

## MEMORANDUM

To: Members of the City Commission

From: Lisa Agnor, City Manager

Date: June 9, 2015

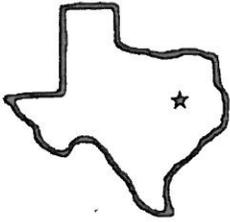
Subject: Approval of a revision to the City employee overtime policy

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The City employee overtime policy was changed in January 2014 as a result of recommendations made in the Efficiency Study. A copy of the current overtime policy is attached, which states that each employee must be physically present working 40 hours in a work week before receiving overtime. This means that sick leave, vacation, compensatory time, holiday, etc. is not counted as "hours worked" for the purpose of calculating overtime.

A proposed revision to the overtime policy has been drafted. This revision, if approved, would provide that only sick leave would not be counted as "hours worked". Vacation, compensatory time, holidays, etc. would be counted as "hours worked".

A copy of the proposed revision is attached for the review of the Commission and for you to take action, if you choose to do so.



CITY OF

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**DATE:** January 8, 2014  
**TO:** City Employees  
**FROM:** Frank Johnson, City Manager   
**RE:** Changes to Payroll Calculations

As you may be aware, consultants from The Azimuth Group, Inc. recently conducted a Citywide Efficiency Study to help the city identify cost effective ways to improve city operations.

One of their findings indicated that the city's current practice of allowing accrued leave (such as sick, vacation, compensatory time, holiday, etc.) to be counted as "hours worked" for the purpose of calculating overtime has resulted in the city paying overtime and compensatory time that it is not legally obligated to pay. The consultant has recommended that we discontinue this practice as a cost savings measure. This cost savings was factored into the city's 2014 budget that was approved by the City Commission.

As a result, the city will be changing the way that accrued leave time is handled when determining whether an employee is eligible for overtime or compensatory time. Effective immediately, each employee must be physically present working 40 hours in a work week (or established work period for Police and Fire) before receiving overtime. This means that sick leave, vacation, compensatory time, holiday, etc will no longer be counted as "hours worked" for the purpose of calculating overtime.

Should you have questions or need additional information, feel free to contact Cherilyn Johnston, HR Manager at 903-935-4425 or Brenda Bolton, Payroll Accountant at 903-935-4446.



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## **OVERTIME POLICY (Draft)**

**General Employees.** Subject to the exceptions set out below, the City pays overtime at time and one half for all hours an employee actually works in excess of forty (40) hours per week. All overtime must be approved in advance by the employee's supervisor. Accrued vacation, holiday, and compensatory time may count as "hours worked" for purposes of computing overtime; however, sick leave, administrative leave, or other hours not physically worked do not count toward as "hours worked" for purposes of computing overtime.

All hours worked must be reported, and "off the clock" work is strictly prohibited. If for any reason employees work beyond their regular work schedule, and do not take an equal amount of time off during the work period, they must report the additional hours worked and will receive overtime pay or compensatory time for all hours worked above forty (40) during the work period. However, in such circumstances, employees may be subject to discipline, up to and including discharge for repeat offenders, for incurring overtime which has not been authorized in advance.

### **Exceptions to the Payment of Overtime.**

**Flexible Shift Arrangements.** Non-exempt employees working a 40-hour work week may be scheduled to arrive early, stay over, or otherwise perform work for the City outside their regular shift by their supervisor. Employees scheduled to perform work outside their regular shift may be scheduled to take time off in an equal amount during that work period. For instance, if an employee works two hours past his or her regular shift on Monday, then that employee may be required to take two (2) hours off prior to the end of the work period which includes that Monday. An employee's supervisor must schedule and approve a change in work hours.

**Exempt Employees.** Employees who qualify in accordance with the Fair Labor Standards Act (FLSA) as bona fide executive, administrative, or professional employees are exempt from overtime requirements. Exempt employees are exempted from overtime pay or compensatory time for hours worked over forty in a work week.