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## **INFORMAL STAFF REPORT TO MAYOR AND CITY COUNCIL**

### **SUBJECT:**

City Council Employee Benefits Ad Hoc Committee Update

### **EXECUTIVE SUMMARY:**

The City Council Employee Benefits Ad Hoc Committee (“Committee”) has had two meetings to date: March 24, 2017, and April 27, 2017. They have reviewed and discussed the vacation and sick benefits as well as health insurance. They are interested in making changes to these benefits to align them more with other DFW metroplex cities. Staff has provided the Committee with a couple of change options to vacation accruals, vacation carry-over and payout, and sick leave accruals. Before making a final recommendation to Council, the Committee has asked the staff to seek input from an employee committee. Once the Committee is prepared to make a final recommendation, a presentation will be made to the full Council.

### **BACKGROUND:**

On February 14, 2017, at the request of Council, staff presented information on the City of Denton’s vacation and sick benefits. During that meeting, the Council discussed putting together an ad hoc Council Committee to review the vacation and sick benefits further and make recommendations to the Council on any changes they think need to be made. The establishment of the ad hoc Committee was approved through resolution 2017-007 on March 7, 2017. Kathleen Wazny, Sara Bagheri, and Keely Briggs serve on the committee.

At the April 11, 2017, City Council meeting, Councilmember Wazny, chair of the Committee, requested the scope of the Committee be expanded to include review of all City of Denton employee benefits, not just vacation and sick leave. The Council agreed and resolution 2017-007 was amended (reference resolution 2017-014).

The Committee met on March 24, 2017, to begin discussions on the vacation and sick benefits. The Committee met again on April 27, 2017, to continue its discussions on vacation and sick benefits. During this meeting, the Committee also began discussing the health insurance benefits.

### **DISCUSSION:**

The Committee expressed interest in ensuring City of Denton employee benefits are more in line with other DFW metroplex cities. When comparing our benefits to other cities, it is clear that we are more generous in some cases (as with vacation and some aspects of our health insurance) and less generous (as with sick leave) in others. The Committee has been considering decreasing the vacation benefits but increasing the sick leave benefits. Attached are some options they have been discussing. No considerations have been made for health insurance. Staff suggested that instead of

making specific recommendations on the health insurance benefit provisions (e.g., deductibles, co-insurance, copays, plan design, etc), it might be better for Council to provide information on their comfort level for the amount that is budgeted each year to cover any rising health insurance costs (currently 6% is included in the budget). Staff could then determine changes that should be made, with the input from the Employee Insurance Committee (EIC) to ensure we were within budget. Staff has been utilizing the EIC to determine changes to the health insurance benefits for years now. The EIC includes approximately 30 employees representing all departments. The Committee thought that was a good idea.

As the Committee is considering its recommendations for changes to any benefits, they wanted to have an employee committee weigh in on the discussion. Staff suggested utilizing the EIC, which will be meeting on May 16, 2017, to discuss vacation and sick leave benefits as well as health insurance. During this meeting, the options that the ad hoc committee have been reviewing will be shared with them. These options are attached to this informal staff report. They will be asked to seek input from employees in the departments they are representing to determine which options would be best supported. Staff anticipates compiling this feedback by the first part of June to share with the ad hoc committee, and eventually, the entire Council.

**CONCLUSION:**

After receiving input from the employee committee, the Committee will make its final recommendations. These recommendations will be presented to the full Council in the near future.

**ATTACHMENTS:**

Exhibit 1 – Vacation and Sick Benefit Change Options

**STAFF CONTACT:**

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# Exhibit 1

# Vacation Accrual Change Options

**Vacation Benefits  
Change Options**

**OPTION 1:**

- No change to monthly accrual
- Cap bonus time at 20 years
- No change in carryover

Years of Service	Denton Current Accrual	Proposed	
	Hours Accrued Per Year (including bonus time)	Hours Accrued Per Year	Hours Lost
0 – 1	120	120	0
1 – 2	120	120	0
2 – 3	120	120	0
3 – 4	120	120	0
4 – 5	120	120	0
5 – 6	124	124	0
6 – 7	128	128	0
7 – 8	132	132	0
8 – 9	136	136	0
9 – 10	140	140	0
10 – 11	144	144	0
11 – 12	148	148	0
12 – 13	152	152	0
13 – 14	156	156	0
14 – 15	160	160	0
15 – 16	164	164	0
16 – 17	168	168	0
17 – 18	172	172	0
18 – 19	176	176	0
19 – 20	180	180	0
20 – 21	184	180	-4
21 – 22	188	180	-8
22 – 23	192	180	-12
23 – 24	196	180	-16
24 – 25	200	180	-20
25 – 26	204	180	-24
26 – 27	208	180	-28
27 – 28	212	180	-32
28 – 29	216	180	-36
29 – 30	220	180	-40
30 – 31	224	180	-44
31 – 32	228	180	-48
32 – 33	232	180	-52
33 – 34	236	180	-56
34 – 35	240	180	-60
35	244	180	-64

