



City of Denton

City Hall
215 E. McKinney Street
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AGENDA INFORMATION SHEET

DEPARTMENT: Human Resources

CM/ DCM/ ACM: Bryan Langley

DATE: August 22, 2017

SUBJECT

Receive a report, hold a discussion, and give staff direction on the City Council Employee Benefits Ad Hoc Committee recommendations for vacation and sick leave changes.

BACKGROUND

On February 14, 2017, at the request of Council, staff presented information on the City of Denton's vacation and sick leave benefits (reference Exhibit 2 for a summary chart of the current vacation and sick leave benefits). As part of the presentation, staff provided information about how the City of Denton's vacation and sick leave benefits compare to other DFW metroplex cities (reference Exhibit 3). The survey results revealed that Denton's vacation benefits were more generous while the sick leave benefits were less generous. During that meeting, the Council discussed putting together an ad hoc Council Committee ("Committee") to review the vacation and sick benefits in greater detail and make recommendations to the Council on any changes they think need to be made to be better aligned with the metroplex cities. The establishment of the "City Council Employee Leave Committee" was approved through resolution 2017-007 on March 7, 2017. Kathleen Wazny, Sara Bagheri, and Keely Briggs were selected to serve on the Committee.

Since that time, the following activities have taken place that have led to the recommendations of the Committee, which are outlined below in this report.

March 24, 2017 – the Committee met to begin discussions about the vacation and sick leave benefits. During that meeting, the Committee recognized the need and value of being able to review and discuss other City of Denton benefits.

April 11, 2017 - Councilmember Wazny, chair of the Committee, requested during the Council meeting that the scope of the Committee be expanded to include review of all City of Denton employee benefits, not just vacation and sick leave.

April 18, 2017 - Resolution 2017-014 was approved, which amended resolution 2017-007 to expand the scope of the Committee. The title of the Committee was changed to "City Council Employee Benefits Committee." The resolution included language to dissolve the Committee on May 16, 2017.

April 27, 2017 – the Committee met for a second time to continue its discussions on vacation and sick leave benefits. During this meeting, the Committee also began discussing the health insurance benefits. The

Committee asked the Human Resources staff members to seek input from employees for the Committee to consider before making a final recommendation to the City Council.

May 16, 2017 – Human Resources (HR) staff met with the Employee Insurance Committee (EIC) to discuss the options the Committee was considering for vacation and sick leave benefit changes (note: these options were sent to the Council in an Informal Staff Report in May of 2017; reference Exhibit 4). During that meeting, possible changes to health insurance benefits and the cost associated with those changes were also shared. The HR staff requested EIC members to seek feedback from employees in the departments whom they represent to determine which options would be best supported.

June 9, 2017 – Employee feedback from EIC members was due to HR. In General, employees were opposed to changes in the benefit structure. If changes were going to be made, however, employees were most agreeable to capping bonus time after 20 years and reducing the carryover and payouts identified as option 3 for the committee

June 27, 2017 – Resolution 2017-024 was approved which re-established the ad hoc Committee. The Committee consisted of Sara Bagheri, Keely Briggs, and John Ryan.

July 10, 2017 – the Committee met to review the feedback results from employees that the HR staff compiled (reference Exhibit 5) and to further discuss options for changes to vacation and sick leave benefits. During this meeting, the Committee made the recommendations outlined below. The recommendations below show information for regular, full-time employees only. If Council wishes to implement, benefits for $\frac{1}{2}$ and $\frac{3}{4}$ -time employees would have to be calculated.

VACATION

1. In addition to the monthly vacation accrual, the City provides 4 hours of bonus time to all regular full-time employees (6 hours for Fire civil service employees) for each year of service beginning on the 5th anniversary date (e.g., 5 years = 4 hours, 6 years = 8 hours, 7 years = 12 hours, etc.). Note: benefits for Fire civil service employees are different because the City uses 12-hour days to calculate their benefits versus 8-hour days used for all other full-time employees.

