



## STAFF REPORT

TO: Mayor Keis and Members of the City Council

FROM: Chris Heineman, City Administrator  
Sharon Provos, Finance Director  
Heidi Heller, City Clerk

DATE: November 21, 2018

RE: Personnel Policy Amendments

### ACTION TO BE CONSIDERED:

Motion to approve Personnel Policy amendments as proposed.

### BACKGROUND:

Staff has proposed amending the Personnel Policy in several areas: new short term disability plan, PTO maximum accumulation amount, and miscellaneous housekeeping corrections and employee title updates.

The proposed deleted language is stricken and shown in red, and new language is underlined and shown in blue.

### STAFF RECOMMENDATION:

Staff recommends the Council discuss the proposed amendments at the Workshop. If the Council agrees to any amendments, action can be taken at the regular Council meeting if the Council so chooses.

## SECTION 13 – OTHER INSURANCE BENEFITS - SHORT TERM DISABILITY (STD)

### Purpose

The City provides Short Term Disability (STD) coverage [at no cost](#) to all regular full-time and part-time employees who accrue benefits as a supplement to the PTO program. The intent of STD is to bridge the gap between banked PTO or deferred sick time, and the 90<sup>th</sup> day when an employee may qualify for Long Term Disability. ~~No enrollment forms need to be completed. Participation is mandatory and~~ Employees are automatically enrolled once they are eligible. ~~This benefit is provided through a self-funded City account and there is a cost to full-time employees of \$10 per month (post-tax dollars), with that cost pro-rated based upon an employee's percentage of a 40-hour work week for eligible part-time employees. Should the use of STD deplete the accrued balance, the City will contribute funds to bring the balance back to \$0.00.~~

~~If, due to a disability, an employee is absent from work for more than 14 consecutive calendar days, the City will continue the employee's salary at up to 2/3rds of the base pay amount from the 15<sup>th</sup> calendar day through up to the 89<sup>th</sup> calendar day of absence.~~

~~The employee must provide documentation from a physician certifying that the employee cannot return to work in some capacity the City finds acceptable. The City Administrator is responsible for administration and the program guidelines for STD. The City reserves the right to modify or terminate the program at its discretion.~~

### Eligibility

STD is available only for an employee's non-work related disability. It may not be used to care for ill or injured family members. The employee or their representative must submit all paperwork stipulated by the [City Plan Administrator](#) in order to qualify for benefits. If an employee's injury or illness is determined to be covered under workers' compensation, it is not eligible to be covered under this STD program.

~~If an employee's disability restricts the number of hours the employee may work, they are still eligible for compensation. The STD coverage will bridge the difference between the hours the employee is able to work and the 2/3rds cap.~~

### Definition of a Disability

~~A disability is defined as a physician-certified, non-work related, accidental injury or illness (physical or mental) including pregnancy that precludes the employee from performing the duties of their job description in some capacity that the City finds acceptable. A determination that an employee is able to work a modified schedule (i.e., part-time) would not disqualify them from eligibility to receive benefits.~~

## Requesting STD/Filing a Claim

In order to receive STD benefits, an employee or their representative should file a request with the [City Plan Administrator](#) to initiate the claims process. STD claims must be filed within ~~14 days~~ [the required time stated by the Plan Administrator](#) after the date the disabling injury or illness occurs. The employee must also contact his/her supervisor indicating that time off is needed. ~~The employee must provide a physician's certified statement along with the completed STD claim request form. The request form must be completed by the doctor and the employee.~~

All forms and requested documents must be completed and submitted to the [City Plan Administrator](#)'s satisfaction before an employee will be determined to qualify for payment of benefits.

## Medical Certification

~~The physician's certified statement must certify the entire absence is due to the disabling illness or injury, length of rehabilitation and expected date the employee will be able to return to work. This statement must be signed by the treating physician.~~

~~The City reserves the right to have an independent medical examination made any time an employee claims the STD benefit. Such examination may be made by a physician designated by the City. The City may require the examination in order to verify the illness or injury claimed before making a final determination to approve or deny disability payment.~~

## Commencement & Length of Benefit

STD benefits will commence on the ~~15~~ [30<sup>th</sup>](#) calendar day of continuous disability provided that the employee or their representative has provided all required paperwork ~~as requested by the City~~. A partial absence on the first day is not counted toward the ~~15~~ [30](#) days. An employee may use any accumulated deferred sick leave bank, PTO, or combination of the two during this waiting period.

