

Minutes of Meeting
PTO Discussion
February 13, 2013
3:00 p.m.

The Kootenai County Board of Commissioners: Chairman Todd Tondee, Commissioner Dan Green and Commissioner Jai Nelson met to discuss the following agenda items. Also present were Finance Director Dave McDowell, Treasurer Tom Malzahn, Chief Deputy Treasurer Laurie Thomas, Chief Deputy Assessor Rich Houser, Solid Waste Director Roger Saterfiel, Judicial Assistant Kathy Booth, Prosecuting Attorney Barry McHugh, and Deputy Clerk Nancy Jones.

- A. Call to Order:** Chairman Tondee called the meeting to order at 3:03 p.m.
- B. Introductions:** There were no introductions made.
- C. Changes to the Agenda:** There were no changes made to the agenda.
- D. Old Business:** There was no old business discussed.
- E. New Business:**

Commissioner Dan Green introduced the committee that has researched Paid Time Off (PTO) options, and gave a brief history of the process that has led that committee to their current proposal. The group began with ideas that had been researched by another committee in 2004, then added new concepts and benefits before presenting these recommendations for Board review and discussion. According to Commissioner Green, the PTO concept could accomplish several goals, including rewarding current employees (to promote retention), providing a benefit that would draw new employees, and promoting personal responsibility among staff. Under the PTO structure, paid sick time off and paid vacation time off would be grouped together into a single time bank. Commissioner Green outlined the various drawbacks to the current plan, including the rush to take time off at the end of the year to avoid losing paid time off, issues in regard to the vacation donation program, and the actual loss of paid time off by long term employees who have reached their maximum time off allotted. Under one separate part of the proposal being presented, the current vacation donation program would be replaced by a voluntary leave bank.

The PTO plan includes several options, and maintains similar maximum accruals as current policies. The maximum sick time accrual would essentially remain at 960 hours; however, that time would be held in a Catastrophic (CAT) Account, accounted for separately than PTO accruals. Currently, the maximum vacation accrual time is 240 hours, which would remain as the maximum PTO accrual amount (to be used for sick, personal, or vacation time off until the CAT account could be used). At the end of each calendar year, any employee with at least 120 hours of accrued PTO time could choose to transfer up to 80 hours of PTO into their CAT account at a one-to-one conversion rate (100%), could request a cash out option at a discounted rate of fifty percent (50%) or could contribute into a Voluntary Employee Beneficiary Association (VEBA) account, which could be used for out-of-pocket medical costs, at a discounted rate of seventy percent (70%). The CAT Account could only be accessed after five sick days off and with a written doctor's notice, or after three days off with a qualified FMLA event. In order to offset program buyout costs, employee time off accruals would be decreased by two hours per pay period, compared to the current policy.

Chairman Tondee expressed concerns about the potential increased costs of the proposed PTO policy, and stated that he does not feel the plan would help with employee retention. Commissioner Nelson asked if it would be possible to do a fiscal analysis of potential cost benefits and drawbacks. Commissioner Green and Chief Deputy Assessor Rich Houser explained the difficulties in providing exact dollar amounts because of several variables, including not being able to predict how many employees would elect each transfer option.

Finance Director Dave McDowell presented a report estimating maximum payout amounts of \$395,000, stressing that amount would only apply if one hundred percent (100%) of eligible employees took no time off and converted at the maximum transfer amount. Mr. McDowell indicated that the anticipated percentage of employees who would exercise that option would be approximately twenty percent (20%), and that more than forty percent (40%) of employees would not currently be eligible for transfers because they do not hold the suggested minimum requirement of 120 accrual hours.

Commissioner Green explained that an additional benefit of this program is that the CAT and VEBA amounts would be funded, versus the current vacation buyback guidelines (which is an unfunded liability), and that the current policy allowing for rollover of overages would be eliminated.

Chairman Tondee expressed surprise at the proposed accrual limits, stating that he had anticipated time off accruals to be reduced further, possibly to a maximum of 160 to 200 per year, in order to offset PTO buyout liabilities. The committee noted that maximum buyout times would apply (suggested at an 80 hour maximum), and the group discussed the specific ways that exempt employees would be affected by the change to PTO. Mr. Houser noted that in comparisons with the established PTO procedures of other public entities, including Kootenai Medical Center, the City of Post Falls, and the City of Hayden, the committee recommendations include fewer benefits than any of the other public entities that were reviewed.

Commissioner Green also explained that unscheduled time off would not necessarily be paid under the PTO plan. Only scheduled time off would be guaranteed paid time off under the anticipated guidelines. The Board and the Committee discussed several ways in which they feel PTO promotes productivity more than the current time off policy.

Chairman Tondee suggested reducing the accrual amounts, but possibly eliminating the 120 hour minimum accrual requirement to participate in the buyout portion of the program. Chairman Tondee also suggested reducing the maximum paid time off each year, instead increasing pay rates. Commissioner Green explained that the committee had considered that option, but found little employee support for that alternative. The committee members and the Board agreed to consider the information discussed, and to meet again to discuss in further detail at a later date.

F. Staff Reports: There were no staff reports.

G. Public Comment: This section is reserved for citizens wishing to address the Board regarding a County related issue. There was no public comment.

The meeting was adjourned at 4:47 p.m.

Respectfully submitted,

CLIFFORD T. HAYES, CLERK

BY: _____
Nancy A. Jones, Deputy Clerk