

# RESOLUTION 2020-20 ADOPTING PERSONNEL AND FINANCIAL MANAGEMENT POLICY AMENDMENTS



June 11<sup>th</sup>, 2020

# Policy Amendments

## I. Personnel – for Health and Safety

### POLICY SECTION 904

Allows for employees that have an accumulation of over 480 hours of Sick Leave in a year has the option to convert two hours of sick leave to one hour of vacation or be paid out 50% of the cash value.

### CONTINGENCY

Since it is not known which specific departments will incur these expenditures, \$55,000 is in the general fund contingency, pending outcome of this policy.

### RECOMMENDATION

As one cost cutting measure and, most importantly, to encourage sick employees to stay home, is for Town Council to consider a resolution to temporarily suspend the policy.

Being a calendar year policy, if approved, any sick leave hours accumulated over 480 hours as of the last full pay period ending in June 2020, may be converted to 1 hour of vacation for every 2 hours of sick or paid out at 50% of the cash value (per current policy)

Thereafter, Sick Leave will continue to be earned but not paid out until the suspension is lifted and/or a new policy is put into place.



# Policy Amendments

## II. Financial Management – for Flexibility

### CONTINGENCY AND RESERVES #2

A reserve equal to at least 90%, but not more than 110%, of the annual operating budget (General and HURF funds) operating expenditures will be maintained. The amount will be calculated using the budgeted expenses for the following year. The reserve is to be used for unforeseen emergencies, such as a significant loss of revenues or catastrophic impacts on the Town. At the time the Town Council approves the use of the reserve below 90%, it will also identify the time period over which the reserve will be replenished.

(Work session 04/28/2016)

### RECOMMENDATION

A reserve ~~no less than equal to at least~~ 90%, ~~but not more than 110%~~, of the annual operating budget...

A reserve no less than 90% of the annual operating budget...

### REASONING

There isn't an "assigned" balance designated, like facilities and fleet, for the emergency reserve. It is part of the total unassigned General Fund balance.

Also, why cap it at 110% if Council believes periodically carrying a higher amount is prudent.



# Policy Amendments

## II. Financial Management – for Clarity

### OPERATING #13; AND CAPITAL #7

Construction sales tax in excess of \$0.5 million will be transferred from the operating budget to the CIP fund to provide a dedicated CIP funding. (Work session 04/28/2016)

### BACKGROUND CAPITAL #1, #5

- #1: A five-year capital improvement plan shall be prepared and updated each year. (Adopted 02/26/2009; Amended 04/26/2016)
- #5: A separate capital project fund shall be created. All funds accumulated in this fund shall be used exclusively for capital projects, but only after specific authorization by the Town Council. (Adopted 02/26/2009)

Process was to transfer more than Construction TPT and not directly tied to specific projects or reconciled to actual project spending. Funds accumulated in the “Project” fund. The “Project” fund became synonymous with “CIP” fund and pooled projects funded with Excise Tax Proceeds.

### RECOMMENDATION

“Construction sales tax in excess of \$0.5 million will be ~~transferred from the operating budget to the CIP fund to provide a dedicated CIP funding.~~ assigned to fund the CIP including projects and capital improvement debt obligations.

### RATIONALE / CLARITY

CAP#1 refers to “Capital Improvement Plan”. CIP commonly includes financing to maintain necessary cash flows for the “Projects”, and repaying related debt. The “Construction sales tax” is pledged revenue in the Town’s CIP Excise Tax Obligations. There is adequate construction TPT for the CIP (including pay-as-you-go projects and debt payments).

Because the Town’s CIP required more general revenues than the “Construction TPT”, the need for clarity was mute. In CAP#5, it is believed that Council has authority to move money out of the “Project” fund.

### OPERATING BUDGET POLICIES

~~13. Construction sales tax in excess of \$0.5 million will be transferred from the operating budget to the CIP fund to provide a dedicated CIP funding.~~

### CAPITAL BUDGET POLICIES

7. Construction sales tax in excess of \$0.5 million will ~~be transferred from the operating budget to the CIP fund to provide a dedicated CIP funding.~~ assigned to fund the Capital Improvement Plan including capital improvement projects and capital improvement debt obligations.



### CONTINGENCY AND RESERVE POLICIES

2. A reserve no less than ~~equal to at least 90%, but not more than 110%~~ of the annual operating budget (General and HURF funds) operating expenditures will be maintained. The amount will be calculated using the budgeted expenses for the following year. The reserve is to be used for unforeseen emergencies, such as a significant loss of revenues or catastrophic impacts on the Town. At the time the Town Council approves the use of the reserve below 90%, it will also identify the time period over which the reserve will be replenished.



### SECTION 904

J. Sick leave accumulated in excess of 480 hours must be converted on the 15th of December each year to either vacation time or cash value. If converted to vacation time, the conversion shall be one hour of vacation for every two (2) hours of accumulated sick leave in excess of 480 hours. If converted to cash value the conversion rate shall be made at 50% of the employee's current hourly wage multiplied by the number of hours in excess of 480 hours.

#### NOTE:

To encourage sick employees to stay home, Section 904 (J) is temporarily suspended.

As a transition, any sick leave hours accumulated over 480 hours as of the last full pay period ending in June 2020, may be converted to 1 hour of vacation for every 2 hours of sick or paid out at 50% of the cash value.

Sick leave will continue to be earned but not paid out until the suspension is lifted and / or a new policy is put into place.





# Recommendation:

## Adopt Resolution 2020-20 Adopting Personnel and Financial Management Policy Amendments



June 11<sup>th</sup>, 2020