



Pay Practices Policy

Policy No. C-02¹

The Scope of this policy includes the following individuals:²

- ✓ Employees (Non-exempt and non-represented employees including: Probationary Employees and Civil Service Employees, Part-Time Employees and Temporary Employees)

I. PURPOSE

To establish the procedure for the accrual, recording, and utilization of the City's different types of compensation such as overtime, call-back overtime, phone overtime, standby compensation, shift differential compensation, compensatory time off, and holiday compensation.

II. POLICY APPLICATION

The City is committed to ensuring that all employees are fully paid in accordance with the applicable wage or salary arrangements established, including those wages or salaries set forth in a collective bargaining agreement. Employees should review their time records and payroll checks carefully and immediately notify their supervisor if they suspect an error.

Described below are the different types of compensation paid to non-exempt employees under certain circumstances. Non-exempt employees whose assignments and/or duties qualify for more than one (1) type of overtime compensation for the same function will not receive payment of more than 1.5 times their regular rate of pay for that specific function. Non-exempt employees should contact their Human Resources Business Partner if they have any questions regarding the City's pay practices.

¹ This policy is not to be construed as a contract or an implied contract concerning any employment-related decision or term or condition of employment. The City reserves the right to revise, delete or add to any and all policies, procedures, work rules or benefits stated in this policy at its sole discretion. See Introduction, Administrative Policy No. A-01.

² The relevant definitions for the individuals identified in the Scope of this policy are defined in Introduction, Administrative Policy No. A-01. Part-time and Temporary employees are compensated for overtime work in accordance with the Fair Labor Standards Act.

Section II(A)-(G) applies to non-represented employees who hold a non-exempt position including: Probationary Employees and Civil Service Employees. Section II(H) applies to Part-Time Employees and Temporary.

A. Regular Overtime

As necessary, non-exempt employees may be required to work overtime from time to time. The City provides compensation for all overtime hours worked by non-exempt employees in accordance with state and federal law. Supervisors and managers will attempt to provide non-exempt employees with reasonable notice when the need for overtime arises. However, advance notice may not always be possible.

A non-exempt employee may not work overtime hours without authorization from their supervisor. It is a violation of City policy to work overtime without advance authorization.

An exempt employee is expected to work as much of each workday as is necessary to complete their job responsibilities. No overtime or additional compensation is provided to exempt employees.

Non-exempt employees who work in excess of their standard scheduled work day or in excess of their thirty-eight (38) or forty (40) hour work schedule will receive payment of regular overtime. Regular overtime is reported in six (6) minute increments, rounding to the next highest increment if the assignment ends during a six (6) minute increment. Regular overtime is paid at 1.5 times the non-exempt employee's regular rate of pay. Paid leaves (vacation/PTO, sick, bereavement, etc.) are considered time worked for the purpose of calculating overtime.

B. Call-Back Overtime

Call-back overtime occurs when a non-exempt employee's standard work shift has ended and is not in a paid status, but the employee is called back to work and must report within twelve (12) hours of the call. If a non-exempt employee is called and accepts call-back overtime and reports to work, the employee will receive a minimum of two (2) hours of call-back overtime. Call-back overtime worked in excess of two (2) hours is reported in six (6) minute increments, rounding to the next highest increment if the assignment ends during a six (6) minute increment.

A non-exempt employee called back and required to report within two (2) hours of the beginning of the employee's scheduled shift will not receive a minimum of two (2) hours of call-back overtime. Rather, the non-exempt employee will receive call-back overtime for the period between when they reported to work until the beginning of the employee's scheduled shift, at which time the employee will receive their regular hourly pay.

Call-back overtime is paid at 1.5 times the non-exempt employee's regular rate of pay. Only employees enrolled in PERS prior to January 1, 2010, will code time as call-back; all other employees will use the overtime codes.

C. Phone Overtime

A non-exempt employee is eligible for one (1) hour of phone overtime if the employee is contacted by phone or other technology and assists in resolving an immediate operational issue thereby eliminating the need for the employee to report to work outside of the employee's standard scheduled work shift. The non-exempt employee must spend six (6) minutes or more (up to an hour) assisting to resolve the immediate operational issue in order to receive one (1) hour of phone overtime. Time spent by a non-exempt employee that does not meet or exceed six (6) minutes is generally considered *de minimis* and not compensable. Additionally, calls are not compensable if the inquiry is incidental in nature and unrelated to purpose of the work expected to be performed while on phone overtime (i.e., not directly related to an immediate operational issue). An example of "incidental in nature" would be a call inquiring about the location of a set of keys or a piece of equipment. Phone overtime in excess of one (1) hour is reported in six (6) minute increments, rounding to the next highest increment if the assignment ends during a six (6) minute increment. Phone overtime is paid at 1.5 times the employee's regular rate of pay.

Phone compensation on a holiday will be treated in the same manner, unless the employee is required to physically report to work to resolve the issue, in which case please refer to "Call-back on a Holiday" in the "Holiday Compensation" provision.

D. Standby Compensation

Standby compensation is intended to compensate a non-exempt employee for the inconvenience of having to be ready and available to report to work, as well as remaining fit-for-duty, during a standby period that is outside of the employee's regular shift. Standby shifts are scheduled in twelve (12) hour shifts or fourteen (14) hour shifts (when the shift is adjacent to their regular shift). Employees will be paid one (1) hour of time (paid at 1.5 times regular rate of pay) for each scheduled Standby shift. If an employee receives a call while on Standby, then their time shall begin being compensated as Phone Overtime. If an employee is required to report back to work while on Standby, then their time shall begin being compensated as Call-Back Overtime. An employee on a Standby shift who responds to a call or reports to work while on Standby, will be compensated for the Standby shift in addition to receiving Phone Overtime and/or Call-Back Overtime.

