



## MEMORANDUM

Date: September 20, 2016  
To: Water Utility Commission  
From: Lynn Gomez  
Re: Proposed PTO Policy

In July, we introduced an idea to the Commission to replace our traditional paid time off policies (vacation, sick, floating holiday) with a consolidated bank of PTO (Paid Time Off). From the research we've done about the PTO concept, our belief is that employees will manage this single bank of time efficiently, and put more thought into how they use their time off benefit.

In summary, the policy we propose transfers the currently accrued hours for vacation and floating holiday, plus 3 days from accrued sick leave, to the PTO bank effective January 1, 2017. Any accrued PTO bank will be paid out to the employee upon separation from the utility; consistent with our current policy to pay out accrued time upon termination.

For the protection of our employees in the event of a serious health condition, the remaining accrued sick days will be placed in an Extended Leave Bank (ELB) and will only be available when certified by a licensed physician per the regulations of the Family Medical Leave Act. The ELB will not be paid out to the employee upon separation; consistent with our current policy to not pay out accrued sick leave upon termination.

Attached is the policy we will be asking you to approve at the meeting. This policy has been reviewed by legal counsel. We understand this is a new concept for all involved and that this policy may require revisions as we let it run its course.

**Recommended Motion:** Approve implementation of PTO Policy effective January 1, 2017, and revisions to applicable Policy 202.3 Vacation, 202.4 Holidays, 202.6 Funeral Leave, and 202.7 Sick Leave.

Enc.

The Utility will grant paid vacation time annually to all regular full time employees. Currently, employees are entitled to vacation on the anniversary date of employment according to the following schedule:

<u>Years Employed*</u>	<u>Weeks Granted</u>
each 1 - 6	2 @ 5 days each
each 7 - 13	3 " " "
each 14 - 21	4 " " "
Each 22 and over	5 " " "

\*Employees who were hired prior to June 16, 2016 may retain a previously approved vacation schedule.

Vacation will accrue as of the most recent date of hire; however it may not be utilized or paid until after the employee's first anniversary date of employment. With the exception of the 1<sup>st</sup> year of service, earned vacation will be granted in the calendar year in which the anniversary date is achieved per the above schedule.

Vacations for those having had leaves of absence for more than 30 days will be pro-rated based on hours or weeks worked during the previous calendar year.

All vacation earned must be taken within the calendar year. Vacation time not taken or approved for extension will be deemed waived. All requests for extension of vacation must be presented in writing for approval by the general manager.

The purpose of the Paid Time Off (PTO) plan is to provide eligible employees a flexible means of accruing and utilizing paid leave. PTO can be utilized for any purpose, subject only to necessary request and approval procedures consistent with Utility policy.

In addition, employees will accrue time into an Extended Leave Bank (ELB) to protect them in the event of a serious health condition.

*PTO for observed Holidays, Funeral Leave, and Jury Duty are covered under separate policy provisions.*

**PTO Accrual-** Employees earn PTO hours each bi-weekly pay period based upon regularly scheduled work hours (excluding overtime hours). PTO increases with years of service in accordance with the following schedule:

Years of Service	Per Pay Period Accrual	Annual PTO Eligibility	Maximum Accrual
0-6	5.231	136	204
7-13	6.769	176	264
14-21	8.308	216	324
22 and over	9.846	256	384
[grandfathered]*	11.38	296	444

\*This tier has been grandfathered for employees hired prior to 6/16/16 and is no longer available to new hires.

Accrual multiplier changes will occur on the pay period after the employee reaches their 7<sup>th</sup>, 14<sup>th</sup>, and 22<sup>nd</sup> anniversary of employment.

Newly hired employees shall begin to accrue PTO [and ELB] immediately upon hire, but will not be

entitled to use accrued PTO/ELB until they have reached the first full pay period after 90 days of employment.

Eligible regular part-time employees will accrue a pro-rated portion of PTO based on their regular scheduled hours.

**Accrual Limits and Carryover** - PTO accruals are credited to eligible employees' PTO banks each bi-weekly pay period, which will continue until the bank reaches the maximum accrual of 1.5 times the annual PTO eligibility. Once the maximum accrual is reached, no deposits will be made until the bank falls below the maximum. In special/rare circumstances, a written request may be made to the general manager to waive the maximum accrual.

**PTO Service Credit at Hire** - The General Manager may approve a request that a prospective applicant be granted a one-time beginning balance credit of PTO or be given a credit for length of service for employment experience that is directly related to the position.