Benefits will continue until the employee returns to work able to carry out the full or partial duties and responsibilities of the employee's position, the disability certification time runs out, the employee begins LTD, or through the 89<sup>th</sup> calendar day of absence, whichever comes first. An employee receiving STD benefits who separates employment with the City for any reason will not receive STD benefits beyond the last day of employment.

~~If an employee returns to work after receiving STD payments, and is disabled again due to the same non-work related injury or illness within 6 months of the conclusion of the previous disability, the employee will not have a second waiting period. However, the short term disability benefit will not extend past a maximum of 89 calendar days within one 12 month period, excluding the waiting period, for any illnesses or injuries regardless of the number, type, and spacing of the episodes.~~

### Maternity Benefit

~~The maternity benefit is based on delivery type and is for the expected recovery period only. In the case of a pregnancy without complications, benefits may be received for up to six weeks. If the employee submits a doctor's certification that the pregnancy has had complications outside of the employee's control, benefits may be extended up to the full nine weeks. Total disability prior to delivery would be indicated on the medical certification if it is intended to extend coverage beyond a six week period for vaginal delivery and an eight week period for a Cesarean delivery (less the waiting period).~~

### Amount of the Benefit

~~The STD benefit will be in an amount up to  $\frac{2}{3}$ rd 66.7% of the employee's gross regular rate of pay at the time of the disabling incident, up to the maximum benefit amount stated in the STD policy. Regular rate of pay is defined as base salary and excludes overtime, on-call pay, or other specialty pay. This benefit amount is paid on a post-tax basis given the employee is paying the premium with post-tax dollars.~~

~~The amount of the STD benefit payable shall be the difference between  $\frac{2}{3}$ rd of the employee's regular rate of pay and any payment(s) the employee receives or anticipates receiving in wage loss replacement whether it be from PERA disability, Social Security, personal injury protection, or any other source. The City may request the release of documentation of income being received or anticipated due to the loss. This income will be subtracted from the  $\frac{2}{3}$ rd possible income from the City. Employees not submitting requested documentation of other income in a reasonable amount of time as set by the City may be denied benefits under this program.~~

~~For the purpose of this program, holidays will be counted as a regular workday both in calculation of days absent prior to STD eligibility and also in the maximum days allowed once eligible for STD.~~

~~Benefits are paid bi-weekly in conjunction with the regular payroll. If the City Council approves a cost of living adjustment (COLA) to the City's wage system, wages for an employee on STD will be adjusted at the same rate and at the same time of implementation as other employees.~~

### Status of City Benefits

An employee receiving STD benefits shall not accrue PTO or receive holiday pay. Employees may ~~not~~ supplement STD benefits with paid leave such as, but not limited to, PTO, deferred sick leave or accrued compensatory leave in order to offset the difference between the employee's regular wages/salary and the STD benefit payments. In no event shall the employee earn more than their normal wages by combining STD benefits, deferred sick leave hours and PTO. The City will continue to pay its share of health insurance premiums or Opt-Out for an employee receiving STD benefits.

### Appeal Process for a Denied Claim

~~If the City determines that an employee is not eligible for full or partial benefits, the City Administrator will provide a written determination including the specific reason(s) for a denial and additional information or material needed for the employee to refile a claim.~~

~~If the employee believes they are entitled to greater or different benefits, an appeal can be filed in writing for review by the City Council. The appeal must be filed within 14 calendar days of the initial denial notice from the City Administrator. The appeal shall state the employee's reasons for requesting greater or different benefits and include any claim pertinent information.~~

~~The City Administrator shall notify the employee, on behalf of the City Council, of the appeal decision in writing within 14 calendar days of receipt of said appeal. The City Council's decision is final.~~

### Return to Work

Employees must coordinate their return to work with their supervisor prior to the end of the STD period. An employee returning to work is expected to provide a doctor's note releasing them to work. This note must also provide any activity restrictions and duration of these restrictions.

