

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of Extra Help Policies		
DEPARTMENT:	Human Resources		
PRESENTED BY:	Marci Wright, Human Resources Director		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

PROBLEM/ISSUE STATEMENT:

During the 2014 budget process the City Council raised issues concerning compensation of the City’s extra help employees, including the question of setting a minimum wage rate of \$15 an hour for those employees. As a result, staff agreed to schedule a City Council discussion on extra help issues in the first part of 2014.

To prepare for tonight’s meeting, staff has studied the City’s last two years of extra help pay history. In analyzing these recent practices, staff has identified some differences in the use of extra help employees and has formulated a proposal to narrow the use of extra help in the future.

Tonight we plan to present information for Council discussion and direction concerning:

- current policies and practices for extra help;
- cost of adopting a policy that establishes a \$15 minimum wage rate for extra help employees; and
- the elimination of some extra help hours to provide regular staffing for ongoing City programs.

FINANCIAL IMPACT:

The cost of mandating an extra help minimum wage rate of \$15 an hour is estimated to exceed \$244,000 per year. This staff report also discusses alternative approaches to changes in compensation for extra help employees. Depending on the direction from the Council, the estimated annual cost of these approaches could be up to \$107,588. However, if some of the extra help hours are converted to ongoing regular positions, the number of the remaining extra help employees earning less than \$15 per hour will also be reduced, which will reduce the cost to cover these employees to a \$15 wage.

RECOMMENDATION

Staff recommends Council discuss the information and alternatives presented this evening and provide direction to staff to develop proposals (if any) to bring back for Council consideration during the 2015 budget process. No formal action is required this evening.

Approved By: City Manager **DT** City Attorney **IS**

BACKGROUND

In the fall of 2013 during the 2014 budget process, the Council briefly discussed the imposition of a \$15 minimum wage. Based on recent election results in the Puget Sound region, a \$15 minimum wage is under active discussion in some jurisdictions, especially in the cities of SeaTac and Seattle. At the time, the Council directed staff to bring the issue back to Council for further discussion in the first part of 2014. Based on this direction, staff has assembled information about the City's use and compensation of extra help staffing for Council consideration this evening.

DISCUSSION

Summary of Current Policy/Practice

The Employee Handbook defines the following types of employees for the City of Shoreline:

Section 3.15 - Full Time Regular Employee

An employee hired to work a 40-hour week in a regular position established by the City budget and expected to be an ongoing position.

Section 3.20 - Part Time Regular Employee

An employee hired to work an average of at least 20 but less than 40 hours per week in a calendar year in a regular position established by the City budget and expected to be an ongoing position.

Section 3.13 - Extra Help Employee

An employee hired for a period expected to not exceed 1040 hours in a calendar year or expected to end in less than a year.

Under this structure, which the City has followed since early in its formation, there is a significant distinction between "regular" or benefited employees and "extra help".

Regular employment is governed by a City Council authorized full-time or part time equivalent (FTE) position, established each year with the adoption of the annual City budget. Regular employees receive a full or proportional City benefit package, including comprehensive health insurance and paid leave, and are covered by the City's range/step salary plan. Hiring, firing and disciplining regular employees are governed by the provisions in the Council adopted Employee Handbook.

Extra help employees, on the other hand, are largely unregulated. As stated above, individual extra help employees are limited to working no more than 1040 hours in a calendar year (equivalent to ½ time employment) or to a work project that lasts less than a year. Extra help employees are "at will", serving entirely at the discretion of the City, and do not receive benefits (except for externally mandated benefits such as worker's compensation and social security replacement). Pay rates for extra help are generally established at the department level with minimal oversight by Human Resources and are primarily limited by the annual department budget for extra help.

