



City of Tacoma

City Council Action Memorandum

TO: Elizabeth Pauli, City Manager
FROM: Karen Short, Senior Human Resources Analyst, Human Resources
Kari Louie, Assistant Human Resources Director
Shelby Fritz, Human Resources Director
COPY: City Council and City Clerk
SUBJECT: Pay and Compensation Ordinance – October 12, 2021
DATE: October 4, 2021

SUMMARY AND PURPOSE:

An ordinance amending the Tacoma Municipal Code (TMC) Compensation Plan, Chapter 1.12, to implement changes to Section 1.12.248 Personal Time Off (PTO), regarding criteria for a permissible cash-out of accrued PTO for nonrepresented employees.

BACKGROUND:

The ordinance will provide for language changes to Tacoma Municipal Code (TMC) Section 1.12.248 Personal Time Off (PTO) related to the permissible cash-out of Personal Time Off (PTO) for nonrepresented employees.

1.12.248 Personal Time Off (PTO)

The ordinance will add a new subsection to TMC 1.12.248 related to Permissible Cash-out of accrued PTO for nonrepresented employees. The new subsection will provide criteria for nonrepresented employees to request an annual cash-out of accrued PTO, based on future accruals.

Currently, the TMC provides that an employee must be enrolled in PTO 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. The new criteria will not include the requirement that the employee be enrolled in the PTO plan for an entire calendar year, or that the employee have used less than two days of unplanned PTO to be eligible for a cash-out. If the employee is enrolled in PTO at the time of the request, the employee would be eligible to request a cash-out up to 100 hours of available PTO based on future accruals, and would receive the cash-out in the next calendar year. For example, for a request made in January 2022, the cash-out would be paid to the employee in February 2023. The cash value of the PTO cash-out payment would be based on the rate for the classification in which the employee is working at the time the cash-out is made.

Changing the cash out program to allow cashing out of PTO leave to be accrued in the future addresses a potential constructive receipt issue in order protect the tax benefits of the PTO program, and allows the restrictions to the current program, including the 10 percent holdback and limitations dependent on unplanned PTO usage, to be eliminated, which provides greater value to employees.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

2025 STRATEGIC PRIORITIES:

Economy/Workforce: Moderate Opportunity

Explain how your legislation will affect the selected indicator(s).

This legislation supports the responsible and sustainable management of City funds.



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ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

| Alternative(s) | Positive Impact(s) | Negative Impact(s) |
|--------------------------------|---------------------------|---------------------------|
| Do not approve the legislation | N/A | unknown |

EVALUATION AND FOLLOW UP:

STAFF/SPONSOR RECOMMENDATION:

Authorization from the City Council by ordinance is required to implement changes to the Tacoma Municipal Code related to the Personal Time Off (PTO) plan.

FISCAL IMPACT: There is no fiscal impact for this request.