The City reserves the right to not allow the employee to return to work if the City cannot accommodate the restrictions.

### Disability Extension Requests

~~If an employee finds they are unable to return to work by the date certified by the doctor in the original claim paperwork and needs to continue receiving STD benefits (if less than allowable maximum), an employee must submit medical documentation substantiating the extension of the disability and rehabilitation for the changed timeframe. The physician must recertify that the absence from work continues to be due to the same injury or illness and provide an updated recovery and prognosis report and timeline.~~

~~This information must be submitted to the City Plan Administrator prior to the original scheduled return date. The employee must also notify their supervisor of their inability to return to work prior to the scheduled return date.~~

~~In order to continue to receive STD benefits, all required forms must remain in effect and unexpired for the duration of the disability. If the request is to be absent more than the 89-calendar day maximum coverage for STD, the employee should request the paperwork to file a claim for Long Term Disability (LTD) benefits.~~

## **SECTION 14 - PAID TIME OFF (PTO)**

### Purpose

The City recognizes the importance of employees balancing their professional lives with personal responsibilities. It is the objective of the City to provide equity, consistency, and flexibility through a Paid Time Off (PTO) benefit to all eligible City staff.

The PTO Plan replaces vacation and sick leave plans with a combined single benefit program. Employees accrue benefits based on length of service with the City. This means employees receive the same amount of paid time off regardless of personal or family situations. Through PTO the City seeks to attract and retain its employees by providing equity, consistency, flexibility, personal responsibility, and recognition of years of service.

PTO can be used for any purpose and is subject only to routine requests and approval procedures.

### Eligibility

PTO accrual for each eligible employee shall begin on the date of policy inception, employment with the City, or if a change of status creates eligibility on the date the employee becomes eligible.

All regular, full-time employees will earn full PTO benefits.

Regular part-time employees are eligible for PTO provided they work 20 or more hours per week. These employees shall accrue PTO pro-rated according to the accrual percentage of full-time equivalency status. For example, an employee with a half-time schedule (20 hours per week) would earn PTO at a rate of 50% of full-time employees.

Regular part-time employees regularly scheduled to work fewer than 20 hours per week shall not accrue nor be given PTO benefits.

Temporary, contract, seasonal, and intern employees shall not accrue nor be eligible for PTO benefits.

### PTO Leave Accrual Schedule

PTO is accrued bi-weekly, and is documented on your paystub. All eligible employees accrue benefits based on length of service and hours worked. Employees earn PTO benefits according to the following accrual schedule:

Years Of Service	Number of Days Accrued Per Year
0-5 Years	18

6-15 Years	23
16-20 Years	28
21+ Years	30

One day of PTO shall equal eight (8) hours for full-time employees. PTO accruals are pro-rated for eligible regular part-time employees. When an employee moves to a new accrual level based on years of service, the new accrual rate will begin with the first full pay period after the employee's anniversary date.

Department heads will earn an additional 5 days of PTO each year subject to satisfactory performance.

Maximum Accumulation

An employee may not have more than ~~30~~ 45 days of PTO accrued as of the last day of the last pay period of the year, unless a written request has been submitted to and approved by the City Administrator prior to that time. The written request should include an estimate of the number of hours being carried-over, the reason the employee was unable to use the hours, and the employee's plan to use the excess hours in the near future.

Exceptions

The City Administrator has the authority to establish beginning levels of PTO balances and placement on the accrual schedule for newly hired department heads. In making such a determination, the City Administrator will consider the prospective employee's qualifications, education, prior experience, and length of service in the same or similar jobs.

PTO Conversion

An employee who has a PTO balance of more than the maximum accumulation of 45 days by the last payroll of the year, may opt to convert up to 5 days (40 hours) of PTO to cash or deferred compensation. The amount of PTO an employee is able to convert is limited to the amount that will bring their balance down to 45 days (360 hours), with a maximum of 5 days (40 hours) converted. This conversion may only take place one time per year in December. Employees must notify the payroll department by December 10 to process the conversion within that calendar year's payroll.

