



TOWN OF APPLE VALLEY TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council **Date:** June 23, 2015

From: Nikki Salas, Director of Human Resources/Risk Management
Human Resources Department **Item No:** 9

Subject: ADOPT RESOLUTION NO. 2015-23, A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY, CALIFORNIA, AMENDING THE PERSONNEL POLICY AND PROCEDURE MANUAL

T.M. Approval: _____ **Budgeted Item:** Yes No N/A

RECOMMENDED ACTION:

That the Town Council adopt the attached Resolution No. 2015-23, a Resolution of the Town Council of The Town of Apple Valley, California, amending the Personnel Policy and Procedure Manual for the Town of Apple Valley.

SUMMARY:

With the approval the Town of Apple Valleys' FY 15/16 budget on June 9, 2015 (Resolution No. 2015-12), the Human Resources Department updated Section 4.11 Retiree Health Insurance Program in the Town's Personnel Policy and Procedure Manual to reflect the new Retiree Health Savings Plan.

Additionally, after a review of the Personnel Policy and Procedure Manual by Human Resources staff, in coordination with the Town Attorney's Office, the following sections of the manual are also being updated: 4.4 Continuation of Benefits Coverage, 4.7 Retirement Program, 4.11 Retiree Health Insurance Program, 5.2 Exempt Benefit Levels, 5.3 Absences – Exempt Employees, Section 6.1 Sick Leave for Full-Time Employees, 6.2 Sick Leave for Part-Time and Seasonal Town Employees, 6.4 Kin Care, 6.6 Floating Holiday, and 6.14 Administrative Leave. With the addition of Section 6.2 and Section 6.4 within Rule 6, the Table of Content, Index, and remaining sections of Rule 6 will be renumbered as appropriate.

BACKGROUND:

On May 28, 2015, the Town Council for the Town of Apple Valley held a budget workshop for the upcoming 2015-2016 fiscal year budget. During the budget workshop, Marc Puckett, Assistant Town Manager highlighted the change to the Retiree Health Insurance Plan increase included in the upcoming fiscal year's budget. The Town's current retiree health care plan will remain open to existing employees hired by June 30, 2015. Effective July 1, 2015, all new and existing full time employees will make a mandatory contribution of .5% into the new retiree health care savings plan with the Town of Apple Valley contributing a .5% matching contribution.

In addition to the change in the retiree health care program, effective July 1, 2015, California employers are required to offer sick leave to all seasonal and part time employees. The Human Resources Department, working with the Town Attorney's office, reviewed a number of sections of the Town's leave provisions and proposes adjustments to the listed sections of the Town's Personnel Policy and Procedure Manual in accordance with applicable rules, regulations, and laws.

FISCAL IMPACT:

The Finance Department budgeted for the costs in the Fiscal Year 2015/2016 adopted budget.

ATTACHMENTS:

Resolution No. 2015-23 and Exhibit A

RESOLUTION NO. 2015-23

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY, CALIFORNIA, AMENDING THE EMPLOYEE BENEFIT PLAN, SALARY SCHEDULE, AND PERSONNEL POLICY AND PROCEDURE MANUAL FOR THE TOWN OF APPLE VALLEY

WHEREAS, the Town Council of the Town of Apple Valley has established the Personal Policy and Procedure Manual for the Town of Apple Valley employees; and

WHEREAS, the Town Council of the Town of Apple Valley wishes to modify sections of the Policy and Procedure Manual for the Town of Apple Valley employees.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Rule 4, Section 4.4 Continuation of Benefits Coverage shall be amended in its entirety as provided in Exhibit A.
2. Rule 4, Section 4.7 Retirement Program shall be amended in its entirety as provided in Exhibit A.
3. Rule 4, Section 4.11 Retiree Health Insurance Program shall be amended in its entirety as provided in Exhibit A.
4. Rule 5, Section 5.2 Exempt Level Benefits shall be amended in its entirety as provided in Exhibit A.
5. Rule 5, Section 5.3 Executive Management shall be amended in its entirety as provided in Exhibit A.
6. Rule 6, Section 6.1 Sick Leave for Full-Time Town Employees shall be amended in its entirety as provided in Exhibit A.
7. Rule 6, Section 6.2 Sick Leave for Part-Time and Seasonal Town Employees shall be amended in its entirety as provided in Exhibit A.
8. Rule 6, Section 6.4 Kin Care shall be amended in its entirety as provided in Exhibit A.
9. Rule 6, Section 6.6 Floating Holiday shall be amended in its entirety as provided in Exhibit A.
10. Rule 6, Section 6.14 Administrative Leave shall be amended in its entirety as provided in Exhibit A.
11. Said changes shall become effective on July 1, 2015.
12. All resolutions, parts of resolutions in conflict herewith are hereby amended to be consistent herewith.