PTO is paid at the employees' regular, straight-time hourly rate at the time the PTO is taken

### Scheduling and Authorization

Department Managers/Supervisors will ensure that PTO requests are processed in a fair and equitable manner, with first consideration to be given to the effective operation of the department.

Each employee is responsible for managing their PTO Bank. Employees are strongly encouraged to schedule 1/2 of their PTO at the beginning of each year. Requests for approval of scheduled PTO will be approved based on assurance that minimum acceptable staffing is available so the departments remain operational. Department Managers/Supervisors may use seniority to determine scheduling priority when a scheduling conflict exists.

PTO may be used in increments of not less than 60 minutes.

Requests for unplanned PTO must be submitted to your manager or supervisor at least 30 minutes prior to your normal start time, unless impossible due to emergency circumstances. Department Managers or Supervisors may deny a request for unplanned PTO if it cannot be accommodated due to workload of the department or if other employees are already scheduled to be off.

An employee cannot be paid for time at work and receive PTO pay at the same time

### Unpaid Leave

With the exception of qualified State FMLA leave, unpaid leave may not be taken until such time that the PTO bank has been exhausted. If an employee would be eligible to use their ELB, unpaid leave may not be taken until such time that the PTO bank and ELB have been exhausted. Unpaid time off is subject to the terms of Policy 202.9, Unpaid Leaves of Absence.

Should an employee's PTO balance reach "0", the employee will immediately revert to unpaid time and receive a deduction in his/her pay for time taken in excess of accrued hours. Employees who have not properly managed their PTO time and have exceeded their available balance may be subject to disciplinary action.

Employees who are ill should not report to work. Employees who report to work appearing to be ill and in danger of harming themselves or others may be sent home on PTO time by the department supervisor or manager.

**Worker's Compensation: The Utility reserves the right to deduct WC absences from available PTO.**

Transfer of ~~Vacation~~ PTO- An employee may transfer some or part of their ~~vacation time~~ **accrued PTO** to another employee **who has exhausted their available PTO** to use for medical/emergency purposes. This request must be made in writing to the general manager, and once transfer of ~~vacation time~~ **PTO** is approved, it may not be revoked.

**Payment at Termination/Retirement – Terminating employees will generally be paid for PTO accrued provided the employee gives an advance two (2) weeks written notice of termination, unless impossible due to extraordinary circumstances.**

Payment Upon Death - Upon an employee's death, the employee's beneficiary shall receive the **cash equivalent of the** employee's ~~unused vacation pay for the current year; as well as all vacation accrued for the following year~~ **accrued PTO.**

#### **202.7: Sick Leave Extended Leave Bank (ELB)**

~~Full-time employees shall accrue paid sick leave. Employees shall earn one day (eight hours or prorated amount on hours worked) per month to a maximum accumulation of up to One thousand (1000) hours.~~

~~Sick leave may be used for time lost due to illness or physical injury of the employee. Sick leave may not be used for:~~

- ~~1. \_\_\_\_\_ Accidents, injuries and illnesses associated with and resulting from work outside employment at the Utility.~~
- ~~2. \_\_\_\_\_ When an employee is absent for previously granted reasons, such as vacations, funerals, leaves of absence, or excused time off.~~
- ~~3. \_\_\_\_\_ When an employee is able to report for work.~~

~~Usage. An employee using accrued sick leave may use as many days as are medically necessary for personal illness or injury subject to the limitations of the accrual of such paid leave in this Policy.~~

~~Medical Certification. For periods of absence over (3) three work days, for recurring illnesses during a calendar year, or when the Utility determines that an employee is abusing the sick leave program, employees are to provide justification to grant paid sick leave by a licensed physician, a physician's assistant, or nurse practitioner.~~

**Extended Leave Bank (ELB): The ELB is intended for use in situations where the employee is absent from work due to a serious health condition that qualifies for Family Medical Leave (FML), as determined by a licensed physician. The ELB will be available for use after three (3) consecutive workdays of absence.**

**Employees will accrue hours in their ELB at a rate of 2.77 hours per bi-weekly period to a maximum accumulation of 1,000 hours.**

~~During periods of absence, or recurring absences, or when the Utility determines that an employee is abusing the sick leave benefit, the Utility may require periodic verification of illness by a licensed physician of the Utility's choosing.~~

~~All Employees required to~~ **required to** provide a medical certification of illness are ~~to provide additional~~ **also required to provide a Return to Work (RTW) certification. The RTW must be signed** by a licensed physician **and indicating that the employee possesses the** "substantial ability to resume work and perform normal duty assignments."

