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SEP 11 2014



**Chandler • Arizona**  
*Where Values Make The Difference*

**Memorandum**

**DATE:** September 11, 2014

**TO:** Mayor and City Council

**THRU:** Rich Dlugas, City Manager *RD*

**FROM:** Debra Stapleton, Director, Human Resources Division *JAS*

**SUBJECT:** Resolution 4762 – Amending Personnel Rule 1, Section 5, Classified and Unclassified Service; Personnel Rule 2, Section 5, Reclassification; Personnel Rule 3; Section 4, Merit Increases and Salary Decreases; Personnel Rule 4, Section 5, Compensation for Pain and Suffering for Employee Injured While On Duty; and Personnel Rule 15, Section 3, Leave Authorization (Sick Leave), and Section 4, Vacation Leave Accrual.

**RECOMMENDATION:** Adopt Resolution No. 4762 amending Personnel Rule 1, Section 5, Classified and Unclassified Service; Personnel Rule 2, Section 5, Reclassification; Personnel Rule 3, Section 4, Merit Increases and Salary Decreases; Personnel Rule 4, Section 5, Compensation for Pain and Suffering for Employee Injured While On Duty; and Personnel Rule 15, Section 3, Leave Authorization (Sick Leave), and Section 4, Vacation Leave Accrual.

**BACKGROUND/DISCUSSION:** Staff proposes amendments to the Personnel Rules to make substantive and administrative changes as follows:

**Personnel Rule 1, Section 5: Classified and Unclassified Service**

The proposed change to Section 5.F. is housekeeping in nature to clarify that the unclassified employees serve at the pleasure of the Council appointee to whom the unclassified employees report.

**Personnel Rule 2, Section 5: Reclassification**

The proposed amendment of Section 5.A. is a housekeeping change to reflect the current notification procedure to incumbents whose positions are reclassified.

### **Personnel Rule 3, Section 4: Merit Increases and Salary Decreases**

In the last two years, the City's Oracle Financial/Payroll system has been enhanced to allow salary changes to occur within a pay period as opposed to the current requirement that they begin only at the beginning of a pay period. The proposed change to Section 4.C. allows the effective date of the merit increase to be established by the City Manager so, if the City chooses to take advantage of the functionality of processing merit increases within the pay period, the Rule is not in conflict.

### **Personnel Rule 4, Section 5: Compensation for Pain and Suffering for Employees Injured While On Duty**

In 2012, the Personnel Rule for Pain and Suffering was changed to allow for incremental increases to the threshold that is used to qualify for pain and suffering benefits. These benefits are provided to employees if the employee's surgical, medical, and/or hospitalization expenses reach a certain threshold. Beginning in 2014, the threshold was to be adjusted annually by the City Manager using a formula that was "equivalent to the annual overall percentage increase to the City's lowest cost medical plan premium." Since the pain and suffering threshold costs are based on the cost of medical services and not directly related to the City's medical plan premiums, City staff recommends that the pain and suffering threshold index be based on the Consumer Price Index of medical care services. This is national index and is more representative of the costs associated with medical care. Further, it is an easy and accessible index that can easily be verified. After discussions with our health plan consultant, our recommendation is to use the unadjusted percent change year over year table of the Medical Care Services category of the Consumer Price Index-Urban (CPI-U). This would result in a 2.5% adjustment to the current pain and suffering threshold of \$80,000 increasing the 2014 threshold to \$82,000. This change to Section 5.D. has no effect on the City's workers' compensation benefit that provides full coverage of medical services required as a result of a work-related injury.

### **Personnel Rule 15, Section 3: Leave Authorization (Sick Leave)**

In 2012, the City outsourced the management of the Family and Medical Leave Act (FMLA) to a third party administrator. This proposed change to Section 3.E. of the Rule is housekeeping in nature and deletes the statement that forms for FMLA are obtained through Human Resources because, under the current process, employees now obtain those forms directly from the City's third party administrator.

### **Personnel Rule 15, Section 4: Vacation Accrual**

The City of Chandler is one of the few cities that have multiple tiers of vacation accrual for various employee groups. It has been the City's goal over the last few years to take steps to equalize the vacation accrual leave for all City employees. This has been an on-going discussion in labor negotiations and we have been successful in negotiating incremental changes with the bargaining groups to that end. The proposed change to this Rule provides for non-represented employees, with the exception of one group that will be grandfathered in their current schedule, to receive the same vacation accrual. Language has been added that non-represented employees

hired on or after September 7, 2014, will be placed on a single vacation accrual schedule regardless of job title or reporting relationship.

