

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Resolution No. 363 Revising the Personnel Policies for the Affordable Care Act Employer Mandate		
DEPARTMENT:	Human Resources		
PRESENTED BY:	Paula Itaoka		
ACTION:	<input type="checkbox"/> Ordinance	<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

PROBLEM/ISSUE STATEMENT:

The Affordable Care Act Employer Mandate requires that in 2015, under certain circumstances, employees who average 30 or more hours a week become eligible for health coverage. This mandate impacts the City's current policy regarding extra help. This staff report recommends changes to the Employee Handbook to prevent those impacts. Proposed Resolution No. 363, which is attached to the staff report as Attachment A, provides for this amendment to the Employee Handbook.

RESOURCE/FINANCIAL IMPACT:

The recommended changes to the Employee Handbook have no financial impact. However, a decision to decline the recommendations may have a financial impact equal to the cost of providing health coverage to extra help employees who average more than 30 hours a week in certain circumstances. Using 2014 rates, the cost to cover an extra help employee under the rules of the mandate is estimated at \$652 a month.

RECOMMENDATION

Staff recommends that Council adopt Resolution No. 363 to amend Chapter 3 of the Employee Handbook to create Employment Status Definitions for extra help employees.

Approved By: City Manager **DT** City Attorney **JA-T**

BACKGROUND

The Affordable Care Act Employer Mandate requires that in 2015, under certain circumstances, employees who average 30 or more hours a week become eligible for health coverage. This mandate impacts the City's current policy regarding extra help. This staff report recommends changes to the Employee Handbook to prevent those impacts. Proposed Resolution No. 363, which is attached to the staff report as Attachment A, provides for this amendment to the Employee Handbook. Attachment B to this staff report provides the tracked change amendments to Chapter 3 of the Employee Handbook.

DISCUSSION

On September 29, staff presented this discussion item to the Council, which introduced the issue of the Affordable Care Act Employer Mandate and staff's recommendation regarding how to manage this mandate through three new Employment Status Definitions for extra help employees. The staff report for this September 29 agenda item can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2014/staffreport092914-9a.pdf>.

As was discussed on September 29, staff analyzed the first 28 weeks of 2014 to identify how many extra help employees averaged enough hours to suggest they would qualify for health coverage in 2015 and found two (2) extra help employees. However, with the limit of 1,040 hours of work in a calendar year, the employees will have a break in service before 2015.

Also at this meeting, Council asked whether health coverage proration for part time employees is permitted under the Affordable Care Act. Staff has researched this question and the answer is yes, proration is permitted.

RESOURCE/FINANCIAL IMPACT

The recommended changes to the Employee Handbook have no financial impact. However, a decision to decline the recommendations may have a financial impact equal to the cost of providing health coverage to extra help employees who average more than 30 hours a week in certain circumstances. Using 2014 rates, the cost to cover an extra help employee under the rules of the mandate is estimated at \$652 a month.

RECOMMENDATION

Staff recommends that Council adopt Resolution No. 363 to amend Chapter 3 of the Employee Handbook to create Employment Status Definitions for extra help employees.

ATTACHMENTS

Attachment A: Proposed Resolution No. 363

Attachment B: Exhibit A to Proposed Resolution No. 363 – Amended Chapter 3 of the Employee Handbook

RESOLUTION NO. 363

**A RESOLUTION OF THE CITY OF SHORELINE,
WASHINGTON, ADOPTING REVISIONS TO PERSONNEL
POLICIES TO REFLECT THE EMPLOYER MANDATE OF THE
PATIENT PROTECTION AND AFFORDABLE CARE ACT.**

WHEREAS, the City Council has provided for benefits and working conditions in the Employee Handbook since it was first adopted in 1999; and

WHEREAS, the Patient Protection and Affordable Care Act (PPACA), 42 USC 18001 *et seq.*, contains responsibilities for employers in the area of health care; and

