



Memorandum

TO: Elizabeth Pauli, City Manager
FROM: Shelby Fritz Human Resources Director
Kari Louie, Senior Compensation & Benefits Manager
Karen Short, Senior Human Resources Analyst
SUBJECT: Ordinance Disclosure
DATE: October 6, 2021

On the agenda for City Council action on October 12, 2021, will be an ordinance to amend the Compensation Plan. This memorandum discloses the contents of the ordinance pursuant to Section 1.12.970 of the Tacoma Municipal Code.

Section 1: Amends Section 1.12.248 to provide for a change related to the permissible cash-out of accrued Personal Time Off (PTO) for nonrepresented employees.

Currently, an employee must be enrolled in the PTO plan for an entire calendar year and have used less than 2 days of unplanned PTO in any one calendar year to be eligible to request a cash-out payment of up to 40 or 80 hours, based on their leave usage. The new criteria will remove both of these requirements for nonrepresented employees.

The ordinance will provide that nonrepresented employees may request an annual cash-out of up to 100 hours accrued PTO, based on future accruals. Effective January 1, 2022, the time frame for the annual cash-out request will remain the same – and will be held in January of each calendar year, but will be paid out to the employee in the February of the following year. For example, for a cash-out request made in January 2022, would be paid to an employee in February 2023.

The value of the PTO cash-out payment would be based on the rate of pay for the classification in which the employee is working at the time the cash-out payment is made.

This change addresses a potential constructive receipt issue in order to protect the tax benefits of the PTO program, and eliminates the restrictions to the current program, including the 10 percent holdback to the Employee Benefit Trust Fund and the limitations of the plan dependent on leave usage, which will provide a greater value for employees.

I would be happy to answer any questions you may have.