The following table lists the number and percentage of 2014 authorized FTEs by Department:

Department/Division	2014 FTE	% of City FTE
Administrative Services	21.2	16%
City Attorney	3.0	2%
City Clerk	4.0	3%
City Manager's Office	9.0	7%
Community Services	8.2	6%
Human Resources	3.0	2%
Parks, Recreation and Cultural Services	28.7	21%
Planning and Community Development	20.0	15%
Public Works	38.0	28%
2014 City Total	135.01	100%

By contrast, the table below shows the cost of extra help staff by Department for the years 2012 and 2013:

Extra Help Gross Wages for 2012 and 2013 (estimated)		
	Extra Help Cost Incurred	% to Total Extra Help Funds Spent
2012		
Administrative Services	\$7080	1%
City Attorney	\$23,698	3%
City Clerk	0	-
City Manager's Office	0	-
Community Services	0	-
Human Resources	0	-
Parks, Recreation & Cultural Services	\$592,178	83%
Planning & Community Development	0	-
Public Works	\$88,626	13%
2012 City Total	\$711,582	100%
2013		
Administrative Services	\$7685	1%
City Attorney	\$10,521	1%
City Clerk	0	-
City Manager's Office	\$6,585	1%
Community Services	0	-
Human Resources	0	-
Parks, Recreation & Cultural Services	\$601,671	80%
Planning & Community Development	\$10,240	1%
Public Works	\$120,781	16%
2013 City Total	\$757,483	100%

Cost of Increasing City's Minimum Wage to \$15 per Hour

Nationally there is an increased focus on paying employees a "living wage" and on increasing the minimum wage to do so. While Washington State currently has the highest minimum wage in the nation at \$9.32, the Obama administration is proposing a \$10.10 national minimum wage. As well, local jurisdictions in the Puget Sound region have been looking at the issue recently. City of SeaTac voters approved a \$15 minimum wage last November and the Mayor of the City of Seattle has convened a task force to study the issue.

All regular employees at the City that are paid on an hourly basis are currently compensated more than \$15 an hour. The lowest paid authorized regular position - Senior Lifeguard - starts at \$16.81. The City does have a classification in a lower salary range - Lifeguard/Instructor II, which has a salary range of \$12.81 to \$15.59 - but that classification is not currently used. The City does however pay many of its extra help staff less than \$15 an hour and as low as the minimum wage of \$9.32.

As part of this analysis, staff looked at the hours and pay rates of all extra help staff that worked for the City in 2013. This data was then used to calculate the 2013 cost of increasing the wages of that work force to at least \$15 per hour. The table below summarizes the results by department:

Estimated Cost of Paying Minimum Wage of \$15 in 2013			
Department	Additional Gross Wages	Additional Mandatory Benefits	Total
Administrative Services	\$1035	\$90	\$1125
City Attorney	\$0	-	\$0
City Manager's Office	\$0	-	\$0
Planning & Community Development	\$5120	\$447	\$5567
Public Works	\$4642	\$405	\$5047
Parks, Recreation & Cultural Services	\$213,908	\$18,678	\$232,586
Total	\$224,705	\$19,621	\$244,326

As can be seen, changing City policy to increase compensation for extra help employees to \$15 per hour or more comes with a significant price tag. As well, this estimated cost is only comprised of extra help wages; health benefits and paid time off are not included. Also not included in this cost are the potential cost increases that could come from salary schedule compression or other adjustments to the schedule if \$15 per hour becomes the new wage floor. However, if the Council is interested in setting a new minimum wage policy, staff can continue to refine this cost increase data and would also want to discuss with Council how to pay for this cost during the 2015 budget process.

Parks, Recreation and Cultural Services Use of Extra Help

As can be easily discerned from this report, Parks, Recreation and Cultural Services (PRCS) is by far the biggest user of extra help staff. In order to provide some guidance for managing the large number of extra help employees working in PRCS, the PRCS staff voluntarily developed (with HR) a step plan for its extra help staff. But even this pay structure was handled administratively and did not come before the City Council.