Procedures

PTO is requested and approved through leave slips available in each department. Leave slips are approved by the immediate supervisor and/or department head. Approval of requests is based on timeliness of the request, authorization by the appropriate supervisor, and the needs of the department. Approval is not guaranteed based on the needs of the City.

Non-exempt employees must complete a PTO leave request slip for all regularly scheduled hours that the employee does not work, unless the employee's supervisor has given prior written approval for the employee to work those hours on a different day or days within the same pay period.

Exempt employees must complete a PTO leave request slip for any time needed to account for a 40-hour work week and/or if an exempt employee works less than 4 hours during the normal business hours of 8:00 a.m. to 4:30 p.m., Monday through Friday. Exempt staff cannot create schedules outside of normal business hours without the consent of their supervisor and the City Administrator. Exempt employees have some occasional flexibility to work less than eight (8) hours in a day, but not less than four (4) without using PTO to account for their time away providing that they work no less than 40 hours in any given week.

PTO may consist of the following two forms:

1. Planned leave which is scheduled in advance with departmental approval.
2. Unplanned leave requires the employee to notify their supervisor within one-half hour of the beginning of the employee's scheduled work day. In situations where the use of unplanned leave would jeopardize the operations of a department, the supervisor must approve unplanned leave. Unplanned leave is intended for unexpected use such as illness or emergencies.

If unplanned absences show a pattern suggesting abuse, the supervisor will proceed with progressive discipline. Good attendance is an essential job function for all employees. If unplanned absences are determined to be excessive or in excess of three consecutive days, a doctor's notice may be required. The doctor's notice shall state the nature and duration of the employee's illness or injury and verify that the employee is unable to perform the duties and responsibilities of the position. A statement attesting to the employee's ability to return to work and perform the essential functions of the job and a description of any work restrictions may also be required before the employee returns to work.

#### Use of Deferred Sick Leave Hours

Prior to the City's current system of PTO, the City had vacation and sick leave. In 2014 the City converted to PTO. Employees hired prior to 1/1/2014 may have sick leave hours from the previous system, and these will now be considered a deferred sick leave bank. These deferred sick leave banks may be used in the following manner:

1. Illness or emergency: When an employee is unable to perform work duties for a period of five (5) consecutive days or more in the case of personal illness, physical incapacity, or medical treatments of an employee or with the demonstrated need of the employee's

- spouse, children including adult children, parents, grandparents, stepparents, or siblings.
2. **Workers' Compensation:** An employee who is eligible to receive workers' compensation payments may use deferred sick leave hours to supplement the difference between the employee's regular wages/salary and the workers' compensation payments. In no event shall the employee earn more than their normal wages by combining Workers Compensation, deferred sick leave hours, and PTO.

#### Conversion of Deferred Sick Leave Hours to PTO

The City will allow the conversion of up to four (4) days of deferred sick leave to PTO in each of the years 2014 and 2015. Any such conversion will be a direct deduction from the employee's Severance Pay Off as provided for in Section 18.

#### Example:

Employee is eligible for 20 days of Severance, and in 2014 converted 4 days of his/her Deferred Sick Leave Balance to PTO, and in 2015 converted 3 days of Deferred Sick Leave Balance to PTO. Employee's Severance would be 13 days (20-4-3=13).

#### Employees on Short Term Disability (STD)

Employees on STD may use their Deferred Sick Leave Bank, PTO, or a combination of the two to get them to day ~~15~~ 30 when STD benefits begin.

#### PTO Pay-Off at Termination of Employment

Under the PTO program, employees will be eligible to receive 100% of their accrued PTO balance when they leave City service. In no case shall the PTO pay-off exceed ~~30~~ 45 days of PTO carry-over plus the amount of annual PTO accrued to the point in the year that the termination is effective. Employees may not use PTO during the two-week notification period unless approved by the City Administrator.

## Miscellaneous Personnel Policy Amendments

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### **SECTION 3 - SCOPE OF POLICY**

This personnel policy applies to all employees of the City except the following:

1. All elected officials;
2. The City Attorney, Health Officer, City Engineer, City Planner, and all other consultants retained by the City;
3. Exempt Employees hired after July 12, 1995. Specifically, the City Administrator, Park & Recreation ~~Director~~ /[Community Services Manager](#), Public Works Director, Building Official, City Clerk and Finance Director;
4. Members of City boards, commissions, and committees;
5. Members of the Little Canada Fire Department;
6. Volunteer personnel working on behalf of the City;
7. Other employees not regularly employed in City positions.

