



## Executive Summary

### City Council Workshop

**AGENDA ITEM:** Employee Handbook Updates

**PREPARED BY:** Jacob Schillander, City Administrator

**RECOMMENDED ACTION:** Discussion

#### Summary:

The proposed updates consolidate vacation and sick leave into a unified Paid Time Off (PTO) system for regular employees, introduce compliance with Minnesota's Earned Sick and Safe Time (ESST) law, and prepare for the upcoming Minnesota Paid Family & Medical Leave program effective January 1, 2026. These changes modernize leave administration, ensure legal compliance, and provide clarity on accruals, usage, and payout provisions.

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#### Key Changes

##### 1. Transition to PTO System

- Combines vacation and sick leave into PTO.
- New accrual schedule based on years of service:
  - 0–2 years: ~80 hrs/year
  - 3–10 years: ~120 hrs/year
  - 11+ years: ~160 hrs/year
- Annual cap: 160 hours; excess forfeited.
- Clarifies PTO payout upon separation with legal considerations.

##### 2. Earned Sick and Safe Time (ESST)

- Compliance with Minnesota law (effective Jan 1, 2024).
- Applies to employees working 80+ hrs/year.
- Accrual: 1 hr per 30 hrs worked; max 48 hrs/year; carryover up to 80 hrs.
- Expanded qualifying uses (illness, domestic abuse, public emergencies, family care).

##### 3. Minnesota Paid Family & Medical Leave

- New section for state program effective Jan 1, 2026.
  - Up to 12 weeks medical + 12 weeks family leave (max 20 weeks/year).
  - Premium cost split 50/50 between City and employee.
  - Job protection and insurance continuation during leave.
4. **Leave Policy Updates**
- Clarifies interaction between PTO, ESST, FMLA, and Minnesota Paid Leave.
  - Adds intermittent leave provisions and notice requirements.
  - Updates funeral, military, jury duty, and unpaid leave sections.
5. **Compliance & Legal Updates**
- Incorporates recent Minnesota statutes on wage disclosure, ESST, and Paid Leave.
  - Adds guidance on PTO payout and unilateral contract considerations.
6. **Formatting & Terminology**
- Replaces “Vacation” and “Sick Leave” references with PTO.
  - Updates tables, examples, and formulas for accrual calculations.

### **Recommendation**

If Council is in agreement with the handbook and there are no other changes, Staff see direction to place this on the Council Consent Agenda for December 15<sup>th</sup>.