

Board Action Request

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

DATE: 1/27/2021

FROM: Chief Horvath

Background: This item was originally presented in December, 2020 for board review and approval. A copy of the December, 2020 board memo is provided with this agenda item.

As presented in December, 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 and that information was included in the December board memo.

- 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: In order to offset the fiscal impact, staff is recommending that the changes in sick leave policy regarding sick leave pay out and sick leave buy back be implemented this fiscal year. The changes to vacation leave accrual can be implemented next fiscal year.

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

See Attachments

- December_2020 Board Memo – Revisions to TFD HR Policies
- SL Policy Changes
- Vacation Policy Changes