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### **SECTION 4 - DEFINITIONS**

The following words, terms and phrases, when used in this policy, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Compensatory Time - Time off in lieu of paid compensation at the rate of one and one-half hours for each hour worked in excess of forty hours per work week.

Exempt Employees - For the purposes of this policy, exempt employees include the City Administrator, the Park & Recreation ~~Director~~ /[Community Services Manager](#), the Public Works Director, Building Official, City Clerk and Finance Director. This handbook and this provision do not apply to exempt employees hired after July 12, 1995.

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### **SECTION 9 - COMPENSATION**

#### Post-Employment Health Care Savings Plan

In an effort to help employees fund health insurance costs after employment, the City provides a Post-Employment Health Care Savings Plan through the International City Management

Association-Retirement Corporation (ICMA-RC). All regular full-time, regular part-time employees working a minimum of 20 hours per week on average, with five (5) years of service, are automatically enrolled in this Plan.

Post-Employment Health Care Savings Accounts are funded by

- Employer contributions (see Severance Pay-Section ~~18~~ [20](#));
- Employer contributions equal to one-half a percent (.5%) of an employee's gross wages.
- Employee salary reductions of one-half a percent (.5%) of an employee's gross wages.

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## **SECTION 10 - OVERTIME & COMPENSATORY TIME**

City Administrator, Park & Recreation ~~Director~~ /Community Services Manager, Public Works Director, Building Official, City Clerk and Finance Director - These employees are paid on an annual salary basis, therefore, exempt from both overtime and compensatory time requirements. This handbook and this provision do not apply to exempt employees hired after July 12, 1995.

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## **SECTION 15 – OTHER LEAVES WITH PAY**

Holidays

- E. Any regular full-time employee, as well as regular part-time, working a minimum of 20 hours per week on average projected over a calendar year based on anticipated demands of the position, other than the City Administrator, Public Works ~~Superintendent~~ [Director](#), [City Clerk](#), Park & Recreation ~~Director~~ /[Community Services Manager](#), Building Official, and Finance Director who is required to work on any of the above-named holidays, shall be paid for each hour worked on the holiday at their regular rate of pay plus time and one-half. This rate of pay includes the holiday pay referred to above. This handbook and this provision do not apply to exempt employees hired after July 12, 1995.

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## **SECTION 21 - DISCIPLINARY ACTION**

Major Work Rule Offenses

10. Intoxication, or being under the influence of intoxicants, drugs, narcotics or ~~unprescribed~~ [unprescribed](#) psychoactive drugs or any other violation of Section ~~21~~ [24](#) regarding alcohol and psychoactive drugs.
13. Accepting any fee, gift or other valuable thing in violation of Section ~~16~~ [18](#) regarding receipt of gifts and other gratuities.

21. Any violation of Section ~~22~~ [26](#), Harassment Policy.
22. Activity which has been determined to be incompatible with employment as provided in Section ~~16~~ [18](#) regarding outside employment.

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#### **SECTION 24 - ALCOHOL AND PSYCHOACTIVE DRUG POLICY**

Any employee who violates this section will be subject to discipline or dismissal pursuant to Section ~~18~~ [21](#) of this policy.

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#### **SECTION 32 – UNIFORM POLICY**

##### Footwear

The City will provide an allowance of up to \$200 for full-time Public Works and Parks employees to purchase steel-toed footwear. Footwear is to be replaced on an as-needed basis, with the determination of need to be made by the Public Works ~~Superintendent~~ [Director](#) and ~~Parks & Recreation Director~~. When possible, employees should keep an older, yet functional, pair of safety boots at the shop to be utilized for tasks such as blacktopping. In no case will the per employee reimbursement of up to \$200 occur more often than once per year. Employees may use this allowance to purchase winter boots only if they are steel-toed. Regular, non-steel-toed winter boots shall be purchased at the employee's expense.