

Livermore Area Recreation and Park District Staff Report

TO: Chair Faltings and Board of Directors

FROM: Mathew Fuzie, General Manager
Jeffrey Schneider, Business Services Manager
Megan Shannon, Human Resources Officer

DATE: March 30, 2022

SUBJECT: Proposed District Notice 0010 – Vacation Buy-Back Program

COMMITTEES: Personnel Commission February 1, 2022 (recommended approval)
Personnel Committee February 8, 2022 (recommended approval)

The attached, proposed District Notice (DN) is intended to set forth the guidelines for future vacation buy-back opportunities. The General Manager is recommending that the Board of Directors approve the District Notice and provide another method for the BOD to consider during the budget process to provide employee benefits.

Background: The District has not consistently provided the option for an employee to sell their unused vacation time back to the District, a process better known as a Vacation Buy-Back Program.

Vacation Buy-Back: A Vacation Buy-Back Program would provide the Board of Directors and Management another option to consider while building annual budgets. If built into the annual suite of offered benefits, it would give our employees the option to receive a cash payment from the District for unused vacation hours. This benefit is a commonly used offering which allows for flexibility in lean years and a one-time benefit which helps employees while reducing the District's financial liability.

Financials – Key Variables: Several key variables are in play when Staff model various expense outcomes associated with the proposed program:

1. Maximum number of hours that the District will buy-back from each employee
2. Minimum number of vacation hours that can remain after the buy-back process
3. For budgeting purposes, we would assume 100% participation of eligible employees

Recommendation Specific to 2022: In its presentation to the Board at its March 9, 2022 Budget Workshop and subsequent Board meeting, Staff presented, and the Board approved, the Mid-Year (Final) Budget proposal for Fiscal Year (FY) 2021-2022 which included \$116,837 for the District to buy-back vacation balances in May, 2022.

Staff recommends that the Board adopt the proposed Vacation Buy-Back Program District Notice. In doing so, it is important to note the District Notice's language that indicates this program is to be revisited with the Board each year and will be offered at the discretion of the Board.

If the Board decides to approve the proposed Vacation Buy-Back Program District Notice, already built into the approved final budget for fiscal 2021/2022 budget are the program assumptions below;

- A. Setting the maximum number of hours that can be bought by the District (per person) for FY21-22 at 40 hours (this can and will be revisited each year); and
- B. Setting the minimum vacation balance that must remain in place following the District's purchase of vacation hours at 80 hours (again, this can and will be revisited each year).

Attachments:

- A. Proposed District Notice 0010 – Vacation Buy-Back Program

ATTACHMENT A

TO: All Staff

FROM: Mathew Fuzie, General Manager

DATE: April 1, 2022

SUBJECT: District Notice 0010 – Vacation Buy-Back Program

Each year, at the discretion of the Board of Directors (*), employees may have the option to elect to sell a portion of their unused vacation accruals back to the District in a Vacation Buy-Back Program. During the budget process, staff will work with the Board of Directors to determine the maximum number of hours which each employee may sell. To account for unanticipated absences, a minimum balance of vacation hours must remain at the conclusion of each buy-back transaction. Employees with vacation balances below the required minimum will be ineligible to participate in the program.

In years where the program is approved, vacation buy-back election forms shall be submitted to the Human Resources division by the specified due date. Failure to submit an election form shall be the same as electing not to sell vacation accruals. Specific procedures and timelines will be distributed annually.

Aside from vacation, no other types of leave accruals shall be subject to this program.

All approved vacation cash out payments will be subject to all applicable taxes, though no other deductions will be taken aside from those associated with the Alameda County Employees' Retirement Association (ACERA) pension program members who are in Tiers 1 or 3, whose hours will be counted as pensionable income.

(*) Each year, in conjunction with the General Manager, the Board of Directors will decide on the availability of the Vacation Buy-Back Program as a component of the annual budget process which is completed in June.