Notification. ~~Employees shall call their manager at least fifteen (15) minutes prior to the start of a workday to report sickness unless impossible due to circumstances beyond his/her control.~~ **Employees shall notify their manager of their intent to use ELB prior to the elapse of the 3<sup>rd</sup> consecutive day of absence.**

Extension. An employee who has used all of his/her available ~~sick leave~~ **ELB** may, upon recommendation by a licensed physician, request a leave of absence. Refer to 202.9 Leaves of Absence.

Fraudulent Use **Misuse.** The Utility may investigate absence from work on **extended** sick leave. **Notification failures** or inappropriate use of **extended** sick leave shall be cause for disciplinary action up to and including dismissal.

Family Sick Leave. **With approval by the General Manager, Up to three (3) one (1) days** per calendar year of available accrued ~~sick leave~~ **ELB** may be used to provide care to immediate family members ~~and for medical and dental appointments necessary for the employee or his/her immediate family.~~ "Immediate family members" for purposes of this article are defined as spouse, child, or parent. **This time may be taken in 4 hour increments. Verification of the need for this care may be requested by the manager/supervisor.**

Medical/Dental. ~~This time shall be scheduled in one hour increments. The supervisor may require documentation by a licensed physician, physician's assistant, or nurse practitioner to verify the appointment.~~

**Payment at Termination – There will be no payout of ELB at termination.**

### **Conversion/Transition**

**PTO - Effective January 1, 2017, the employee's available accrued vacation and floating holiday hours balances plus 24 additional hours shall be converted and credited to their PTO bank.**

**ELB - Effective January 1, 2017, all hours currently available in the sick leave bank will be credited to their ELB.**

***Whenever the provisions of this policy are in conflict with federal or state laws or regulations, the provisions of the laws or regulations shall prevail.***

### 202.5: Jury Duty

The Utility recognizes that employees may be called to serve as jurors from time to time. This is a civic responsibility and should be fulfilled.

Employees called for jury duty are to advise their Manager upon notice. Employees called for jury duty will receive their regular pay but will be required to relinquish their jury duty pay to the Utility with the exception of mileage reimbursement.

Jury duty pay compensates only for time necessarily lost while an employee is otherwise scheduled to work. An employee is expected to report to work when dismissed from jury duty when any part of the employee's workday remains.

## 202.6: Funeral Leave

Immediate Family. An employee shall receive paid leave of up to three (3) days where absence from scheduled work is necessary because of death in the employee's immediate family. Immediate family is defined as spouse, child, step-child, parent or guardian, brother, sister, daughter-in-law, son-in-law, mother or father-in-law, grandchild, great grandchild, grandparent, brother-in-law, sister-in-law and other household persons.

~~Other Relatives. In the death of other relatives, which refers to an employee's great grandparents, niece, nephew, aunt or uncle of the employee or spouse and grandparent of the spouse, an employee will be granted paid leave of one (1) day.~~

~~One day shall be permitted for services as a pallbearer or for other funerals not otherwise specified provided the employee takes said time off as vacation, floating holiday or without pay in accordance with the employee's preference.~~

Requests for funeral leave are to be submitted to the Manager prior to the leave. The Manager may require evidence of funeral attendance prior to final approval of the amount of paid leave in accordance with the eligibility requirements.

## 202.4: Holidays

Paid Holidays - All regular full-time employees will be paid for Utility observed holidays. Holiday pay is provided at the employee's current base rate for normal number of hours regularly scheduled per day. Currently, the Utility recognizes the following nine (9) holidays:

- |                  |                           |
|------------------|---------------------------|
| 1) New Years Day | 5) Thanksgiving Day       |
| 2) Memorial Day  | 6) Day after Thanksgiving |
| 3) July 4th      | 7) Christmas Eve          |
| 4) Labor Day     | 8) Christmas Day          |
|                  | 9) New Years Eve          |

~~Floating Holiday - After 6 months of employment all regular full-time employees are eligible for four floating holidays within each calendar year. A floating holiday may not be pro-rated or carried over into the next year.~~

~~Two (2) of the floating holidays may be taken in one-hour increments subject to department manager approval. Two (2) of the floating holidays may be taken as a half (1/2) days subject to the manager's approval.~~