**PROPOSED MOTION:** Move to adopt Resolution No. 4762 amending Personnel Rule 1, Section 5, Classified and Unclassified Service; Personnel Rule 2, Section 5, Reclassification; Personnel Rule 3; Section 4, Merit Increases and Salary Decreases; Personnel Rule 4, Section 5, Compensation for Pain and Suffering for Employee Injured While On Duty; and Personnel Rule 15, Section 3, Leave Authorization (Sick Leave), and Section 4, Vacation Leave Accrual.

**RESOLUTION NO. 4762**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AMENDING PERSONNEL RULE 1, SECTION 5, CLASSIFIED AND UNCLASSIFIED SERVICE; PERSONNEL RULE 2, SECTION 5, RECLASSIFICATION; PERSONNEL RULE 3, SECTION 4, MERIT INCREASES AND SALARY DECREASES; PERSONNEL RULE 4, SECTION 5, COMPENSATION FOR PAIN AND SUFFERING FOR EMPLOYEE INJURED WHILE ON DUTY; AND PERSONNEL RULE 15, SECTION 3, LEAVE AUTHORIZATION (SICK LEAVE), AND SECTION 4, VACATION LEAVE ACCRUAL.**

**WHEREAS**, the Human Resources Director is charged with preparing Personnel Rules for the administration of the City's merit system, including any necessary amendments thereto, and

**WHEREAS**, the Human Resources Director proposes amendments to the existing Personnel Rules which address both substantive and administrative matters, and

**WHEREAS**, the proposed amendments have been reviewed by the City Manager and referred for action.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Chandler, Arizona, that the City of Chandler Personnel Rules are amended as follows:

**Personnel Rule 1, Section 5. Classified and Unclassified Service**

*Replace existing Section 5.F. with the following:*

- F. Category 6 of the unclassified service consists of executive level staff positions determined by the City Manager to require strict accountability due to the importance of the positions to the overall management of the City. Employees under category 6 of the unclassified service serve at the pleasure of the Council appointee to whom the unclassified employees report and are subject to all City rules except Rule 5, Disciplinary & Appeal Procedures; Rule 6, Section 4, Return to City Employment; Rule 12, Probation; and Rule 14, Section 3, Lay-off.

**Personnel Rule 2, Section 5. Reclassification**

*Replace existing Section 5.A. with the following:*

- A. If an occupied position is to be reclassified, the occupant shall be notified of the reclassification and assigned to the new class after approval of the reclassification by the City Manager or his designee.

**Personnel Rule 3, Section 4. Merit Increases and Salary Decreases**

*Replace existing Section 4.C. with the following:*

- C. The effective date of approved merit increases shall be established annually by the City Manager. When approved, the effective date of a salary decrease shall be any date set by the Department Director after the employee has been notified.

**Personnel Rule 4, Section 5. Compensation for Pain and Suffering Payment for Employees Injured While On Duty**

*Replace existing Sections 5.B., 5.C., 5.D., 5.E., and 5.F. with the following:*

- B. Beginning January 1, 2012, an employee who sustains a work-related injury, unrelated to a previously approved workers' compensation claim with the City, and whose injury results in surgical, medical, and/or hospitalization expenses of \$70,000 or more shall be entitled to receive pain and suffering payments if the employee's surgical, medical, and/or hospitalization expenses meet or exceed the \$70,000 expense threshold. The employee shall be entitled to receive a pain and suffering payment equivalent to one-third of the eligible surgical, medical and/or hospitalization expenses that have been paid by the City on behalf of the employee.
- C. Beginning January 1, 2013, an employee who sustains a work-related injury, unrelated to a previously approved workers' compensation claim with the City, and whose injury results in surgical, medical, and/or hospitalization expenses of \$80,000 or more shall be entitled to receive pain and suffering payments if the employee's surgical, medical, and/or hospitalization expenses reach or exceed the \$80,000 expense threshold. The employee shall be entitled to receive a pain and suffering payment equivalent to one-third of the eligible surgical, medical and/or hospitalization expenses that have been paid by the City on behalf of the employee.
- D. Beginning January 1, 2014, the City Manager will annually adjust the expense threshold that must be met or exceeded in order for an employee to be eligible to receive pain and suffering payments. The City Manager will adjust the expense threshold every calendar year by the unadjusted percent change year over year of the "Medical Care Services" category of the Consumer Price Index-Urban (CPI-U). When the expense threshold applicable to the year in which the injury occurred is met, the employee shall be entitled to receive a pain and suffering payment equivalent to one-third of the eligible surgical, medical and/or hospitalization expenses that have been paid by the City on behalf of the employee.

