

PERSONNEL/ADMINISTRATIVE AFFAIRS COMMITTEE

JUNE 6, 2016

7:00 PM

Aldermanic Chamber

ROLL CALL

PUBLIC COMMENT

INTERVIEWS

Business & Industrial Development Authority

Kim Reagan (New Appointment)

For a Term to Expire: May 1, 2019

COMMUNICATIONS

From: Larry Budreau, Human Resources Director

Re: Merit Plan Amendments – Draft of HR Department Views

From: John L. Griffin, CFO

Re: Amendments to Proposed Merit Employee Rules and Regulations

From: Personnel Advisory Board

Re: Amendments to Merit Employee Rules and Regulations Effective July 1, 2016

APPLICATION TO LICENSE HAWKER'S, PEDDLER'S, ITINERANT VENDOR'S LICENSE - None

APPOINTMENTS BY THE MAYOR

Business & Industrial Development Authority

Kim Reagan (New Appointment)

For a Term to Expire: May 1, 2019

30 Temple Street, Suite 400

Nashua, NH 03060

UNFINISHED BUSINESS – None

NEW BUSINESS – RESOLUTIONS

R-16-036

Endorsers: Mayor Jim Donchess
Alderman-at-Large Lori Wilshire
Alderman June M. Caron
Alderman-at-Large Mark S. Cookson
Alderman Tom Lopez
Alderman-at-Large Michael B. O'Brien, Sr.
Alderswoman Mary Ann Melizzi-Golja

UPDATING THE FINANCIAL STANDARDS FOR THE CITY'S WELFARE GUIDELINES

NEW BUSINESS – ORDINANCES

O-16-012

Endorser: Mayor Jim Donchess

MOVING PARKING OVERSIGHT AND MANAGEMENT FROM THE TRANSPORTATION DEPARTMENT IN THE COMMUNITY DEVELOPMENT DIVISION TO THE OFFICE OF ECONOMIC DEVELOPMENT IN THE MAYOR'S OFFICE

TABLED IN COMMITTEE

O-16-010

Endorser: Alderman-at-Large David W. Deane

ADOPTION OF AMENDMENTS TO MERIT EMPLOYEE RULES AND REGULATIONS EFFECTIVE

JULY 1, 2016

- Tabled 5/2/16

DISCUSSION

PUBLIC COMMENT

REMARKS BY THE ALDERMEN

POSSIBLE NON-PUBLIC SESSION

ADJOURNMENT

To: Personnel Advisory Board
From: Larry Budreau, Human Resources Director
Subject: Merit Plan Amendments – Draft of HR Department views
Date: May 16, 2016

General Discussion

The Merit Employee Rules and Regulations could stand a thorough rewrite, top to bottom, in my opinion. In addition to a number of substantive recommendations that I would propose, I suggest that they should be written more clearly and be better organized. They also need a table of contents and page numbers.

As the City's new (July 15) HR Director, I intend to suggest to Mayor Donchess that he consider submitting revisions to the Plan to the Board of Aldermen in early CY 2017. If the Mayor is receptive, I will offer to draft revisions for his review, and help facilitate the required reviews by directors, department heads, and Legal.

The City has not compared its compensation practices for Merit employees to the appropriate competitive market in several years. That exercise is overdue; I intend to gather comparable compensation information in advance of recommending a CY17 overhaul of the Merit Plan.

Based on my knowledge of comparable municipal pay rates, we're behind the pack. There is generally a direct correlation between community population, (hence size and scope of municipal service) and compensation levels. As second largest city, we should expect to see Nashua's pay rates at the top of New Hampshire's municipal pay scales. Further, as we're perched on the Massachusetts border, we compete for labor with Massachusetts employers.

Specific Amendments

Pursuant to NRO-53, HR Department views "shall be sought with respect to each amendment or change."

Please find below the proposed ordinance. I have annotated most recommended changes in ***bold italics***. If there is no annotation, I think the amendment is fine.

LEGISLATIVE YEAR 2016

ORDINANCE: O-16-010

PURPOSE: Adoption of amendments to Merit Employee Rules and Regulations effective July 1, 2016

SPONSOR(S): Alderman-at-Large David W. Deane

COMMITTEE
ASSIGNMENT:

FISCAL NOTE: The cost to place employees currently off the existing grid onto a step on the new proposed grid that is closest but higher than their current salary and place employees in step 1, 2 or 3 up to step 4 is \$35,047.

