

# **Board Action Request**

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

**DATE:** 2/24/2021

**FROM:** Chief Horvath

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**Background:** This item was originally presented in December, 2020 for board review and approval, reviewed and discussed at the January board meeting, and now up for further review and approval at this month's meeting. Board memos for December and January are included as attachments to this memo.

At the January meeting, the fire board asked for additional information from staff regarding similar policies at other fire districts. The District's HR consultant has provided additional information via a spreadsheet titled "SL Comparisons with other Fire Districts." Unfortunately, many fire districts included in the comparison utilize Paid Time Off (PTO) policies in lieu of separate Sick Leave and Vacation Leave policies. Area fire districts such as Rio Rico Fire & Medical District and Green Valley Fire District both have separate Sick Leave and Vacation Leave policies and the information regarding sick leave accrual and payout upon separation is included on the spreadsheet. Both fire districts also offer an annual vacation buyout (not included on the spreadsheet), which is not a benefit that Tubac Fire District currently has or is considering as part of these proposed changes.

The proposed changes staff is recommending for the FY 20/21 fiscal year are as follows:

1. Sick Leave, Section C & D: Eliminate the annual conversion of sick leave hours to vacation leave and instead offer an annual sell back option as outlined in the proposed policy, Sick Leave Policy Changes.
2. Sick Leave, Section O: Eliminate the 1500, 3000 and 4500 benchmarks for sick leave payout as these accruals are not realistic (currently only one employee at TFD has over 1500 hours and he is a 30-year employee). Accrued sick leave is only paid out upon retirement. Adopt a tiered system as proposed in the Sick Leave Policy Changes that includes:
  - a. The first 750 hours shall be paid at 25%
  - b. Accrued hours between 750 – 999 shall be paid out at 50%
  - c. Accrued hours in excess of 1,000 shall be paid out at 75%
3. Sick Leave, Section P: Minor language change to be consistent with current policy.

Current district employee demographics:

- 50% of the 24 suppression employees have less than 10 years of service. 10 have less than 5 years of service.
- Of the 28 employees who would be eligible for this benefit upon retirement, the average sick leave accrual bank (excluding the employee at 1,800 hours) is 378.12 hours.

- Of the 5 employees who are eligible to retire in the next four years (excluding the employee with 1,800 hours) with 20 years of service, the average sick leave accrual bank is 426.62 hours.

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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.
- 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:** Staff is recommending the changes in sick leave policy for implementation this fiscal year. The changes to vacation leave accrual can be deferred and discussed at a later date.

**Proposed Motion:** Move to approve the proposed changes to the TFD Sick Leave Policy.

See Attachments

- December, 2020 Board Memo – Revisions to TFD HR Policies
- January, 2021 Board Memo – Revisions to TFD HR Policies
- SL Policy Changes
- Vacation Policy Changes
- SL Comparisons with other Fire Districts