**Vacation Benefits  
Change Options**

**OPTION 2:**

-Eliminate bonus time and have a graduated plan

0 - 10 years	3 weeks	120 hours per year	(10 hrs per month)
10+ - 20 years	4 weeks	160 hours per year	(13.3333 per month)
20+ years	5 weeks	200 hours per year	(16.6666 per month)

-No change in carryover

Years of Service	Denton Current Accrual	Proposed	
	Hours Accrued Per Year (including bonus time)	Hours Accrued Per Year	Hours Lost
0 – 1	120	120	0
1 – 2	120	120	0
2 – 3	120	120	0
3 – 4	120	120	0
4 – 5	120	120	0
5 – 6	124	120	-4
6 – 7	128	120	-8
7 – 8	132	120	-12
8 – 9	136	120	-16
9 – 10	140	120	-20
10 – 11	144	160	16
11 – 12	148	160	12
12 – 13	152	160	8
13 – 14	156	160	4
14 – 15	160	160	0
15 – 16	164	160	-4
16 – 17	168	160	-8
17 – 18	172	160	-12
18 – 19	176	160	-16
19 – 20	180	160	-20
20 – 21	184	200	16
21 – 22	188	200	12
22 – 23	192	200	8
23 – 24	196	200	4
24 – 25	200	200	0
25 – 26	204	200	-4
26 – 27	208	200	-8
27 – 28	212	200	-12
28 – 29	216	200	-16
29 – 30	220	200	-20
30 – 31	224	200	-24
31 – 32	228	200	-28
32 – 33	232	200	-32
33 – 34	236	200	-36
34 – 35	240	200	-40
35	244	200	-44

# Vacation Carry-Over and Payout Change Options

### **OPTION 1**

Don't change carryover amount but change the number of hours eligible for payout. For example, keep carryover at 320 (480 for Fire CS), but only allow payout up to 240 hours (360 for Fire CS).

As of 2/20/17, there are 214 employees who have more than 320 hours (480 hours for Fire CS):

NCS = 157 employees

Police CS = 53 employees

Fire CS = 4 employees

Changing the payout to 240 hours (360 hours for Fire CS) would affect a total of 392 employees; however 214 are already over the maximum allowable hours to be paid. An additional 178 employees would be impacted by this change.

NCS = 281

Police = 81

Fire CS = 30

To implement with less negative impact on employee morale, could either:

A. Grandfather in existing employees and implement policy change to coincide with the new fiscal year (with employees starting October 1, 2017).

OR

B. Don't grandfather, but to avoid employees potentially requesting a lot of time off in order not to "lose" hours upon termination, could pay employees the difference in the maximum hours allowed to be paid.

### **OPTION 2**

Change carryover 240 hour (360 for Fire CS); maximum payout would reflect carryover.

Same comments as above for implementation.

### **OPTION 3**

Implement a graduated carryover plan based on years of service as follows:



Less than 10 years = 240 hours

10+ years = 320 hours

As of 2/20/17, the number of employees by years of service (through 9/30/17) are as follows:

<b>Years of Service through 9/30/17</b>	<b>Non Civil Service</b>	<b>Police Civil Service</b>	<b>Fire Civil Service</b>
Less than 10 years of service	678 (63.84%)	63 (37.28%)	58 (33.72%)
10+ years of service	384 (36.16%)	106 (62.72%)	114 (66.28%)

Maximum payout would reflect carryover.

Sick Accrual  
Change Options  
For Non-Civil Service Employees

**Non Civil Service Sick Benefits  
Change Options**

**OPTION 1:**

-Implement a graduated plan

0 to 5 years =	8 hours per month (96 hours per year)
5+ to 10 years =	9 hours per month (108 hours per year)
10+ years =	10 hours per month (120 hours per year)

Years of Service	Denton Current Accrual per Year	Proposed	
		Hours Accrued Per Year	Change in Hours
0 – 1	96	96	0
1 – 2	96	96	0
2 – 3	96	96	0
3 – 4	96	96	0
4 – 5	96	96	0
5 – 6	96	108	12
6 – 7	96	108	12
7 – 8	96	108	12
8 – 9	96	108	12
9 – 10	96	108	12
10 – 11	96	120	24
11 – 12	96	120	24
12 – 13	96	120	24
13 – 14	96	120	24
14 – 15	96	120	24
15+	96	120	24

**Non Civil Service Sick Benefits  
Change Options**

**OPTION 2:**

Change accruals from 96 hours per year to 120 hours per year to match Civil Service (15 days per year). This would match 50% of the cities surveyed.

Years of Service	Denton Current Accrual per Year	Proposed	
		Hours Accrued Per Year	Change in Hours
0 – 1	96	120	24
1 – 2	96	120	24
2 – 3	96	120	24
3 – 4	96	120	24
4 – 5	96	120	24
5 – 6	96	120	24
6 – 7	96	120	24
7 – 8	96	120	24
8 – 9	96	120	24
9 – 10	96	120	24
10 – 11	96	120	24
11 – 12	96	120	24
12 – 13	96	120	24
13 – 14	96	120	24
14 – 15	96	120	24
15+	96	120	24

-END OF EXHIBIT-