Historically, City departments have generally complied with extra help policies, in that individual employees either work on one-time projects lasting less than a year or work less than 1040 hours in a calendar year. Currently, almost all departments only use extra help staffing for seasonal employment (employment tied to a need for extra workers during a busy season that occurs during the same calendar season each year) or for special one-time projects. The exception to this is the PRCS Department, which is also the largest users of extra help staffing, as just mentioned. While PRCS does comply with the mandates of the policy, i.e., individual extra help employees do not work beyond the 1040 hour limit, PRCS does operate some of their ongoing programs by using multiple extra help employees and scheduling each of them so that he/she does not cross the 1040 threshold. These programs do not vary in any significant manner due to seasonal operational fluctuations.

To illustrate this issue, if a work role in a program requires 2080 staff hours a year (2080 hours = 1.0 FTE), instead of creating a regular FTE, PRCS might schedule four different extra help employees an average of 520 hours a year. This departmental staffing practice has been in place for many years and has not been significantly revisited until this time. With this stated, using non-benefited, temporary employees to operate ongoing programs is not uncommon in the Parks and Recreation field both regionally and nationally.

There are some readily apparent advantages and disadvantages to this practice:

Advantages

- Programs being serviced by extra help staff are significantly less expensive, as the cost to provide service (wage rate) is generally much lower, there is no cost for employee medical benefits, and no paid sick or vacation expense
- Able to hire and terminate extra help employees with little or no process
- Able to accommodate employees that are interested in a high degree of flexibility and consistent employment at low hourly thresholds

Disadvantages

- Raises likelihood of unfair pay/benefits for extra help employees
- Increases risk of liability for violating internal employment policies
- Increases unemployment benefit costs
- Scheduling can become overly complex and difficult to manage
- Hidden administrative cost of frequent hiring/terminating multiple extra help employees
- Can lead to morale concerns within work groups

Staff Proposed Alternative – Use of Extra Help

Given that PRCS is using some extra help staff to provide service for ongoing programs, instead of (or in addition to) focusing on a minimum wage for extra help staff, Council could provide direction to revise how the City currently uses extra help staff. Under this approach, the City would limit the use of extra help, and all regular ongoing programs would be staffed by regular, authorized FTEs of 0.5 or greater. Any extra help staff would be limited to:

- *Seasonal employment, which meets a demonstrable staffing need tied to a high operational period that occurs on a regular and recurring basis during each calendar/budget year.* Two examples of this are:
 - Summer day camp program that is operated each summer to provide recreational opportunities for youth while school is not in session

- Swim lessons that require a much higher than normal pool staffing during a predictably busy time of the year
- *Ongoing, year-round function requiring minimal annual hours falling far short of 0.5 FTE.* Two examples of this are:
 - Discrete functions requiring specialized expertise that is only needed a few hundred hours a year (such as overseeing public art issues for the City or teaching a class)
 - A function that requires total hours that could equate to one or more FTE, but performed in sporadic, short blocks of time and is often scheduled simultaneously (such as building monitoring)
- *A temporary, discrete project that may require up to full time work, but the project will start and stop within a 12 month period and once completed, the work will expire.* As well, any “project work” that would last beyond 12 months would be required to be performed by a term-limited FTE, requiring authorization by the Council. The term-limited employee would be entitled to the salary/benefits of a regular employee while working the project, but the employee would be hired with the knowledge that once the project was completed, the position would be eliminated and the employee would leave the service of the City.

Under this approach, extra help employees would continue to be paid at a different and lower market rate than regular employees and would also not be eligible for the regular employee benefit package. However, there would be fewer extra help employees and the work they perform would be easily distinguishable from that performed by a regular employee.

Application of this Alternative Approach to Current PRCS Operations

Staff has analyzed how this approach might be applied to current PRCS operations. The following information has been developed for the purpose of providing Council some reasonable estimates on cost and operational impact, by program, of adopting this new approach. If Council is interested in pursuing this approach, significantly more staff work would be required to develop an actual concrete budget proposal. At that time, Council would need to provide direction on what level of cost increase and/or service level decrease they are comfortable with in order to implement this proposed change.

