

TO: Budget & Finance Committee
FROM: Michelle Sutherland, Administrative Services Director
DATE: March 27, 2026
SUBJECT: Employee Benefits Policy Update

1) Recommended Action:

Place the Employee Benefit Policy Update on the April 21, 2026, City Council consent calendar with a recommendation to approve and adopt the policy updates.

2) Background:

Washington cities are increasingly competing for talent and retaining quality employees. Industry and comparator data suggest three primary benefit areas affect recruitment and retention: vacation accrual schedules, the number of fixed holidays, and the number of floating holidays offered as benefits. Tumwater currently provides 11 paid holidays, 1 floating holiday, and vacation accrual beginning at 8 hours per month, which places the City closer to the lower baseline rather than more competitive peer offerings. If Council wishes to strengthen Tumwater's position in the recruitment and retention of employees, the comparator data supports adding an additional fixed holiday, increasing vacation schedule accruals, and providing additional floating holidays. Moving toward 14–15 total holiday-type days and a stronger vacation accrual schedule would align Tumwater more closely with the more competitive half of the comparator group and improve employee recruitment and retention.

3) Policy Support:

The following recommendations support the council value of "People", "We recognize the vital contributions of our staff and foster a supportive environment that promotes growth, celebrates achievements, and retains talent to serve our community with excellence"; as well as the council priority of "Tumwater Excellence" to refine and sustain a great organization, specifically to "Attract, retain, and promote a talented and diverse workforce".

4) Alternatives:

- Investigate other higher cost retention and recruitment options.
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5) Fiscal Notes:

Increasing employee vacation accruals and adding an additional holiday would have only indirect budget implications because this proposal does not request new appropriations or an immediate increase to the City's adopted budget. Rather, the impact is primarily operational, as additional leave may modestly affect scheduling, service coverage, and the City's accrued leave liability over time. In that context, the proposal is best understood as a compensation and workforce retention adjustment within existing resources, rather than a direct request for additional funding.

6) Attachments:

A. Employee Benefits Policy Update Recommendations