

AGENDA ITEM #: \_\_\_\_\_

DATE: November 9, 2020

CAR #: 2020-7106



## CITY COUNCIL ACTION REPORT

**SUBJECT:** Recommend approval of a one-time exception to the Vacation Cash-in Policy.

**STAFF PRESENTER(S):** Lyman Locket, Human Resources Director

**OTHER PRESENTER(S):** None

**Summary:** Human Resources is requesting a recommendation of approval for a one-time exception to the Vacation Cash-in Policy to increase the number of hours eligible for cash-in.

**Recommendation:** Approve a one-time exception to Policy 600, Section C.3 Vacation Cash-in to increase the amount of vacation hours eligible for cash-in from 40 hours to 60 hours (56 hours to 84 hours for sworn shift fire personnel) and also approve related budget transfers to fund the increase.

**Fiscal Impact:** Using prior experience with vacation cash-in and current higher vacation leave levels, staff estimate the cost of this one-time benefit at \$205,000 for all funds for FY2021 only. Since department budgets assume full employment, many departments with vacancies will be able to absorb this cost within their FY2021 base budget. Once actual use by employees is known, Budget and Research will assess what departments require an adjustment to their budget and will process budget transfers not to exceed \$205,000 using the Special General Fund Contingency as the source for General Fund supported funds and fund balance for enterprise and other funds.

### Background and Previous Actions

The Vacation Cash-in Program was added to the Vacation Policy #600 in July 2006. The Vacation Cash-in Program allows employees to cash in up to 40 hours (56 hours for sworn shift fire personnel) of vacation leave one time per year as long as the employee maintains a vacation balance of 80 hours (112 hours for sworn shift fire personnel) and has taken at least 40 hours (56 for sworn fire personnel) of vacation within the year. The program was added as employees requested they be allowed to cash-in vacation leave in lieu of taking time off. Approval of this benefit enhanced our competitiveness with other cities who offer the same or similar benefits. Eligibility requirements include employees meeting vacation usage and accrual bank thresholds.

There have been no changes made to the program since its inception. Last year, 21% of employees (123) participated in the program.

## **Staff Analysis**

Vacation leave balances have increased to a greater number due to the increased demand of essential and non-essential workers during the COVID-19 pandemic and the cancellation of planned events and vacations of our employees. A recent report showed that over 108 employees currently exceed the vacation leave carryover amount of 340 hours (476 for sworn fire personnel). If employees have a balance that exceeds 340 (476 for sworn fire personnel) at the first of the year, those excess hours are removed from their vacation leave bank.

The eligibility requirements will remain in place for this one-time exception.

Increasing the amount of vacation cash-in from 40 to 60 hours (56 to 84 hours for sworn fire personnel) would help to minimize any loss of vacation hours when balances are reset in the new year.

## **Attachments**

None.