Unless otherwise noted, the effective date of this Resolution shall be July 1, 2015.

APPROVED and **ADOPTED** by the Town Council of the Town of Apple Valley
this 23rd day of June, 2015.

Larry Cusack, Mayor

ATTEST:

La Vonda M-Pearson, Town Clerk

EXHIBIT A

Section 4.4 Continuation of Benefits Coverage

The Town shall continue contributions to the employee benefit plan and to group life insurance programs of those regular employees placed on leave of absence with pay for the duration of the leave of absence. Employee contributions to such programs shall be deducted from salary payments made to the employee during the paid leave of absence.

Regular employees of the Town placed on approved leave of absence without pay may continue to participate in the Town's benefit programs for the duration of the leave of absence. Town contributions to the benefit plan shall cease on the effective date of the leave of absence without pay. Regular full time employees placed on approved leave of absence without pay who want to continue participation in the benefit programs must advise the Human Resources Department in writing of their intention to do so and shall submit a check for the cost of the applicable coverage to the Finance Department no later than the tenth (10th) day of the month preceding the month for which coverage is effective. An exception to this policy shall be made for employees on federal and/or state family medical leave that are entitled to health insurance contributions.

Employees who are enrolled in the California Public Employees' Retirement System and are placed on approved leave of absence with pay shall continue to accrue length of service credit for retirement purposes for the duration of the paid leave of absence. Employees who are enrolled in the California Public Employees' Retirement System and are placed on approved leave of absence without pay shall not accrue length of service credit for retirement purpose for the duration of the leave of absence without pay.

Section 4.7 Retirement Program

All regular employees shall become members of the California Public Employees' Retirement System (CalPERS) with employee and employer contributions paid in accordance with the appropriate contract provisions between the Town of Apple Valley and CalPERS at the time the employee becomes eligible for CalPERS membership. Refer to the applicable CalPERS plan document.

Section 4.11 Retiree Health Insurance Program

Effective July 1, 2015, all regular full-time employees will participate in the Retiree Health Savings Plan (RHS). The RHS Plan enables employees to save in advance for costs relating to medical expenses once they retire from the California Public Employees Retirement System (CalPERS). The Town of Apple Valley will contribute .5% of based wages into each full time employee's account with vesting occurring immediately. Full-time employees will make .5% tax-free contributions into their individual retiree health savings account. All earning grow tax-deferred, and withdrawals used to pay for qualified medical benefits for participants, their spouses and/or dependents are tax-free. Plan assets remaining at the time of the employee's

death are not forfeited. The account can continue to be used for medical expenses by the employee's spouse or dependents, or passed on to beneficiaries, for their medical expenses.

For those employees hired into full-time benefited position prior to July 1, 2015, the Town will provide a monthly payment depending on the employee's length of service at time of retirement from the Town of Apple Valley. The Town will pay 25% of the employee's medical insurance premium or \$5,000 as a pay-off option in lieu of the medical insurance premium for employees with 10-14 years of Town service, 50% of the employee's medical insurance premium or \$7,500 as a pay-off option in lieu of the employee's medical insurance premium for employees with 15-19 years of Town service, 75% of the employee's medical premium or \$10,000 as a pay-off option in lieu of the medical insurance premium for employees with 20-24 years of Town service and 100% of the employee's medical premium or \$12,500 as a pay-off option in lieu of the medical premium for employees with 25 or more years of Town service. Payments by the Town for the Retiree Health Insurance Program defined above shall continue for a maximum of ten (10) years from the employee's retirement date from the California Public Employee Retirement System (CalPERS). The Town of Apple Valley will apply the above-described percentages to the employee's Part B coverage and Part D (prescription drug) coverage only for those employees receiving Medicare during the ten (10) years period previously described. However, employees are advised that the benefits described in this section are not vested benefits and the Town reserves the right to changes these benefits at any time at the Town's sole discretion.

