

Livermore Area Recreation and Park District Staff Report

TO: Personnel Committee

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

DATE: February 8, 2022

SUBJECT: Proposed District Notice 0010 – Vacation Cash Out Program

The attached, proposed District Notice (DN) is intended to set forth the guidelines for future vacation cash out opportunities.

Background: Historically, the District has not consistently provided the option for employees to cash out their vacation hours. The months during the pandemic have been grueling, and many employees have not had the opportunity to take vacation time as desired, leaving many capped out on vacation hours, and therefore putting a halt to their future vacation accruals.

Vacation Cash Out: A Vacation Cash Out Program would provide our employees with the option to receive a cash payment for unused vacation hours. In allowing employees to lower their vacation balances, many will be given the opportunity to begin accruing vacation hours again, while simultaneously lowering the District’s vacation payout liability.

Specific to 2022: Employees will have the option to elect to cash out a portion of their unused vacation accruals. Employees may cash out up to a maximum of eighty (80) hours of vacation. To account for unanticipated absences, a balance of eighty (80) hours of vacation must also remain at the conclusion of the cash out transaction.

Vacation cash out election forms shall be submitted to the Human Resources department by the last day in March. Payments will be made during the month of April. Failure to submit an election form shall be the same as electing not to cash out vacation leave.

Financial Impact: The following table, “LARPD Vacation Cash Out Financial Summary” utilizes four key variables to calculate various expense outcomes associated with the proposed program:

1. Max number of hours that can be cashed out
2. Min number of vacation hours that can remain after the cash out process
3. % of Staff who sell vacation (rest are assumed to be 0)
4. % of max available hours *, on average, that are sold

- a. * max available hours are difference between actual balance and designated minimum hours balance that must remain after the sale, UP TO the max number of hours that can be cashed out

Staff's working assumption is that a max of 80 hours will be allowed to be cashed out, with a minimum of 80 hours that must remain after the cash out process. As well, 50% of Staff will cash out, and those who do will cash out 100% of their available balance.

With these base assumptions, the immediate impact to the District will be an expense of \$166,000.

The following Table illustrates the impact of various assumptions for each of the four key variables on the cost of the program:

LARPD - Vacation Cash Out Financial Summary

Sensitivity Analysis (impact on cost of different assumptions for key variables, with other variables set at base assumptions):

1. % of staff who sell Vacation

	Value	Cost incr/(decr)	Total Cost
<i>base assumption:</i>	50%		\$165,742
	40%	(\$18,538)	\$147,204
	60%	\$13,218	\$178,960

2. % of max available hours that are sold (on average)

	Value	Cost incr/(decr)	Total Cost
<i>base assumption:</i>	100%		\$165,742
	90%	(\$8,575)	\$157,167
	90%	(\$18,537)	(\$18,537)

3. Max number of hours that can be taken

	Value	Cost incr/(decr)	Total Cost
<i>base assumption:</i>	80		\$165,742
	100	\$18,265	\$184,007
	60	(\$25,591)	\$140,151

4. Min number of hours balance that can remain

	Value	Cost incr/(decr)	Total Cost
<i>base assumption:</i>	80		\$165,742
	100	(\$21,721)	\$144,021
	60	\$22,352	\$188,094

Attachments:

- A. Proposed District Notice 0010 – Vacation Cash Out Program
- B. Vacation Accruals Table

ATTACHMENT A

TO: All Staff
FROM: Mathew Fuzie, General Manager
DATE: **March 1, 2022**
SUBJECT: District Notice 0010 – Vacation Cash Out Program

Each year, at the discretion of the Board of Directors (*), employees may have the option to elect to cash out a portion of their unused vacation accruals. During the budget process, staff will work with the Board of Directors to determine the maximum number of hours which each employee may cash out. To account for unanticipated absences, a minimum balance of vacation hours must remain at the conclusion of each cash out 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 cash out 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 cash out vacation leave. 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 Cash Out Program as a component of the annual budget process which is completed in June.

ATTACHMENT B

Full-Time Employees		
Years of Service	Vacation Hours Accrued Per Pay Period	Accrual Caps
0-5	3.70 hours per pay period / 96.2 per year	192
5-10	4.93 hours per pay period / 128.18 per year	256
10-15	6.78 hours per pay period / 176.28 per year	352
15-20	7.08 hours per pay period / 184.08 per year	368
20+	7.39 hours per pay period / 192.14 per year	384
Sick Accrual Hours	3.7 hours per pay period	No Cap
Floating Holidays	6 days per calendar year (8 hours per day)	N/A

Part-Time Benefited Employees		
Years of Service	Vacation Hours Accrued Per Pay Period	Accrual Caps
0-5	2.77 hours per pay period / 72.02 per year	144
5-10	3.70 hours per pay period / 96.20 per year	192
10-15	5.09 hours per pay period / 132.34 per year	264
15-20	5.31 hours per pay period / 138.06 per year	276
20+	5.55 hours per pay period / 144.30 per year	288
Sick Accrual Hours	2.77 hours per pay period	No Cap
Floating Holidays	6 days per calendar year (6 hours per day)	N/A