

Board Action Request

SUBJECT: Proposed Revisions to TFD HR Policies – Sick Leave and Vacation

DATE: 12/16/2020

FROM: Chief Horvath

Background: TFD personnel requested that we review and update the current sick leave and vacation policies to be more realistic, in line with industry standard, and to encourage/incentivize employees to bank their sick leave for income protection.

The current sick leave policy provides for a sick leave pay out upon retirement when employees have a minimum of 1500 hours of accrued sick leave. To date the District has only one employee with over 1,500 hours and he is a 30 plus year employee. The higher payouts for 3000 and 4500 hours are basically impossible to achieve. Under current accrual rates, if someone works 30 years and never takes a day of SL, he would only accrue 3604 hours.

Additionally, the current sick leave policy allows for converting SL to vacation. However with vacation accruals capped and shift personnel allowed only one person off on vacation leave each day to minimize overtime impact, current policy may increase the risk of employees using sick leave for time off that may not be consistent with sick leave use policy.

The proposed changes to vacation leave policy increase the annual accrual rates to be more consistent with industry standard. Currently employees vacation accruals cap at 240 hours for suppression and 172 for administrative staff. This leads to capped annual accruals for many employees, which limits the payout risk for the District upon retirement. While this is a fiscal practice that reduces the District's risk, it does not offer a comparable benefit provided by other fire districts.

One additional policy revision is for the "Separation/Termination of Employment" policy to include a sick leave payout. This should have been included previously since the District has provided a sick leave payout for many years. The minor revision is in red in section G as follows:

"Provisions for an employee's retirement are set forth by the guidelines of the governing retirement system. In the event of a retirement, final payment of wages and other accumulated hours due for vacation and sick leave shall be paid to the employee on the next regularly scheduled payday."

Fiscal Impact: James Vincent Group reviewed the proposed policy changes for fiscal impact.

- Sick Leave
 - End-Leave Liability: The current sick leave liability is zero. Based on the proposed changes this liability will go to \$124,000. Our average annual balance change on SL is - 4.4 so employees are using more than they are accruing. There is minimal risk there will be much growth on this number.

- Annual Buy Back: Based on the proposed changes the impact would be \$12,000 if everyone eligible elected to sell back sick leave. Going forward JVG would not estimate more the \$5,000 annually due to the usage rate discussed above.
- Vacation Leave
 - This proposed policy change will only impact the end-leave liability. Based on current policy the max liability would be \$131,000; the District is currently at \$90,000. Under the new policy that max liability would be \$235,000. The District's average annual balance change on VL is 19.16 so it would take 12 years to reach that max liability.
- JVG believes the SL policy change will reduce the amount of VL accrual and further lengthen the time it takes to reach the max.
- JVG recommends that the District establish an end-leave liability fund to ensure the District has adequate funding to support the liability.

Alternate Option: Board recommendation

Staff Recommendation: Recommend approval of the proposed policy recommendations.

Proposed Motion: Move to approve the proposed changes to the Sick Leave and Vacation Leave policies.

See Attachments

- SL Policy Changes
- Vacation Policy Changes