WHEREAS, starting in 2015, the PPACA's Employer Mandate requires that large employers must offer health insurance to full-time employees working an average of 30 or more hours per week or face non-deductible tax penalties; and

WHEREAS, the PPACA's Employer Mandate requires the City to identify employees who average 30 or more hours per week during a measurement period and provide health coverage to those employees in a subsequent stability period; and

WHEREAS, Shoreline's Employee Handbook contains current personnel policies which do not conform with the PPACA's Employer Mandate and must be amended; now therefore

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
SHORELINE, WASHINGTON AS FOLLOWS:**

Section 1. Section 3 of the Employee Handbook is revised as provided in Exhibit A attached hereto and incorporated herein.

ADOPTED BY THE CITY COUNCIL ON OCTOBER 13, 2014.

Shari Winstead, Mayor

ATTEST:

Jessica Simulcik Smith, City Clerk

3.00 DEFINITIONS

3.01 Alternate Workplace

The place designated for the employee to work when not working at the regular office.

3.02 Anniversary Date

The date used for the purpose of calculating leave benefits and length of service. Usually the anniversary date is the date the employee began work for the City, but adjustments shall be made for unpaid time off or other purposes.

3.03 Break in Service

The period of time between the date an employee separates from service and the date the employee is rehired.

3.033.04 Callback

All time worked in excess of a scheduled shift, which is not an extension of that shift, and is unanticipated, unforeseen, and not a regular function of the employee's work schedule.

3.043.05 City

The City of Shoreline, Washington.

3.053.06 City Hall Campus

The property including City Hall, the City Parking Garage and all adjacent City owned grounds not subject to lease.

3.063.07 City Manager

The individual appointed by the City Council to serve in this capacity or his or her designee.

3.073.08 Core Hours

Those hours during which City offices are open to the public and during which staffing is available to provide service to our customers. Core hours for the City are 8:00 a.m. to 5:00 p.m. Monday through Friday.

3.083.09 Demotion

Any case where a regular employee moves on a non-temporary basis to a different position in a lower salary range.

3.093.10 Department Director

An individual appointed by the City Manager to serve as Assistant City Manager, Finance Director, Human Resources Director, Parks and Recreation Director, Planning and Development Services Director or Public Works Director or his or her designee.

3.103.11 Domestic Partner

The individual named in a current, valid Affidavit of Marriage/Domestic Partnership on file with the City's Human Resources Department.

3.113.12 Drugs

Includes any substance which is controlled in its distribution by federal or state law, including but not limited to, narcotics, depressants, stimulants, hallucinogens, cocaine and cannabis. Does not include prescription and over-the-counter medication used according to prescription or consistent with standard dosage.

3.13 Employment Status Definitions

3.13.1 Regular Full Time: A regular position established by the City budget that is expected to be ongoing and to work a 40 hour week.

3.13.2 Regular Part Time: A regular position established by the City budget that is expected to be ongoing and to work at least 20 but less than 40 hours per week.

3.13.3 Extra Help: A position that is employed in activities related to seasonal programs, variable intermittent workloads, or ongoing work of less than 20 hours a week, further defined below.

3.13.3.1 Seasonal: Work that is seasonal beginning approximately the same season of each calendar year, customarily less than six months in duration.

Maximum Hours:

- 1,040 hours a year with no limit on weekly hours if all work is seasonal.
- If some of the work is not seasonal then all hours worked count toward a maximum average of 29 per week in the first 3 months of employment and during 12 months of employment.

Break in Service Requirement before Rehire:

- 13 weeks, or
- Longer than the employee was employed, or
- With approval from Human Resources based on an evaluation of employment status including measurement period implications.

3.13.3.2 Variable-hour: Work that is not seasonal but is intermittent and/or hours that are unpredictable from week to week.

Maximum Hours:

- 1,040 a year and
- an average of 29 per week during the first 3 months of employment and during 12 months of employment.

Break in Service Requirement before Rehire:

- 13 weeks, or
- Longer than the employee was employed, or
- With approval from Human Resources based on an evaluation of employment status including measurement period implications.

