

**RESOLUTION 18-105**

**A RESOLUTION OF THE CITY OF PANAMA CITY BEACH, FLORIDA, APPROVING AN AMENDMENT TO THE CITY'S SICK LEAVE POOL GUIDELINES; AUTHORIZING A BUDGET AMENDMENT TO IMPLEMENT A VOLUNTARY EARLY PAYOUT OF ACCRUED SICK LEAVE HOURS TO ELIGIBLE EMPLOYEES; AND PROVIDING AN EFFECTIVE DATE.**

WHEREAS, on May 24, 2018, the City Council approved a Staff recommendation to provide for an early payout of accrued sick leave hours to eligible employees, setting the payout cap at 150 hours; and

WHEREAS, the Council further provided that an employee's accepting an early payout be required to use unpaid leave hours in an amount equal to those cashed out before applying to use hours to which they may be entitled in the City's sick leave pool.

**THEREFORE, BE IT RESOLVED** by the City of Panama City Beach, Florida, that:

1. The City hereby approves an amendment to the City's Sick Leave Pool policy, regarding the use of the pool, in substantially the form attached as Exhibit A and presented to the Council today.
2. The following budget amendment (BA#35) is adopted for the City of Panama City Beach, Florida, for the fiscal year beginning October 1, 2017, and ending September 30, 2018, to implement the pay plan recommendation as shown in and in accordance with the attached and incorporated Exhibit B.
3. This Resolution shall take effect immediately upon passage.

PASSED, APPROVED AND ADOPTED at the regular meeting of the City Council of the City of Panama City Beach, Florida, this 28<sup>th</sup> day of June, 2018.

**CITY OF PANAMA CITY BEACH**

By   
MIKE THOMAS, MAYOR

**ATTEST:**

  
JO SMITH, CITY CLERK

E. USE OF SICK LEAVE FROM THE POOL

1. An employee who is on leave without pay for reasons other than a personal or family illness, accident, or injury shall not be eligible to receive sick leave from the pool.
2. Sick leave accumulated in the pool shall not be used by a participating employee until all personally accrued sick and annual leave have been used. **In addition, sick leave accumulated in the pool shall not be used by a participating employee who has accepted a voluntary payout of accrued leave until the employee has also utilized unpaid leave in an amount equal to the hours cashed out.**
3. Any sick leave in the pool shall only be used by a participating employee for the employee's personal illness, accident, or injury or the illness, accident or injury of the employee's child, parent or spouse. The following occurrences or situations shall not be considered personal illness, accident or injury for the purpose of this rule, and shall not entitle participating employees to draw from the sick leave pool;
  - a. Participating in or voluntary commitment to a psychiatric facility, detoxification center, or similar rehabilitation program;
  - b. Cosmetic surgery, unless such cosmetic surgery results in serious complications or was necessitated by an illness, accident, or injury not excluded under this subsection;
  - c. Intentionally self-inflicted injuries, such as resulting from a suicide attempt;
  - d. Illness, accident, or injury to a member of the employee's family who is not the employee's child, parent or spouse;
  - e. Personal illness, accident, or injury covered by Workers Compensation.
4. The sick leave pool committee may authorize the use of sick leave from the pool. Medical certification of the accident, illness, or injury for which the use of sick leave is requested must accompany the request.
5. Abuse of sick leave from the pool shall include, but not be limited to the following:
  - a. Misrepresentation of an illness, accident, or injury, or the circumstances surrounding it, in order to receive leave to which the employee is not entitled under the provisions of this rule;
  - b. Submission by an employee of medical certification which is from other than a qualified medical practitioner or which misrepresents the nature of the employee's illness.
6. A participating employee who withdraws sick leave hours from the pool shall not be required to replace those hours, except as regular contributing member of the pool, unless required to do so because it has been determined that the employee abused the use of sick leave from the pool.