The actual rules and benefits applicable to the Retiree Health Insurance Program are subject to change by the IRS and the Town. Current rules and plan documents are on file in the Human Resources Department.

Section 5.2 Exempt Benefit Levels

Employees designated as either Professional/Supervisory, Management or Executive Management are not eligible for overtime pay or compensatory time for working hours over and above the normal daily or weekly work schedule. Employees so designated shall be entitled to all benefits provided to general employees and the following:

A. Professional/Supervisory

1. On July 1, the employee will be granted administrative leave in a lump sum of up to a maximum of forty (40) hours. Employees hired after the beginning of the fiscal year (July 1), the employee will receive a lump sum of pro-rated administrative leave based on the number of pay periods remaining in the fiscal year.

2. Deferred compensation program contribution of two percent (2%) of annual salary.

B. Management

1. On July 1, the employee will be granted administrative leave in a lump sum of up to a maximum of fifty-six (56) hours. Employees hired after the beginning of the fiscal year (July 1), the employee will receive a lump sum of pro-rated administrative leave based on the number of pay periods remaining in the fiscal year.
2. Deferred compensation program contribution of three percent (3%) of annual salary.

C. Executive Management

1. On July 1, the employee will be granted administrative leave in a lump sum of up to a maximum of eighty (80) hours. Employees hired after the beginning of the fiscal year (July 1), the employee will receive a lump sum of pro-rated administrative leave based on the number of pay periods remaining in the fiscal year. .
2. Automobile allowance of \$570.00 per month if a Town vehicle is not provided, if approved by the Town Manager.
3. Deferred compensation program contribution of five percent (5%) of annual salary.

Section 5.3 Absences - Exempt Employees

In accordance with the Department of Labor's final regulations implementing a special "salary basis" rule for public sector employees which provides that an otherwise exempt public sector employee who is paid according to "a pay system established by statute, ordinance, regulation, or public policy under which the employee accrues personal leave and sick leave and, absent such accrued leave (because the leave has been exhausted...), requires the public employee's pay be reduced (leave without pay) for absences, for personal reasons or because of illness or injury, of less than one work day," the Town has adopted the following policy:

Under the Town's pay system, a non-contracted exempt employee who is absent for personal reasons or because of illness or injury, for less than one workday or longer, shall have his or her pay subject to reduction for such absence if the employee does not have sufficient accrued vacation, sick leave, or other paid leave to cover such period of absence, if permission for the use of accrued vacation, sick leave, or other paid leave

has not been sought or has been sought and denied, or if the employee chooses to use leave without pay.

RULE 6 LEAVE, VACATION, AND HOLIDAYS

Section 6.1 Sick Leave for Full-Time Town Employees

1. **Accrual.** Full-time Town employees, including those serving a probationary period, shall accrue sick leave for each payroll period completed, prorated on the basis of twelve (12) days per year. Earned sick leave shall be available for use immediately for current employees and on the 90th day of employment for new hires. In no event shall an employee be entitled to receive sick leave with pay in excess of the number of sick leave days accrued at the time of illness. Therefore, an employee who has exhausted sick leave accrual and who is unable to work due to illness or injury will be placed on a vacation status for the duration of the employee's vacation accrual, if any, and may be eligible for a protected leave of absence under California or Federal law. Pursuant to the Town's pregnancy disability leave policy, employees on pregnancy disability leave may, but are not required to use vacation. If the employee has exhausted both sick leave and vacation leave accruals, the employee shall be placed on unpaid status.
2. **Use.** The following are considered appropriate uses of sick leave accrual:
 - a. Employees may use sick leave accrual for personal illness or injury, which incapacitates the employee for duty.
 - b. An employee who is personally undergoing medical, dental, or optical treatment or examination may use sick leave accrual for required time away from work.
 - c. Employees may use sick leave for the diagnosis, care, or treatment of an existing health condition of, or the preventative care for, an employee or an employee's family member or to attend legal proceedings, or obtain medical treatment, counseling or other victims' services for domestic violence, sexual assault, or stalking. Family member for purposes of this section includes a spouse, registered domestic partner, child (a biological, adopted, or foster child, stepchild, legal ward, or a child to whom the employee stands in loco parentis), parent (a biological, adoptive or foster parent, stepparent, or legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child), grandparent,

grandchild and sibling. Leave under this section may also be used for employees who are the victims of domestic violence, sexual assault, or stalking.

