

March 14, 2023 Ad Hoc Meeting - Employee Benefits and Wage Review Ad Hoc Committee

Ad Hoc Meeting – Employee Benefits and Wage Review – March 14, 2023 AT 12:00 P.M.

Members Present:

Mark Jantzer, Scott Burlingame, Stephan Podrygula, Lisa Jundt, Derek Hackett, Travis Seifert, Harold Stewart, Kevin Ternes, Margie Zietz

Members Absent:

Laurie Davis, Terri Phillion, Dallas Varty

Also Present:

Mikayla McWilliams (City Clerk)

The meeting was called to order by Chairman Mark Jantzer at 12:00 pm. Alderman Jantzer mentioned this meeting would be a presentation on PTO options. He advised the committee to take time to digest the information and this would be informative and committee recommendations could come later. He also reminded the employees to reach out to the employee representatives and/or the City Manager if there were questions or concerns about the information being discussed.

Harold Stewart, City Manager, presented a PowerPoint on the PTO recommendations. He discussed the memo that was sent to the committee and employees. He reminded everyone this is a baseline for conversation and a foundation of a PTO option. The meeting was also going to be recorded on Microsoft Teams and would be sent out to employees.

Harold started the presentation by giving the committee a background on the current leave and accruals. He discussed the years of service and accruals for annual leave, sick leave, the personal day, and discretionary leave. Discretionary leave is for exempt employees and Department Heads. Some of the highlights from this section are employees can earn 216.32-328.32 hours with all the accruals, vacation leave is capped at 300 hours, and there is no cap on sick leave. A fundamental flaw of this process is there are employees who use sick as it is earned and some employees who never take time and lose it.

Harold also recalled the recommendations from the Personnel Policy Committee. For the management team, the process of discussing the current policies became the micromanaging of employees and PTO allows for flexibility for employees to manage their own time off.

Some of the new things to think about with PTO would be the accruals will be similar to current system, all leave will have cash value, this plan would require each employee to take 80 hours of time in one year, and this has holiday accruals included for PD and Fire. He discussed the general accruals for 40 hour a week staff. There are 5 days of sick included in this PTO plan which is 40% of the sick time employees get now but this system gives cash value to all time. Harold took time to discuss how the annual mandatory leave is to allow employees to take time for their health and well being and it also allows for the city to manage budget pressures. He also presented slides on the PTO accruals for Fire and PD and discussed how the accruals were in line with the current policy and for the Fire Department with the Dept. of Labor Standards.

Other changes that are part of the PTO recommendations include:

- Carryover hours vary with years of service.
- The effective date if approved by the Civil Service Commission and City Council would be January 1, 2024.
- Mandatory use needs to be taken before December 1st of the current year.
- Comp time changes to policy would be for general employees to only accrue up to 40 hours and Fire and PD can accrue up to 80 hours.
- Management recommends Short-term Disability. HR researched that the city can provide short-term disability insurance with employees not having to pay the tax on the 66.6%.

Harold also presented on the pros and cons of the proposed PTO recommendations. He also wanted to discuss the changes the management team had to the current policy if the committee does not recommend the PTO option. Some of the changes would be capping the sick accrual at 480 hours, remove expanded sick leave from the policies, annual leave will remain the same but holidays will be added in for PD and Fire, and some small changes to the bereavement leave, personal day, and parental leave policy.

Some of the questions asked were:

Why add a cap to sick leave if the recommendation is to stay with the current policy? Short-term disability would still be a recommendation which would make the large sick leave banks not needed. There is no benefit to have that much time on the books and FMLA only protects an employee for 12 weeks.

Margie had concerns about how employees have earned that time. Harold stated the time is not being taken away with the PTO recommendations it is being exchanged with 5 days that have cash value. The sick leave banks would remain with the employee and the employee would have access to it if the PTO goes below 80 hours. PTO would be attractive to new employees but it is also fair to the current employees.

With the recommended short-term disability insurance, would an employee have to use 40 hours PTO and still be able to supplement the insurance with PTO hours? Yes, employees could offset the 66.6% with PTO time to make a full paycheck. PTO is more flexible for the employee, there is no more use it or lose it, it is a fair compensation, there is more predictability, and it is a better way to be fiscally responsible.

How were the carryover numbers decided? It is designed to provide more freedom and allow for more carry over hours for staff members the longer they stay.

Where did the 40% or 5 days of sick come from? It was a balance between cash value and cost of short-term disability.

How were the fire accruals decided? The old accrual rates are in the current pay policy and the new PTO recommendation is anchored to the FSLA requirements.

Why is the mandatory leave 80 hours across the board? Could service years 0-5 be changed to less? Most importantly the time is required so employees get the necessary break needed to recharge but it also helps the city manage budgets now that the time will have a cash value. It could be looked into for the 0-5 years of service to be changed to less of a mandatory leave.

Do we have data on the use it or lose it for employees? Lisa thought there was about 12 employees that lost hours last year.

How can employees access their frozen sick leave bank if the recommendation is to move to PTO? With the PTO recommendation, a current employee could access the sick leave bank if the PTO went below the 80-hour threshold.

Why does the recommendation/memo state the city has the ability to force vacation? A Department Head/Supervisor has the right to tell an employee they have to take time and schedule that employee the time off to reach the mandatory leave hours of 80. Also, in the case of a difficult fiscal year the city could require more time to be taken to manage the buyback in December.

What is the cost for short-term disability and the cost of the buyback? Short-term disability would cost the city about \$250,000 a year and the buyback as a guess would be \$500,000-\$750,000. This is not a cost savings for the city and it is more beneficial to employees.

How can employees ask questions or raise concerns about this recommendation from the management team? Employees can contact the City Manager's office to schedule a time to discuss, employees can reach out to the employee representatives on the committee, the recording will be provided to all employees, and the City Manager offered to meet with any department or shift if requested.

Would it be more beneficial to save the money on the PTO buyback and use that funding to pay for more healthcare? The cost savings of not having a buyback would not cover much for healthcare. Also, the PTO recommendations are designed to be beneficial to all employees and not everyone would benefit from paying more to healthcare.

The next meeting will be Tuesday, March 21, 2023 at 4:30 pm. There being no further business, the meeting adjourned at 1:10 pm.