EXHIBIT A

**CITY OF PANAMA CITY BEACH  
BUDGET TRANSFER FORM BF-10**

No.          BA # 35

FUND	GENERAL	ACCOUNT DESCRIPTION	APPROVED BUDGET	BUDGET ADJUSTMENT	NEW BUDGET BALANCE
TO	001-1300-513.12-10	Salaries Regular	598,850.00	15,520.00	614,370.00
TO	001-1300-513.21-10	FICA	48,645.00	1,190.00	49,835.00
TO	001-1300-513.22-10	Retirement	53,915.00	1,075.00	54,990.00
TO	001-1500-515.12-10	Salaries Regular	173,000.00	3,900.00	176,900.00
TO	001-1500-515.21-10	FICA	13,558.00	300.00	13,858.00
TO	001-1500-515.22-10	Retirement	17,453.00	400.00	17,853.00
TO	001-2101-521.12-10	Salaries Regular	3,916,800.00	98,110.00	4,014,910.00
TO	001-2101-521.21-10	FICA	338,330.00	7,505.00	345,835.00
TO	001-2101-521.22-10	Retirement	76,025.00	490.00	76,515.00
TO	001-2101-521.22-20	Retirement Sworn	591,820.00	15,150.00	606,970.00
TO	001-2200-522.12-10	Salaries Regular	2,285,750.00	35,100.00	2,320,850.00
TO	001-2200-522.21-10	FICA	198,959.00	2,700.00	201,659.00
TO	001-2200-522.22-10	Retirement	172,072.00	2,350.00	174,422.00
TO	001-2400-524.12-10	Salaries Regular	611,200.00	7,350.00	618,550.00
TO	001-2400-524.21-10	FICA	48,498.00	575.00	49,073.00
TO	001-2400-524.22-10	Retirement	44,827.00	750.00	45,577.00
TO	001-4100-541.12-10	Salaries Regular	605,450.00	8,610.00	614,060.00
TO	001-4100-541.21-10	FICA	52,272.00	660.00	52,932.00
TO	001-7201-572.12-10	Salaries Regular	810,600.00	2,725.00	813,325.00
TO	001-7201-572.21-10	FICA	82,881.00	210.00	83,091.00
TO	001-7201-572.22-10	Retirement	82,948.00	280.00	83,228.00
FROM	001-8100-999-92-00	Reserves Compensated Absences	520,000.00	(204,950.00)	315,050.00
	<b>CRA</b>				
TO	160-2400-524.12-10	Salaries Regular	52,500.00	3,745.00	56,245.00
TO	160-2400-524.21-10	FICA	4,261.00	290.00	4,551.00
TO	160-2400-524.22-10	Retirement	5,570.00	375.00	5,945.00
FROM	160-5901-559.95-00	Reserves Restricted	10,491,172.00	(4,410.00)	10,486,762.00

Exhibit B

	<b>UTILITY</b>							
TO	401-3300-533.12-10	Salaries Regular	1,955,800.00	30,000.00		1,985,800.00		
TO	401-3300-533.21-10	FICA	159,166.00	2,300.00		161,466.00		
TO	401-3300-533.22-10	Retirement	160,069.00	1,125.00		161,194.00		
TO	401-3500-535.12-10	Salaries Regular	2,274,000.00	39,250.00		2,313,250.00		
TO	401-3500-535.21-10	FICA	186,285.00	3,025.00		189,310.00		
TO	401-3500-535.22-10	Retirement	207,410.00	3,285.00		210,695.00		
TO	401-3800-538.12-10	Salaries Regular	348,720.00	3,400.00		352,120.00		
TO	401-3800-538.21-10	FICA	28,260.00	275.00		28,535.00		
TO	401-3800-538.22-10	Retirement	35,250.00	350.00		35,600.00		
FROM	401-8100-999.92-00	Reserves Compensated Absences	350,000.00	(78,985.00)		271,015.00		
FROM	401-8100-999.95-00	Reserves Restricted	18,033,721.00	(4,025.00)		18,029,696.00		
	<b>PIER</b>							
TO	402-7500-575.12-10	Salaries Regular	315,000.00	2,600.00		317,600.00		
TO	402-7500-575.21-10	FICA	37,541.00	200.00		37,741.00		
TO	402-7500-575.22-10	Retirement	32,520.00	255.00		32,775.00		
FROM	402-7500-575.96-00	Reserves Available for Expenditures	448,918.00	(3,055.00)		445,863.00		
		Check Adjustment Totals:	46,470,016.00	0.00		46,470,016.00		

BRIEF JUSTIFICATION FOR BUDGET ADJUSTMENT:

To amend the budget for various funds and departments to reflect the cost associated with the voluntary program to cash out up to a maximum of 150 hours of sick leave

ROUTING FOR APPROVAL

DEPARTMENT HEAD \_\_\_\_\_ DATE \_\_\_\_\_ CITY MANAGER \_\_\_\_\_ DATE \_\_\_\_\_  
 FINANCE DIRECTOR \_\_\_\_\_ DATE \_\_\_\_\_

## MEMO

To: City of Panama City Beach Department Heads  
Mario Gisbert, City Manager  
Lori Philput, Human Resources  
Carrie Jagers, Payroll Specialist

From: Holly White, Finance Director 

Re: **OPTIONAL** cash out of up to 150 hours of vested sick leave

Date: May 30, 2018

At the City Council meeting on Thursday, May 24, 2018, City Manager Mario Gisbert recommended the Council consider a voluntary program regarding the early cash out of vested sick leave. Council approved the plan, setting the maximum allowable hours to be paid out early, that is, prior to separation of employment, at 150 hours for eligible employees.

All employees who are vested in their sick leave are eligible for this early pay out, and may elect to be paid out a portion of their sick leave, up to 150 hours, currently as opposed to when they retire or otherwise terminate employment with the City. I will provide each of you with a list of employees in your department who are eligible to participate in the program. You should provide them a copy of this memo as well as the election to cash out sick leave hours form which I will provide to you as well.

This program is open to all employees hired prior to May 31, 2008 who have vested sick leave hours available as of that date. Of that group, only employees with vested sick leave hours as of the pay period beginning May 31, 2018 are eligible to participate in this program. No employee with less than 10 years of service with the City is eligible since they are not vested in any portion of their sick leave hours.