- d. An employee quarantined by appropriate authority may use sick leave accruals for the duration of the quarantine period.
3. Bereavement Leave. Sick leave accrual may be used when a death occurs in the immediate family of a regular employee. Such use is limited to ten (10) days and for Bereavement Leave purposes, "immediate family" includes only a spouse, domestic partner, children, parents, parents of current spouse, sister, brother, grandparents, stepparents, or half-brother, half-sister.
4. Minimum charge. The minimum charge against accumulated sick leave shall be fifteen (15) minutes.
5. Notice of Illness. To the extent possible, employees must provide reasonable advance notice of their need for leave under this policy. If the need for leave is not foreseeable, an employee must provide notice as soon as practicable.
6. Maximum accrual. There shall be no limit on the accrual of sick leave. Payment of accrued unused sick leave at a rate of fifty (50%) will occur only upon termination of employment provided the employee has completed at **least five** (5) years of full time service with the Town. Employees shall receive vesting of 75% of their sick leave at the beginning of their fifteenth (15th) year of service and shall receive vesting of 100% of their sick leave at the beginning of their twentieth (20th) year of service with the Town. However, in the case of retirement from the California Public Employees Retirement System, the employee shall receive one hundred percent (100%) credit for unused sick leave as it relates to service credit with the Public Employees Retirement System. (Employees with less than five [5] years of service must reference Section 6.19 Sick Leave Conversion.)

At retirement or separation from Town service, all exempt employees shall make a mandatory contribution of 100% of the sick leave that they are entitled to, up to the applicable IRS limits, into the Town's Nationwide 401a deferred compensation plan. Contributions in excess of the IRS limits, if any, at the time of separation will be paid out to the employee. Employees are permitted to withdraw funds from this account after

separation from Town service or at retirement, in accordance with IRS regulations.

7. Illness during vacation leave. Employees who become ill while on approved vacation leave may request to have vacation time converted to sick leave upon notification to the Human Resources Director.
8. Non-regular employees. Part-time, temporary, and seasonal employees shall be eligible for sick leave pursuant to the policy in section 6.2.
9. Return from sick leave. Upon expiration of the leave, an employee will generally be reinstated to his or her position with equivalent seniority, benefits, pay and other terms and conditions of employment.
10. Relationship with other leave policies. If a law, regulation, or policy provides for greater accrual or use of sick days, the law, regulation, or policy with the greater protection may apply. For questions regarding the interplay between your entitlement to leave under other laws, regulations, or Town policies and your entitlement to leave under the Paid Sick Leave Act, please contact the Human Resources Director.
11. Use of Disability Insurance. Employees who wish to use Disability Insurance for any period of a sick leave absence are required to notify the Town prior to the first day of any absence. In such cases, the employee's timecard should reflect such use by a reduction in the number of sick leave hours recorded. Employees who apply for Disability Insurance and fail to inform the Town by adjusting their hours on their timecard will be subject to disciplinary action up to and including discharge.
12. Misuse. Evidence substantiating the abuse and misuse of the sick leave benefit shall result in denial of sick leave with pay and may result in disciplinary action, up to and including discharge.

Section 6.2 Sick Leave for Part-Time and Seasonal Town Employees

1. Beginning July 1, 2015, the Town of Apple Valley will provide paid sick leave to all part-time and seasonal employees who have worked thirty (30) days or more since their hire date with the Town of Apple Valley. Earned sick leave shall be available for use immediately for current employees and on the 90th day of employment for new hires. Employees are provided with 24 hours, or three days, whichever is greater, of sick leave at the beginning of each fiscal year on July 1. Employees hired after July 1, will receive a pro-rated amount of sick leave based on the number of pay periods remaining in the fiscal year.