ANALYSIS

Under NRO 50-3, the merit system may be amended by ordinance. For all amendments introduced by the Board of Aldermen, the views of the Director of the Financial Services Division, the Human Resources Department and the Personnel Advisory Board with the Mayor shall be sought with respect to each amendment or change.

This legislation makes approximately twenty changes to the Merit Employee Rules and Regulations as shown on the attached Rules and Regulations with underlines and strikethroughs. The legislation changes the merit compensation and Merit Salary Grid by removing the three lowest steps, adding six steps at 2.9% for each step, and changing the annual increase for employees off the grid to a lump-sum payment.

This legislation is substantially similar to O-14-017, on which no action was taken before the end of the 2014-2015 legislative term.

Approved as to form: Office of Corporation Counsel

By: _____

Date:



ORDINANCE

ADOPTION OF AMENDMENTS TO MERIT EMPLOYEE RULES AND REGULATIONS EFFECTIVE JULY 1, 2016

CITY OF NASHUA

In the Year Two Thousand and Sixteen

The City of Nashua ordains that Chapter 50 “Personnel” be further divided as follows: Part 1 “Personnel Administration Merit System” shall contain Articles I through X, and Part 2 “Grievance Procedure for Handicapped Persons” shall contain Article XI.

In Part 1 “Personnel Administration Merit System”, Article I “General Provisions”, Section 50-7 “Merit Pay Compensation System”, delete the struck-through language and add the new underlined language as follows:

“§ 50-7. Merit Pay Compensation System.

A. The merit pay compensation system set forth on the “Merit Salary Schedule (Appendix A) and Merit Employee Rules and Regulations” effective July 1, 2016, is hereby adopted.”

A copy of the amended “Merit Salary Schedule (Appendix A) and Merit Employee Rules and Regulations” showing new underlined language and deleted struckthrough language is attached.

Merit employees that are currently in steps 1, 2, or 3 will be placed on step 4 of the new grid.

Merit employees that are currently off the grid will be placed on the new grid on the step that is closest to but greater than their current salary.

MERIT EMPLOYEE RULES AND REGULATIONS

EFFECTIVE JULY 1, 2011~~16~~

The City of Nashua reserves the right to amend or revoke any of the provisions of any of the benefits, terms and conditions of employment provided herein. The benefit package shall not be construed as a contract of employment.

MERIT EMPLOYEE RULES AND REGULATIONS

INTRODUCTION

This document applies to employees covered under Chapter 50 "Personnel", Part 1 "Personnel Administration Merit System", Article I "General Provisions", Section 50-4 "Personnel covered" of the Nashua Revised Ordinances.

EMPLOYMENT

Work Schedule

An employee's work schedule is determined by his or her division director based on the operational needs of the city/department. The city has the right to make changes in work schedules and assignments, as it deems necessary. Variations from the standard 8am-5pm schedule require the written permission of an employee's Division Director.

Budreau – Strike this new language; it is unnecessary because the division director already has authority granted in the first sentence.

Attendance

Employees are responsible for their attendance. Employees who know in advance that they will be late or absent shall notify the department manager prior to the date in question. An employee who fails to notify the department manager of their absence will be deemed absent without leave. This absence may be without pay and subject to disciplinary action. "Buddy Punching", time stamping at a clock or on a computer for another employee, is strictly prohibited and may subject both employees to progressive discipline up to and including termination of employment.

Budreau – Strike this new language; it is more appropriate to include it in the time clock and computer usage policies. This should generally be an upbeat document. It's how we introduce new employees to the City.

Equal Employment Opportunity (EEO)

The City of Nashua is an equal opportunity employer. EEO applies to all terms and conditions of employment, that is hiring, placement, promotion, termination, layoffs, recall, transfer, leaves of absence, compensation, training, and all illegal harassment.

Probation Period

Newly hired or promoted employees must successfully complete a six-month probationary period.

Performance Evaluations

Employees will receive an annual evaluation at the completion of the fiscal year. The direct administrative support staff in the mayor's office will receive an annual evaluation on the anniversary of their date of hire. In addition, all newly hired, or promoted employees will receive an end of probation performance evaluation.

Personnel File

Employees are entitled to review their personnel file during normal office hours with adequate notice to Human Resources. Authorized personnel/representatives will be required to sign a form in order to review personnel files.

Vacancies

Designated vacancies will be posted for a minimum of five workdays.

