



STAFF REPORT

DATE: May 16, 2023
CONSENT

AGENDA ITEM: Annual Leave Policy Update

SUBMITTED BY: Karissa Goers, Administrative Services Director

BACKGROUND:

One of the findings to come out of the Baker Tilly classification and compensation study last summer was that the City of Lake Elmo is behind its peers in the accrual of Paid Time Off (PTO) by about 1-2 days, depending on years of service. The Local 49 union also updated their Paid Time Off accrual rates with their last proposed contract agreement in May. These proposed changes would align the City's annual leave accrual with the union contract allowing for consistency and ease of administration.

ISSUE BEFORE COUNCIL:

Should the proposed Annual Leave Policy accrual rates be approved?

PROPOSAL DETAILS/ANALYSIS:

The recommendation is to broaden the years of services scale and increase the Paid Time Off (PTO) hours earned. This will bring the City of Lake Elmo more in line with its peer cities. Additionally, paid time off (PTO) is a retention tool that allows employees to have work-life balance. By increasing the accrual rates, employees see that the City values and supports them.

Similar to the union contract, staff recommends this new scale is effective 1/1/23. Additionally, newly hired employees with less than 3 years of service would retain their 5 hours of PTO accrual per pay period. New hired employees after the adoption of this scale will follow the proposed 4.75 hours in their first two years.

FISCAL IMPACT:

N/A

OPTIONS:

- 1) Accept the proposed accrual rates for the Annual Leave Policy as written.
- 2) Suggest different accrual rates for the Annual Leave Policy.
- 3) Keep current accrual rates for the Annual Leave Policy.

RECOMMENDATION:

If removed from the consent agenda:

“Motion to accept Annual Leave Policy as written effective 1/1/23 and grandfather in existing employees with less than 3 years of service.”

ATTACHMENTS:

Annual Leave Policy

Annual Leave (Paid Time Off)

Annual leave can be used for any reason, subject to existing request and approval procedures. As with all paid time off programs, the city needs to ensure that service to the public and work requirements are not adversely impacted. Paid time off (PTO) should be taken in 15-minute increments.

Accrual Rates for Annual Leave

Years of Service	Annual Accrual Rates
0- 2.5 Years	4.75 5 hours bi-weekly
<u>3-5 years</u>	<u>6.0 hours bi-weekly</u>
6-10 Years	7.50 6.5 hours bi-weekly
11-15 Years	<u>8.50</u> hours bi-weekly
16-24 Years	9.5 hours bi-weekly
25 Years or More	10 hours bi-weekly

Annual leave will not accrue during unpaid leaves. Regular part-time employees will accrue annual leave on a prorated basis based on regular hours worked.

No more than 240 hours of annual leave may be carried over into the following year. Any amount above the maximum 240 hours shall be converted to a contribution to MSRS. Such conversion shall be capped at 40 hours per year. The conversion shall take place once a year in the second week of December.

Employees leaving the city in good standing will receive 100 percent of their annual leave balance as compensation (applicable taxes will be withheld). Employees have the option of directing those dollars into a 457 deferred compensation plan (subject to IRS maximum deferral regulations and Minnesota law).