3.13.3.3 Less than 20 Ongoing: Work that is ongoing and consistent with few hours but regularly scheduled each week.

Maximum Hours:

- 1,040 a year and
- an average of 20 per week during the first 3 months of employment and during 12 months of employment.

Break in Service Requirement before Rehire:

- 13 weeks, or

- Longer than the employee was employed, or
- With approval from Human Resources based on an evaluation of employment status including measurement period implications.

3.123.14 Exempt Employee

An employee exempt from the minimum wage and overtime provisions of the Fair Labor Standards Act (FLSA) as defined by that Act or applicable state law and designated as such by the City Manager. A list of exempt positions is maintained by Human Resources.

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.~~

3.143.15 Flex-Time

A work schedule that permits flexible starting and quitting times or other alternative work schedules within limits set by the respective Department Director.

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.~~

3.16 Immediate Family

Unless defined otherwise in these policies, the employee's grandparent, parent, parent-in-law, foster parent, spouse, domestic partner, child, step child, foster child, grandchild, sister, sister-in-law, brother or brother-in-law. Domestic Partner is an individual named in a current, valid Affidavit of Marriage/Domestic Partnership on file with the City's Human Resources Department and the Partnership shall satisfy the following criteria:

- Partners may be of the same or opposite sex;
- Partners shall be unmarried, mentally competent, 18 years of age or older and not related by blood closer than permitted for marriage under RCW 26.04.020;
- Share a regular and permanent residence and living expenses; and
- Partners shall not be a part of another Domestic Partnership.

In appropriate circumstances, an employee may believe that another individual should be considered a member of the immediate family for the purpose of applying these policies. The employee shall make a written request explaining to Human Resources why the employee believes that this individual should be considered a member of the immediate family. If Human Resources concurs, they shall forward a recommendation to the City Manager for approval. The City Manager shall decide to approve or deny the request. (If the definition of immediate family is different in certain approved benefit plans or policies; the provisions of those plans or policies will govern.)

3.17 Insubordination

Expressed hostility or contempt for an employee's supervisor or willful disregard of a supervisor's reasonable directive.

3.18 Intern

A position that is a form of on-the-job training that may be either voluntary or on paid status.

3.19 Non-Exempt Employee

An employee covered by the minimum wage and overtime provisions of the Fair Labor Standards Act.

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.~~

3.213.20 Promotion

Any case where a regular employee moves on a non-temporary basis to a different position in a higher range.

3.223.21 Regular Office

The office to which an employee is generally assigned.

3.233.22 Standby

Specific assignment of an employee during off-hours to be available to come to work if needed. Standby is not considered as time worked.

3.243.23 Step Increase Date

The date that is used for the purpose of annual performance review and step increase. Usually the step increase date is the date the employee began work in his or her current position. Adjustments shall be made for unpaid time off or other purposes.

3.253.24 Telecommuter

An employee who has entered into a current Telecommuting Agreement.

3.263.25 Telecommuting

Working arrangements in which the workplace is located at least part time at an alternate location, such as the employee's home and which are expected to last longer than one month. A telephone may be the only equipment needed; however, in some cases employees may use special telecommunications equipment such as telephone answering devices, computers, faxes and modems.

3.273.26 Time in Paid Status

The period of hours during a pay cycle for which an employee receives compensation including hours worked, vacation, sick, holiday, management, personal or other paid leaves.

3.283.27 Transfer

Any case where a regular employee moves on a non-temporary basis to a different position in the same salary range.

3.293.28 Work Week

A fixed and regularly recurring period of seven (7) consecutive twenty-four (24) hour periods. The standard workweek for employees consists of the period from 12:01 a.m. Sunday to 12:00 midnight the following Saturday. Where a different workweek is required, the City Manager will define an appropriate workweek and communicate that to the employees.

3.303.29 Y-Rating

The continuation of a regular employee's salary above the highest step of a new salary range as a result of the salary range for the position being lowered due to a market survey or other factors.