Additional guidelines for standby compensation are as follows:

- A department supervisor or manager must assign the non-exempt employee to standby status.
- The non-exempt employee must be available and ready to respond to a call via the employee's cellular or home phone.
- The non-exempt employee must remain "fit-for-duty" while on standby status, defined as being in the same physical condition as is required for the employee's regular work hours.

E. Shift Differential Compensation

Non-exempt employees who work the majority (51%) of their regularly scheduled shift after 2:00 p.m. receive swing shift differential compensation. Swing shift differential compensation is in the amount of 4% of the non-exempt employee's regular rate of pay. Non-exempt employees who work the majority (51%) of their regularly scheduled shift after 8:00 p.m. receive night/grave shift differential compensation. Night/grave shift differential compensation is in the amount of 6% of the non-exempt employee's regular rate of pay. Shift differential compensation is paid on all hours worked by the employee as well as used paid time off ("PTO") and sick leave. However, shift differential compensation does not apply to flex time hours worked.

F. Compensatory Time Off

A non-exempt employee who works regular overtime may elect to be paid regular overtime at 1.5 times the employee's regular rate of pay or receive compensatory time off ("comp time") in lieu of regular overtime. The employee's election of comp time in lieu of regular overtime is completely voluntary. Non-exempt employees cannot be required to elect comp time in lieu of regular overtime.

Non-exempt employees who voluntarily elect comp time will accumulate it for the fiscal year up to the maximum hours allowable under the Fair Labor Standards Act (FLSA), which is currently two-hundred and forty (240) hours. Non-exempt employees cannot elect to receive comp time in lieu of other types of overtime compensation (such as call-back overtime).

Non-exempt employees accumulate comp time at 1.5 times the overtime hours worked. Non-exempt employees must enter the actual number of hours worked and the system will automatically compute the comp time earned. For example, if a non-exempt employee works 9.5 hours of overtime, the employee should enter 9.5 CTOTE and will receive 14.25 hours of comp time.

Non-exempt employees may use comp time on an hour per hour basis. For example, if a non-exempt employee requests time off for a ten (10) hour shift, the employee will utilize

ten (10) hours of comp time. Non-exempt employees must use all accumulated comp time prior to the end of each fiscal year and cannot carry any comp time over to the next fiscal year. If a non-exempt employee has any accumulated and unused comp time at the end of the fiscal year, the employee will be paid the comp time balance at the employee's regular rate of pay in effect at the time the employee receives such payment. Payment will automatically be made in the last paycheck distributed before June 30th each year. Non-exempt employees cannot receive payment of any accrued and unused comp time prior to the automatic end of the fiscal year distribution. Upon termination of employment, an employee with unused comp time will be paid for such time at the higher of: the average regular rate received by the employee during the last three (3) years of the employee's employment in a non-exempt position, *or* the final regular rate received by the employee.

A non-exempt employee who is paid at an out-of-class rate is not eligible to elect comp time in lieu of regular overtime. Requests to use comp time will not be granted if it results in the need for overtime staffing.

G. Holiday Compensation

If non-exempt employees are required to report to work on a holiday, they will receive two (2) times their regular rate of pay for all hours worked from 12:00 a.m. through 11:59 p.m. on the holiday, in addition to holiday pay for their standard work shift. If a holiday falls on a day an employee is not usually scheduled to work and the employee is not required to work, the employee will receive a banked holiday. The paid holidays that the City observes are set forth in the Leave and Holidays Policy, Administrative Policy No. C-04.

Scheduled Overtime on a Holiday: If a holiday falls on a day an employee is not usually scheduled to work but is required to work, the employee will receive two (2) times the non-exempt employee's regular rate of pay for all hours worked and a banked holiday.

Standby on a Holiday: If an employee is required to standby on a holiday, then the employee shall be compensated in accordance with the Standby Compensation, Section D of this policy.

Call-back on a Holiday: If an employee is called-back to work, then the employee shall be compensated for a minimum of two (2) hours of pay, paid at a rate of two (2) times the non-exempt employee's regular rate of pay.

Information regarding Banked Holiday payout is set forth in the Leave and Holidays Policy, Administrative Policy No. C-04.

H. Overtime for Part-Time and Temporary Employees

All Part-Time and Temporary Employees will earn overtime per FLSA standards, currently as follows: FLSA overtime pay for non-exempt employees is computed based on total hours actually worked, in excess of 40 hours in a work week.

I. Other Compensation

Designated non-represented positions and/or individuals may be approved to receive other forms of additional compensation, such as Bilingual Pay or Uniform Pay. The City has full discretion to establish the requirements, payment amounts, eligibility process, administration, and any other parameters.

All additional pay outlined in this policy will cease if an employee enters Leave Without Pay (LWOP) status for 50% or more of the month.

III. APPROVAL

APPROVED BY:

Richard Derrick, City Manager/CEO

REVIEWED BY:

Nicholas Vaskov, City Attorney

Brooke Stream, Director of Human Resources

Record of approved document can be obtained through the Human Resources Department.

ORIGINAL EFFECTIVE DATE: 2/16/2016
REVISION DATE(S): 10/17/2016; 7/2/2019; 5/17/2022