



<b>STAFF REPORT</b>	
<b>SUBJECT:</b> Amendment to the Management Benefit Plan Section 6-2.5 Executive Leave Account to Establish Consistency to Executive Leave Banks for Management Employees; Resolution No. 2023-04	<b>MEETING DATE:</b> January 5, 2023
<b>SUBMITTED BY:</b> Melissa Swanson, Administrative Services Director/City Clerk	
<b>PURPOSE OF REPORT:</b> <input type="checkbox"/> Information only <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

**WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:**

The City Council is being asked to authorize the amendment to the Management Benefit Plan (hereinafter “the Plan”) Section 6-2.5 Executive Leave Account to establish consistency to Executive Leave banks for Management employees and adopt Resolution No. 2023-04.

**BACKGROUND/DISCUSSION:**

Because management employees are not subject to the Fair Labor Standards Act, also known as FLSA, management employees are not eligible for overtime or compensatory time for any hours worked over forty hours per week. To compensate these exempt employees for hours worked overtime, the City established a bank of accrued hours for management employees, similar to vacation hours, called Executive Leave. The establishment of Executive Leave is a standard practice for FLSA-exempt employees. The current Plan states that management employees are credited forty hours on January 1<sup>st</sup> and another forty hours on July 1<sup>st</sup>, for a total of 80 hours per calendar year. Additionally, the Plan states that any unused executive leave at the end of the calendar year can be carried over to the following year, up to 160 hours.

Upon review of employment contracts, the Plan, and current practice, staff found inconsistencies in the execution of executive leave. City Manager Flora and Administrative Services Director Swanson met with members of the Management unit and, based on those meetings, recommends updates to the Plan to promote consistency and transparency. The proposed updates include:

- Annually crediting 80 hours of Executive Leave to members on the first full pay period following July 1<sup>st</sup>. This will simplify the process for the payroll department.
- Unused Executive Leave as of June 30<sup>th</sup> of each year will be lost.
- Current members with accruals over 80 hours will be allowed to use those additional hours until June 30<sup>th</sup>. All executive leave hours not used by June 30<sup>th</sup> will be forfeited.

Further, while the majority of employees within the Management Benefit Plan are consistent in the application of executive leave, it is possible for the individual employee to negotiate additional terms within their employment contract. For example, the City Manager’s contract allows for 120 hours of

