he or she may be required to return to the City of El Paso all amounts paid or reimbursed as relocation expenses. If the reimbursement is not returned, the City of El Paso will report the total amount to the IRS as taxable income.

VIII. ELIGIBLE REIMBURSABLE EXPENSES

The following relocation expenses are reimbursable by the City subject to the requirements of this policy.

1. The cost of moving household items, including cost of packing and transporting standard furniture and personal effects of the employee and members of the employee's immediate family. (The cost of transporting more than one vehicle and non-standard items such as boats, trailers, and machinery will not be covered).
2. Commercial moving company costs.
3. Charges for packing, crating, mailing and/or shipping household goods and other miscellaneous packing supplies.
4. Insurance on items such as furniture, clothing and utensils.
5. Rental moving truck.
6. Shipment of car, if not used in the move.
7. Travel and lodging costs for one trip (employee and spouse) from the old residence to the new residence, pursuant to the City's Travel Manual, which may include:
 - Actual gas cost
 - Lodging in transit
 - Airfare (coach)
 - Rental car (economy)
 - Taxi or parking

IX. FINAL STEPS FOR REIMBURSEMENT:

Upon completion of the new hire's move to the new residence, the employee's department must submit a completed request for relocation expense reimbursement form. The following documentation must be attached.

- A. A copy of the employee's employment job offer letter.
- B. Original itemized receipts, in the name of the employee, compiled in chronological order and

include necessary descriptors on/of the receipt(s) for clarity.

C. Original copies of the three itemized moving company estimates.


Reimbursement will be made within 30 days from the date of an approved, completed form.

APPROVED BY:



TOMMY GONZALEZ, City Manager

DATE:



October 25, 2016