- E. Employees who are eligible to receive pain and suffering payments prior to January 1, 2014, will not be affected by the City Manager's annual adjustments to the expense threshold.
- F. Any employee whose work-related injury was sustained prior to January 1, 2012, and whose injury results in surgical, medical, and/or hospitalization expenses of \$40,000 or more, shall be entitled to receive pain and suffering payments if the employee's eligible surgical, medical, and/or hospitalization expenses meet or exceed the \$40,000 expense threshold. The employee shall be entitled to receive pain and suffering payments equivalent to one-third of the eligible surgical, medical, and/or hospitalization expenses that have been paid by the City on behalf of the employee.

**Personnel Rule 15, Section 3. Leave Authorization (Sick Leave)**

*Replace existing Section 3.E. with the following:*

- E. Eligible employees are entitled to Family and Medical Leave as established by the Family and Medical Leave Act (FMLA). Leave requested under FMLA will be administered by policy as established by the City Manager.

**Personnel Rule 15, Section 4. Vacation Leave Accrual**

*Replace existing Section 4 in its entirety with the following:*

- A. A full-time work schedule consists of 52 weeks a year and 80 hours of work during the pay period except for employees of the Fire Department who are assigned to an alternate FLSA 7(k) work period.
- B. Employees that are represented by a recognized employee organization pursuant to the requirements of the City of Chandler Code Section 2-13 shall be eligible for the vacation leave accrual schedule as agreed upon in the organization's current Memorandum of Understanding.
- C. Full-time, regular employees, except those represented as provided under Section B of this Rule and those accruing vacation leave as provided in Section D of this Rule, shall be credited vacation leave as follows for every completed pay period:
  - 4.7 hours per pay period for the first 5 years of service.
  - 5.6 hours per pay period for employees with 5 or more years of service but less than 10 years of service.
  - 6.5 hours per pay period for employees with 10 or more years of service but less than 15 years of service.

- 7.4 hours per pay period for employees with 15 or more years of service, but less than 20 years of service.
  - 8.3 hours per pay period for employees with 20 or more years of service.
- D. Department Directors and regular, full-time exempt employees who on September 7, 2014, are being credited with vacation leave in accordance with the accrual rate below shall continue to be credited vacation leave as follows for every completed pay period:
- 5.6 hours per pay period for the first 5 years of service.
  - 6.5 hours per pay period for employees with 5 or more years of service but less than 10 years of service.
  - 7.4 hours per pay period for employees with 10 or more years of service but less than 15 years of service.
  - 8.4 hours per pay period for employees with 15 or more years of service.
  - 9.3 hours per pay period for employees with 20 or more years of service.
- E. Employees who are credited with vacation leave as provided in Section D of this Rule and who, after September 7, 2014, are no longer reporting to a Department Director as a result of a job or organizational change, shall no longer receive the vacation leave as provided under Section D of this Rule and will receive the credited vacation leave as provided under Section C of this Rule.
- F. Employees hired on or after September 7, 2014, who are not represented by a recognized employee organization pursuant to the requirements of the City of Chandler Code Section 2-13, shall be credited vacation leave as provided under Section C of this Rule.
- G. Regular employees who work less than full-time but 1040 hours or more a year in a budgetarily approved position shall be credited vacation leave on a prorated basis. The prorated basis shall be established by dividing the number of hours scheduled per week by 40 and multiplying by the accrual rate for a full-time employee with the same length of service.
- H. The accrual rate for employees of the Fire Department assigned to work shifts, which require more than 40 hours per week, shall be on a prorated basis. The prorated basis shall be established by dividing the number of hours scheduled per

week by 40 and multiplying by the accrual rate for a full-time employee with the same length of service.

- I. Leaves of absence compensated under the Worker's Compensation statutes shall be considered as paid service for absences no longer than one year and the employee shall continue to accrue vacation leave.
- J. Temporary, full-time employees paid directly by the City of Chandler, who become or already have become regular employees, shall be allowed to credit toward their vacation accrual rate the time worked in a temporary position if the employee served in a temporary, full-time position for at least one year prior to becoming a probationary employee.

PASSED AND ADOPTED BY THE City Council of the City of Chandler, Arizona, this 11th day of September, 2014.

ATTEST:

\_\_\_\_\_  
CITY CLERK

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MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4762 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on the 11<sup>th</sup> day of September, 2014, and that a quorum was present thereat.

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
CITY ATTORNEY