2. Sick leave under this section may be used for the diagnosis, care, or treatment of an existing health condition of, or the preventative care for, an employee or an employee's family member or to attend legal proceedings, or obtain medical treatment, counseling or other victims' services for domestic violence, sexual assault, or stalking. Family member for purposes of this section includes a spouse, registered domestic partner, child (a biological, adopted, or foster child, stepchild, legal ward, or a child to whom the employee stands in loco parentis), parent (a biological, adoptive or foster parent, stepparent, or legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child), grandparent, grandchild and sibling. Leave under this section may also be used for employees who are the victims of domestic violence, sexual assault, or stalking.
3. To the extent possible, employees must provide reasonable advance notice of their need for leave under this policy. If the need for leave is not foreseeable, an employee must provide notice as soon as practicable. Unused paid sick leave under this section is not paid out at time of separation from employment. However, employees who are re-employed with the Town of Apple Valley within a year of separation will have their unused sick bank made available to them.
4. Leave under this policy may run concurrently with leave taken under other applicable policies as well as under local, state, or federal law, including leave taken pursuant to the California Family Rights Act (CFRA) or the Family Medical Rights Act (FMLA). For questions regarding the interplay between your entitlement to leave under other laws, regulations, or Town policies and your entitlement to leave under the Paid Sick Leave Act, please contact the Human Resources Director.

Section 6.4 Kin Care

Under the "Kin Care" law, employees may use an amount not to exceed six (6) days of the employee's annual sick leave accrual hours (48 hours) to attend to the illness of the employee's child, parent, spouse, or registered domestic partner (as defined in Family Code Section 297) of the employee.

In addition, after the first forty-eight (48) hours an employee, with a doctor certification or with proof of the birth of a child, will be allowed to take up to six (6) weeks of accrued but unused sick leave. For this purpose, "Child" means a biological, foster, or adopted child, a stepchild, a legal ward, or a child of a registered domestic partner or a person standing in loco parentis. "Parent" means a biological, foster, or adoptive parent, a

stepparent, or a legal guardian. All provisions on the use of sick leave by an employee shall also apply to the use by an employee of sick leave to attend to an illness of his or her child, partner, spouse, or registered domestic partner. Please note that employees can use the entire amount of paid sick leave accrued under the Paid Sick Leave Law. Please refer to section 6.1, and contact the Human Resources should you have any questions.

Leave under this policy may run concurrently with leave taken under other applicable policies as well as under local, state, or federal law, including leave taken pursuant to the California Family Rights Act (CFRA) or the Family Medical Rights Act (FMLA).

Section 6.6 Floating Holiday

A floating holiday shall be a holiday on a workday of the employee's choice, which is granted during the fiscal year. Requests for a floating holiday shall be subject to the approval of the employee's immediate supervisor and at such time as will not impair the work schedule and efficiency of the department. Employees are not eligible to use floating holiday until successful completion of six (6) months of continuous service. The floating holiday may be used in conjunction with other vacation and holidays but in no event shall be used in conjunction with sick leave days.

On July 1, the employee will be granted holiday leave in a lump sum of up to three days. Employees hired after the beginning of the fiscal year (July 1), the employee will receive a lump sum of pro-rated holiday leave based on the number of pay periods remaining in the fiscal year. The minimum charge against a floating holiday shall be fifteen (15) minutes.

Unused floating holidays shall be paid off at termination at the employee's rate of pay in effect at the time of termination. Unused floating holidays remaining on the books on June 30, will be paid on the next payroll using the employee's rate of pay as of June 30, of the year the floating holiday was earned.

Section 6.14 Administrative Leave

Administrative Leave shall be granted to employees as specified in Section 5.2 of these Personnel Policies and Procedures. Employees who are eligible to receive administrative leave under these provisions shall not be eligible for overtime compensation.

Employees who are eligible to receive administrative leave shall be entitled to request approved administrative leave beginning on July 1 of each year. Administrative leave may be used at any time during the fiscal year as approved by the employee's supervisor. The employee must complete an administrative leave request form

specifying the number of days leave requested. The appropriate supervisor and/or department head must sign the form.

Unused Administrative leave will not be carried over into the next fiscal year. Instead, employees will be compensated for any unused Administrative Leave at the end of the fiscal year at the employee's rate of pay as of June 30, of the year the Administrative Leave was earned. At the beginning of each fiscal year, eligible employees will be granted a new lump sum of Administrative Leave pursuant to section 5.2.

Employees, who separate from employment, whether voluntarily or involuntarily, will be compensated for any unused Administrative leave at the employee's rate of pay at time of separation.