

**City of Lawrence
City Commission**

MEMORANDUM

DATE: November 15, 2010

TO: Mike Amyx - Mayor
Dave Corliss – City Manager
Aron Cromwell – Vice Mayor
Michael Dever – City Commissioner
Lance Johnson – City Commissioner

FROM: Rob Chestnut
City Commissioner

RE: Overtime Policy

I have reviewed the most recent memo regarding overtime, and it is my opinion that we should move forward implementing a new policy as soon as possible. This is a subject that has been studied for a number of years as noted in a memo referenced from 2007, yet we have seen no changes in a policy that is not applied consistently throughout City departments.

The background provided in the report dated July 7, 2010 focuses a lot of attention on overtime as a percentage of total payroll. It looks at this statistic in comparison to peer communities. I do not consider this statistic to be germane, since it assumes that staffing levels across all of these communities are appropriate to the level of activity within that jurisdiction.

Actually, one could conclude that a lower overtime rate than the average might be an indication that staffing levels are too high. However, I do not want to make this conclusion about any community or particular department. That is not a fair comparison

p. 2 Overtime

and should not be considered since there are too many variables between communities to make any conclusions.

However, pay practices can be compared. Using this as a guideline it is clear that Lawrence should change its overtime policy when looking at peer communities and other large public employees in Lawrence.

Calculation of Overtime

As stated in the memo, federal standards require payment of overtime after 40 hours worked without consideration to holidays, vacation time and sick leave taken during that week. I would recommend that the City adopt a policy that would eliminate vacation, sick leave and personal leave from the overtime calculation and consider only holiday hours in the determination of overtime. Of the seven peer communities surveyed, three count holidays only or do not consider any of these hours in overtime. This would also be a policy equal to that of the University of Kansas representing the largest employer in the community.

Exceptions to the Overtime Pay Schedule

There are many departments that have exceptions to the stated overtime pay policy. I would recommend we eliminate all exceptions to the overtime pay policy in non-MOU departments. Therefore, Police and Fire/Medical Services personnel would remain under the overtime rules as defined in their perspective MOU agreements.

These exceptions have come about over time as departments have had circumstances that may have dictated a need for modification. However, no documentation exists to my knowledge that presents a logical argument to justify the changes that have been made. There is an equity issue for all hourly employees that should be addressed by making the overtime policy uniform for all non-MOU hourly employees that work for the City. It would also be

p. 3 Overtime

reasonable to assume that payroll administration will benefit from a more consistent policy.

Compensatory Time

The February 1, 2010 memo discusses compensatory time being offered in lieu of overtime for a number of departments. I believe this option should be included in the policy as an offer to all non-MOU hourly employees. It would certainly be a benefit in reducing overtime costs if employees at their sole discretion could take compensatory time instead of being paid for overtime hours. I find no compelling reason to limit this benefit unless it is too hard to track for all departments.

Premium Pay for Holiday or Weekend Work

As with other exceptions, I consider these premium pay situations as exceptions to the policy and thus should be eliminated. It seems logical in most cases that weekend work would be paid at an overtime rate if the employee normally works a Monday-Friday schedule. If they do not work a normal schedule and routinely have weekend hours, I would consider this schedule as part of their normal work routine.

This is also true for those working holidays. If they have a Monday-Friday schedule, it seems logical that an employee that needs to work on a holiday would get the holiday pay plus hours worked. Whether it is paid at an overtime rate should be determined by whether or not they have worked a full 40-hour week during that holiday week. If they have, they would qualify for overtime pay for those hours.

As with all other recommendations, these changes would not apply to hourly employees covered under MOUs.

p. 4 Overtime

Implementation

I do not believe we need further study to implement these changes. We have had a memo making recommendations in 2007, an overtime report provided to us in early 2010, and a report from the overtime study group in July, 2010.

An employee task force would be unlikely to conclude that any of these recommendations would be beneficial. These are fiscal decisions that the governing body must make much like our deliberations on MOUs with Police and Fire/Medical employees each year.

I would recommend asking for commission direction on these items. If there is consensus on items to change in the overtime policy, the commission would direct staff to draft the appropriate language to modify the employee handbook and bring the item back to the commission for final approval.

I would also recommend that changes to compensation and benefits for non-MOU employees be put through a more formal process that includes commission approval. The commission now approves MOUs, health plan recommendations and the overall increase amount incorporated into each budget cycle. However, items such as modifications to overtime policy have been done on a more informal basis.