Instead of unlimited bonus time, the Committee is recommending capping bonus time at 20 years of service. This would result in the maximum bonus accrual of 60 hours for non-civil service and Police civil service employees and 90 hours for Fire civil service employees. Exhibit 6 shows a comparison of current versus proposed vacation accrual, including bonus time, by years of service. The Committee wanted to have a phased implementation. On January 1, 2018, the bonus time would be changed from 4 hours to 2 hours beyond 20 years (for Fire civil service employees, bonus time would be changed from 6 hours to 3 hours), then on January 1, 2019, the bonus hours would be removed altogether beyond 20 years.

2. The City allows vacation hours to be carried over on an employee's anniversary date. The carryover hours are equivalent to the employee's accrued hours, not to exceed 320 hours (480 hours for Fire civil service employees).

The Committee is recommending bifurcating the carry-over hours based on years of service. There would be no change for employees with 10+ years of service with the City. Employees with 10 years of service or less would have carry-over hours changed from 320 hours to 240 hours (for Fire civil service employees, the hours would be changed from 480 to 360). Again, the Committee wanted to have a phased implementation, so on January 1, 2018, the hours would be changed to 280 (420 for

Fire civil service employee). Effective January 1, 2019, the hours would be changed to 240 (360 for Fire civil service employees).

3. The City currently pays out accrued vacation hours to an employee leaving the City, not to exceed 320 hours (480 hours for Fire civil service employees) as long as he/she has been employed at least six months, has not been terminated for gross misconduct, and has returned all City property on or before issuance of the employee's final pay check.

The Committee is recommending changing the payout for employees leaving the City from a maximum of 320 hours to a maximum of 240 hours (Fire civil service employees would be changed from a maximum of 480 hours to a maximum of 360 hours). Again, the Committee wanted to have a phased implementation, so on January 1, 2018, the hours would be changed to a maximum of 280 (maximum of 420 hours for Fire civil service employees). Effective January 1, 2019, the hours would be changed to a maximum of 240 (maximum of 360 hours for Fire civil service employees).

SICK

1. Non-civil service employees currently accrue 8 hours of sick leave per month, with a maximum accrual of 720 hours. There is no pay out for sick leave to non-civil service employees when they leave employment with the City of Denton. Police civil service employees accrue 10 hours per month, with a maximum accrual of 720 hours. Fire civil service employees accrue 15 hours per month, with a maximum of 1,080 hours. Police and Fire civil service employees are paid accrued sick hours, up to 90 days, as required by Chapter 143 of the Texas Local Government Code.

The Committee is recommending increasing sick accrual from 8 hours per month to 10 hours per month for non-civil service employees. This would equate to 15 days per year, which is equivalent to what Police and Fire civil service employees currently receive. There would be no change in sick benefits for civil service employees.

2. There would be no change in the maximum accrual amounts.
3. There would be no change in the payout amounts.

Exhibit 2 shows a comparison of the City's current vacation and sick leave benefits to the proposed changes outlined above.

During the August 22, 2017, City Council meeting, staff will be seeking direction from the full Council as to whether or not to implement the recommended changes to vacation and sick leave benefits made by the Committee. If directed to implement, staff will revise the associated policies and include them on a future Council agenda for approval.

As far as health insurance, the Committee decided it would be best to let the Council discuss their desired funding level (City portion) yearly during budget discussions instead of looking at the specific plan design options. Once funding was established by Council, staff could determine if changes needed to be made to the plan design.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Organizational Excellence

Related Goal: 1.1 Manage financial resources in a responsible manner

EXHIBITS

Exhibit 1 - Agenda Information Sheet

Exhibit 2 - Vacation and Sick Benefits Summary and Recommended Changes by Council Ad Hoc Committee

Exhibit 3 – Survey of DFW Metroplex Cities' Vacation and Sick Leave Benefits

Exhibit 4 – May 2017 Informal Staff Report – Ad Hoc Committee Update

Exhibit 5- Compilation of Employee Feedback

Exhibit 6 – Comparison of Current versus Proposed Vacation Accrual by Years of Service

Respectfully submitted:

Carla Romine

Director of Human Resources