In developing this information, staff has prioritized programs and proposed possible time frames for implementation. The PRCS programs will be discussed in priority order from highest priority to not recommended.

Priority #1: Administrative Staffing at Spartan Gym

Reason: No seasonal justification for current practice; no identifiable difference in work performed between current regular administrative staff and current extra help staff

Brief Description of Current Operation:

- Current regular authorized FTE
 - 1.5 FTE (1.0 Administrative Assistant II & 0.5 Administrative Assistant I)
- Extra help administrative assistant hours equivalent to between 1.0 and 1.5 FTE

- 2012 hours: approximately 2840 (about 1.4 FTE). Work done by:
 - Eight (8) different employees
 - Pay ranged from \$10.50 to \$16 per hour
 - Hours worked per individual ranged from 150 to 1020
 - Gross Wages Paid: \$33,522
- 2013 hours: approximately 2740 (about 1.3 FTE). Work done by:
 - 10 different employees
 - Pay ranged from \$10 to \$16 per hour
 - Hours worked per individual ranged from 10 to 970
 - Gross Wages Paid: \$33,043

Alternative Regular Staffing:

- New 1.0 FTE: Administrative Assistant II
- Continued Need for Extra Help funding: Minimal to none
- Remaining Employees Making Less than \$15 per hour: None

Estimated Cost Information for This Change:

Estimated Costs - new 1.0 FTE Administrative Assistant II				
Salary	\$22.05 (Step 1)			\$45,864
City Paid Health Benefit	Maximum			\$19,620
	Minimum			\$11,220
PERS				\$4,224
*Other benefits	(451; Medicare; L&I; estimated by multiplying the above minimum & maximum new benefits by .08732)			
Maximum Annual Estimate				\$75,795
Minimum Annual Estimate				\$66,661
2014 Cost for Spartan Extra Help				
2014 Planned Hours	Hourly Rate	Wage Cost	Mandatory Benefits Cost	2014 Total Cost
2780	\$12	\$33,360	\$2,913	\$36,273
*Note—these mandatory benefits are currently paid for extra help employees also				

Additional Estimated Cost: \$30,400 - \$39,500

Decreased Hours: 700

Recommendation: Staff to prepare proposal for 2015 budget

Priority #2: Park Maintenance

Reason: No seasonal justification for current practice; no identifiable difference in work performed between current regular maintenance staff and current extra help staff

Brief Description of Current Operation:

- Current regular authorized FTE
 - Six (6) FTE
 - Five (5) Park Maintenance Worker II (includes new 1.0 FTE in 2014)
 - One (1) Park Maintenance Worker I
- Extra help maintenance worker hours equivalent to approximately (3) .05 FTE

- Employees are not “seasonal”; in 2014, PRCS’ plan is to always have at least one (1) extra help employee working
- In 2014, 3120 hours were budgeted for extra help staffing, which was a reduced level from 2012 and 2013, as a new FTE was added this year
- 2012 hours: approximately 6645 (about 3.2 FTE). Work done by
 - 12 different employees
 - Pay ranged from \$10.20 to \$11.40 per hour
 - Hours worked per individual ranged from 8 to 1042
 - Gross Wages Paid: \$70,686
- 2013 hours: approximately 6059 (about 2.9 FTE). Work done by:
 - 11 different employees
 - Pay ranged from \$10.20 to \$11.40 per hour
 - Hours worked per individual ranged from 93 to 914
 - Gross Wages Paid: \$63,314

Alternative Regular Staffing:

- New 0.75 FTE: Parks Maintenance Work I
- Continued Need for Extra Help funding: None
- Remaining Employees Making Less than \$15 per hour: None

Estimated Cost Information for This Change:

Estimated Costs - new 0.75 FTE Parks Maintenance Worker I				
Salary	\$ 24.52 (Step 1)		\$33,571	
City Paid Health Benefit	Maximum		\$14,715	
	Minimum		\$8,415	
PERS			\$3,053	
*Other benefits	(451; Medicare; L&I; estimated by multiplying the above minimum & maximum new benefits by .08732)			
Maximum Annual Estimate			\$55,864	
Minimum Annual Estimate			\$49,014	
2014 Cost for Parks Maintenance Worker Extra Help				
2014 Planned Hours	Hourly Rate	Wage Cost	Mandatory Benefits Cost	2014 Total Cost
3120	\$11	\$34,230	\$3,141	\$37,371
*Note—these mandatory benefits are currently paid for extra help employees also				

Additional Estimated Cost: \$11,600 - \$18,500

Decreased Hours: 1560

Recommendation: Staff to prepare proposal for 2015 budget

Priority #3: Specialized Recreation

Reason: No seasonal justification for current practice; no identifiable difference in work performed between current regular specialized recreation staff and current extra help staff

Brief Description of Current Operation:

- Current regular authorized FTE:
 - 0.5 FTE Recreation Assistant I

- Extra help recreation assistant equivalent to approximately three (3) .05 FTE
 - “Regular schedule”
 - Three (3) employees each work 20 hours per week for 43 weeks a year
 - Totals 2580 hours (about 1.2 FTE)
 - Additional hours are worked on evening/weekend events/trips
 - 2012 hours: approximately 3130 (about 1.5 FTE). Work done by:
 - 11 different employees
 - Pay ranged from \$10 to \$14.50 per hour
 - Hours worked per individual ranged from five (5) to 635
 - Gross Wages Paid: \$36,094
 - 2013 hours: approximately 3350 (about 1.5 FTE). Work done by:
 - Seven (7) different employees
 - Pay ranged from \$10 to \$13 per hour
 - Hours worked per individual ranged from 92 to 1014
 - Gross Wages Paid: \$36,447

Alternative Regular Staffing:

- Three (3) new 0.5 FTE: Recreation Aide (new job classification; Range 25)
- Continued Need for Extra Help funding: This would be determined with further evaluation should direction be given to pursue this priority. This program services vulnerable adults providing programming four days a week with some additional evening and weekend activities. Extra help hours would be used to maintain required staff-to-participant ratios during a staff member’s absence.
- Remaining Employees Making Less than \$15 per hour: Substitute staff hours paid at \$12 per hour.

Estimated Cost Information for This Change:

Estimated Costs - new Three (3) 0.5 FTE Recreation Aide				
Salary	\$17.22 (Step 1)			\$53,727
City Paid Health Benefit	Maximum			\$29,430
	Minimum			\$16,830
PERS				\$4,947
*Other benefits	(451;Medicare; L&I; estimated by multiplying the above minimum & maximum new benefits by .08732)			
Maximum Annual Estimate				\$95,798
Minimum Annual Estimate				\$82,097
2014 Cost for Specialized Recreation Extra Help				
2014 Planned Hours	Hourly Rate	Wage Cost	Mandatory Benefits Cost	2014 Total Cost
3100	\$11	\$34,100	\$2,978	\$37,078
700	\$12	\$8,400	\$733	\$9,133
Total		\$42,500	\$3,711	\$46,211
*Note—these mandatory benefits are currently paid for extra help employees also				

Additional Estimated Cost: \$35,877- \$49,588

Decreased Hours: 680

Recommendation: Staff to prepare proposal for 2015 budget

Priority #4: Pool (Not including Recreation Coordinator II and Recreation Assistant III)

Reason: Work does have a “seasonal” element as the summer staffing level is heavier than the fall/winter/spring; additional opportunities to use regular staff

Brief Description of Current Operation:

- Current regular authorized FTE:
 - 3.125 FTE
 - Four (4) Senior Lifeguards - 0.9 FTE, 0.85 FTE, 0.75 FTE, and 0.625 FTE
- Extra help labor equivalent to approximately eight (8) FTE
 - Work does have a “seasonal” element—the summer staffing level is heavier than the fall/winter/spring
 - Also the pool operation has shifts year-round that are much more heavily staffed than others. For example, the pool has both shifts that require 10 staff to be on-site at once and shifts that require only one (1) or two (2) staff
 - 2012 hours: approximately 17,605 (about 8.5 FTE). Work done by:
 - 50 different employees
 - Pay ranged from \$9.55 to \$12.70/hour
 - Hours worked per individual ranged from 19 to 1021
 - Gross Wages Paid: \$186,570
 - 2013 hours: approximately 16,920 (about 8.1 FTE). Work done by:
 - 46 different employees
 - Pay ranged from \$9.55 to \$12.70/hour
 - Hours worked per individual ranged from six (6) to 1042
 - Gross Wages Paid: \$175,909

Alternative Regular Staffing:

- The pool is unique and offers a variety of challenges. It has a large number of extra help employees covering a significant number of operational hours. The type of work being done by staff varies considerably from teaching classes, to lifeguarding, to registering participants at the front desk. In addition, the City has agreements in place with the Shoreline School District that would need to be factored into any decision about alternative staffing models. If the Council were to pursue an option to address extra help in this program, the recommendation is to have staff complete a more comprehensive review of pool staffing and provide a complete recommendation in the 2016 budget proposal.
- Continued Need for Extra Help funding: Yes, the services provided by the pool will continue to require some extra help staffing to support the operational needs created by programming and seasonal usage. Further review is needed to establish the exact number of hours needed.
- Remaining Employees Making Less than \$15 per hour: Yes, currently the top pay for the Lifeguard/Instructor position that would be assigned these duties is paid \$12.70 per hour.

Potential Cost Information for This Change:

Potential Costs - new 1.0 FTE Lifeguard/Instructor				
Salary	\$12.81 (Step 1)			\$26,645
City Paid Health Benefit	Maximum			\$19,620
	Minimum			\$11,220
PERS				\$2,454
*Other benefits	(451; Medicare; L&I; estimated by multiplying the above minimum & maximum new benefits by .08732)			
Maximum Annual Estimate				\$52,973
Minimum Annual Estimate				\$40,319
2014 Cost (high/low rate) for Pool Extra Help				
2014 Planned Hours	Hourly Rate	Wage Cost	Mandatory Benefits Cost	2014 Total Cost
2080	\$9.55	\$18,864	\$1,647	\$20,511
2080	\$12.70	\$26,416	\$2,307	\$28,723
*Note—these mandatory benefits are currently paid for extra help employees also				

Additional Potential Cost: \$19,808 - \$24,000

Decreased Hours: Unknown

Recommendation: Staff to conduct further evaluation of pool staffing to establish operational needs and scheduling options optimizing the use of regular employees and extra help. The evaluation would be the basis for a budget proposal to be included in the 2016 budget process.

Recommend No Change to these PRCS Services Programs

- Day Camp/Summer Program
 - Reason: Seasonal Programs
- Building Monitors
 - Reason: Minimal staffing requirements and program does not lend itself to regular staffing. For 2013, the aggregated FTE count was about 0.91. This role often performs for short time periods and may require multiple locations at the same time.
- Teen Program
 - Reason: Needs further study. Change to regular positions incompatible with current program design. This program currently has 14 ongoing staff at about 4718 hours per year of extra help, which roughly is the equivalent of 0.16 FTE for each ongoing staff.

FINANCIAL IMPACT

The cost of mandating an extra help minimum wage rate of \$15 an hour is estimated to exceed \$244,000 per year. This staff report also discusses alternative approaches to changes in compensation for extra help employees. Depending on the direction from the Council, the estimated annual cost of these approaches could be up to \$107,588. However, if some of the extra help hours are converted to ongoing regular positions, the

number of the remaining extra help employees earning less than \$15 per hour will also be reduced, which will reduce the cost to covert these employees to a \$15 wage.

RECOMMENDATION

Staff recommends Council discuss the information and alternatives presented this evening and provide direction to staff to develop proposals (if any) to bring back for Council consideration during the 2015 budget process. No formal action is required this evening.