Promotions

Selected candidates will be placed on the designated grade of the attached Merit Salary Schedule (Appendix A) one step above the salary equal to or greater than their current salary just prior to the effective date of the promotion.

The hiring source may elect to place the candidate no more than two (2) steps above this requirement. Under extraordinary circumstances, the Mayor may approve further adjustments and the Mayor shall notify the Board of Aldermen in writing when this privilege is exercised.

Employees who do not serve a successful probationary period may, at the discretion of management, be returned, or request to be returned, to their former position if that position is available or to a similar position if available.

Reclassification

A department manager, division director, or an employee through his or her respective supervisor may request a review of their position classification by submitting a position description form (PDF) to Human Resources for evaluation.

In the event that a position is reclassified to a higher grade classification, the compensation will be determined within the attached Merit Salary Schedule (Appendix A) by placing the employee on the designated grade one step above the salary equal to or greater than their current salary.

The hiring source may elect to place the employee no more than two (2) steps above this requirement. Under extraordinary circumstances, the mayor may approve further adjustments and the Mayor shall notify the Board of Aldermen in writing when this privilege is exercised.

Demotions

Demotions may be voluntary or by administrative directive. Compensation is determined by crediting the employee with the number of years spent at the higher grade and then adjusting his or her salary to a step within the lower grade.

Seniority

City seniority is defined as continuous service either from the date of hire or rehire. Department seniority is defined from either the date of hire or transfer into the department and shall be given due consideration with regard to choice of vacations and layoffs.

Discipline

The city has the right to discipline or discharge employees for cause. Discipline shall be corrective in nature and ordinarily utilized progressively. Disciplinary actions normally follow the order of (1) written warning; (2) suspension without pay and (3) discharge.

The severity of any particular infraction may warrant deviation from the cited steps, for example willful destruction of property, theft, falsification of records, fighting, etc.

Grievance Procedure

Employees, who have completed a successful probationary period, have the right to discuss a grievance with their supervisor within 10 days of the event giving rise to the grievance. The supervisor then has ten (10) days to render a decision.

If an employee is not satisfied with the decision, he or she may file a written grievance with the department manager within ten (10) workdays of receipt of the supervisor's decision. The employee and the department head must discuss the issue(s) within ten (10) workdays of the submission. The manager must render a written response within ten (10) workdays of receipt of the submission.

If an employee is not satisfied with that decision, he or she may file a written grievance with the division director, who may elect to involve the elected board/commission. The division director, in conjunction with the Human Resources Manager, shall discuss the merits of the grievance at a meeting to which all interested parties are welcome to attend, including any representative of the employee. The division director then has ten (10) workdays from hearing the grievance to render a written decision. Employees who are not satisfied with the decision of the division director may appeal within ten (10) workdays of receipt of the division director's decision to the Personnel Advisory Board (PAB).

Personnel Advisory Board (PAB)

Employees who are not satisfied with the decision of the division director may file a written appeal with the PAB within 10 workdays of receipt of the division director's decision. The PAB shall hear the grievance and render a written recommendation to the Mayor within 30 workdays of the hearing. All recommendations will be advisory except in those instances of discharge when an employee demonstrates that the discharge was based on race, color, religion, sex, sexual

orientation, age, national origin, disability, marital status or political affiliation. Under the above stated exceptions the PAB may order the employee reinstated.

Resignation

Employees are considered to have resigned in good standing provided they have given a two (2) week notice or the department has waived the timeframe.

Employees who have failed to notify the department manager of an absence in excess of two (2) pay periods, failed to report to work at the end of an approved leave of absence, or fails to return to work when recalled from layoff upon official notice from the city, will be considered to have abandoned (voluntarily resigned) their position.

Termination

Direct administrative support staff in the mayor's office will serve an indefinite term at the pleasure of the mayor.

Exit Interview

Employees who, either voluntarily or through an administrative action, leave the employment of the city must meet with Human Resources to return all city property, review their benefits and to be informed of their rights to COBRA health benefits as required by law. All City property must be returned at this interview.

Budreau – Strike this new language; it is unnecessary because the subject is addressed in the first sentence.

Recall

Employees who through no fault of their own are laid off from their position will be placed on a recall list and given preferential consideration for like positions with due regard for city/department seniority and past performance. Laid off employees will remain on an established list for a period not to exceed two years.

Retired Employees

No person who is receiving or is eligible to receive a pension, as a result of prior service in the employment of the city, or a pension which is or has been funded in whole or in part with city funds, shall be hired or rehired unless such person agrees in writing to a remuneration reduced by the amount of the pension. Retirees are eligible to participate in the city's health and dental plan at full cost to the retiree.