This is a voluntary program and each eligible employee should carefully review their individual health and financial circumstances to determine what makes the most sense for them personally. The payment will be taxable wages to the employee. Additionally, because it is paid now and not at separation of employment, the payment constitutes salary as defined in the City's three pension ordinances and employees will be required to contribute the employee portion of retirement in place for the plan in which they are a participant. However, those employees who are currently participants in the DROP are "retired" for plan purposes and will not be required to contribute to the plan on their early payment.

The number of hours an employee elects to be paid for early will be taken from their current capped sick leave amount. For example, if you currently are eligible to be paid for 500 hours of

sick leave and you choose to take 150 hours now under this program, the most you will be eligible to be paid for in the future is 350 hours (500 hours less 150 hours). As part of their approval, the Council indicated that any employee who chose the early pay out would be limited from using sick leave pool hours in the future. They would still be eligible for sick leave pool hours under the existing guidelines but would first have to utilize unpaid leave hours in an amount equal to the number of hours they cashed out for early sick leave payment before going to the pool. The above issues should be carefully considered by each eligible employee prior to making their decision. Please advise any eligible employee that they are free to contact me directly with any questions about the program.

All eligible employees should complete the election form attached and return it to me no later than 5:00 PM on Friday June 15<sup>th</sup>, particularly if the employee wants to take advantage of this early payout. Employees for whom forms are not received by this deadline will be deemed to have opted out of the early payout, but these employees will still need to complete the form to confirm that fact.

Feel free to reach out to me with any questions. I would anticipate taking a budget amendment to Council on June 28, 2018 after I have received all election forms and determine the ultimate cost of the early payout. I would then expect payment to be made to the electing employees in early July.

## ELECTION TO CASH OUT SICK LEAVE PRIOR TO SEPARATION OF EMPLOYMENT

By signature below, I \_\_\_\_\_ elect to be paid for \_\_\_\_\_ hours of my  
PRINT NAME Zero\* -- 150

vested SK1 sick leave bank prior to, and independent of, my separation of employment with the City of Panama City Beach per the recommendation considered and approved by the City Council at its regular meeting on Thursday, May 24, 2018.

I acknowledge the following in conjunction with my election:

- 1 The sick leave hours I elect to be paid for now are taxable wages to me and any applicable federal income and employment taxes will be withheld from my payment in accordance with existing laws.
- 2 Payment of sick leave hours under the early payment program are considered wages for purposes of the City's retirement plan of which I am a member and unless I am currently a participant in the DROP program, employee retirement will be withheld from my payment at the rate currently in effect for my plan.
- 3 Any hours I elect to be paid for now will permanently reduce my SK1 hours bank, and the amount of hours for which I may be paid in the future.
- 4 In the event of an illness requiring me to utilize all of my accrued sick and vacation hours available to me and thus necessitating a request for the withdrawal of hours from the City's sick leave pool (assuming a member), I will first have to utilize unpaid leave in an amount equivalent to the hours elected for early sick leave payment in order to be eligible to utilize sick leave pool hours.
- 5 Payment will be made at my current rate of pay in effect during the pay period when the early payout option is distributed to eligible and electing employees.

Employee Signature \_\_\_\_\_

Date \_\_\_\_\_

Form must be completed and given to City Finance Director, Holly White by 5:00 PM on Friday June 15, 2018

\*If you want to opt out of this early cash out, please insert "0" in the blank designating hours elected.



# CITY OF PANAMA CITY BEACH AGENDA ITEM SUMMARY

**1. DEPARTMENT MAKING REQUEST/NAME:**

Administration / Mario Gisbert

**2. MEETING DATE:**

June 28, 2018

**3. REQUESTED MOTION/ACTION:**

Request Council to approve budget amendment #35 to appropriate funds for the early payment of a portion of vested sick leave as approved by the Council on May 24, 2018

**4. AGENDA**

PRESENTATION   
PUBLIC HEARING   
CONSENT   
REGULAR

**5. IS THIS ITEM BUDGETED (IF APPLICABLE)?** YES  NO  N/A   
BUDGET AMENDMENT OR N/A

DETAILED BUDGET AMENDMENT ATTACHED YES  NO  N/A

**6. BACKGROUND: (WHY IS THE ACTION NECESSARY, WHAT GOAL WILL BE ACHIEVED)**

At the Council meeting held May 24, 2018, City Manager, Mario Gisbert presented a plan which would allow employees with vested sick leave to voluntarily opt to be paid currently for a portion of their leave as opposed to being paid at separation of service. Council approved the early payment of up to 150 hours of vested sick leave. Subsequent to the May 24, 2018 meeting, all eligible employees (those with greater than 10 years of service as of May 31, 2018) were provided with a memo detailing the voluntary program and a form to complete to elect the amount of hours they wanted to be paid for "now versus later" up to a maximum of the lesser of 150 hours or their vested hours as of May 31.

121 City employees were eligible to participate in this program. 62 employees have elected to cash out sick leave hours currently and 59 have elected to leave their vested sick leave intact at this time.

The attached budget amendment #35 reflects the cost of paying out the 62 employees electing to cash out early - salary and benefits of approximately \$291,000. Adequate reserves for accrued compensated absences are available to fund the payout. STAFF recommends approval.