Medical Examinations

A Pre-employment physical that is considered to be a condition of employment will be conducted by a physician designated by the city and will be paid for by the city.

A Fitness for duty/return to duty physical may be required. Fitness for duty physicals will be conducted by a physician designated by the city and may be paid by the city.

City Property

City owned or leased equipment is for city business purposes only. Any violation will be subject to disciplinary action. Personal calls on city telephones shall be kept to an absolute minimum.

COMPENSATION

Compensation for all merit employees shall be in compliance with the Merit Salary Schedule attached in Appendix A. Although the city discourages the payment of stipends, fees and additional compensation, it is recognized that there may be instances when such payment for services, which are deemed not to be part of an employee's normal job duties, is in the best interest of the City. The Board of Aldermen shall receive written notification on a quarterly basis of any and all such stipends, fees, and additional compensation paid to any merit employee.

Merit Salary Schedule

Grades One through twenty as shown as Appendix A.

Steps ~~One~~Four through ~~seventeen~~twenty-three as shown on Appendix A.

Budreau – This is long overdue. The current Merit Salary Schedule was effective on January 1, 2008, 8 ½ years ago. 30% of Merit employees will be above the current top step on July 1.

Merit Pay Program

Newly hired employees may receive a starting salary within the job classification grade on the attached Merit Salary Schedule (Appendix A). Recruitment should be based on the documented education and/or experience he/she brings to the job.

Employees who are hired or promoted after July 1st but before December 31st of each calendar year will be eligible for a one step advancement within their job classification on July 1st of the next year provided he/she attains a satisfactory performance evaluation.

Employees who are hired or promoted between January 1st and June 30th will not be eligible until they have completed an entire fiscal year.

Direct administrative support staff in the mayor's office will be eligible for a one step advancement within their job classification on their annual anniversary of their date of hire provided he or she attains a satisfactory performance evaluation.

An employee who has reached the maximum step within his/her designated grade, and has attained a satisfactory performance evaluation, shall be eligible for a ~~salary increase~~ annual lump sum payment equal to the three (3) year average of the CPI-U Northeast.

Budreau – Strike this new language. Ideally, I suggest that the pay ranges should be adjusted annually so that the top of the grade itself inches up. Failing that, the original language allows the salary of top step employees to achieve that same result. A lump sum payment has the effect of freezing an employee's salary slightly above the top step. Were the City to allow another period of inattention to the salary grid, the situation for senior employees would be worse than it is now.

Classification and Compensation

Compensation will be determined by the designated grade and step within the attached Merit Salary Schedule (Appendix A). The Mayor, through the Board of Aldermen, may grant a cost of living adjustment to all merit employees. Any changes to the Merit Salary Schedule shall be approved by the Board of Aldermen before taking effect.

Overtime

Overtime will be compensated in accordance with the Fair Labor Standards Act (FLSA). Employees classified as exempt shall not be entitled to the overtime provisions set forth in FLSA.

Payroll Deductions

Employees are paid on a weekly basis. All required deductions, such as State, Federal, court ordered, and voluntary deductions are automatically withheld from the employee's paycheck. Employees may elect to enroll in the Dependent Care Program, Flexible Spending Account, United Way, ~~US Savings Bonds~~, Short Term Disability, Roth IRA, Credit Union and Deferred Compensation Program. Employees assigned to the Division of Public Works who are members of the DPW retirement system, hired after 4/1/86 are subject to a Medicare deduction.

Budreau - Strike "Roth IRA" for now; we don't offer it.

Working Out of Classification

When it is determined that an employee is assigned to the functions of a vacant higher classification, the affected employee shall be eligible for the promotional rate of that classification provided he/she has worked a minimum of four (4) hours in any one (1) calendar day for an accumulated period of forty (40) hours within a twenty-four (24) month period. Once the employee has met those criteria, he/she shall remain eligible for that promotional compensation while performing the assigned functions of that classification

Workers' Compensation

All employees are covered by the city's workers' compensation insurance. In the event an employee is injured on the job, he or she must give immediate notice to their supervisor and complete the required paper work. After determination of total disability, the City shall pay to the employee each week the difference between the amount paid under workers' compensation and the amount of the employee's pay for his/her regularly scheduled workweek in effect at the time the disability occurred. Payment of supplemental pay by the City shall continue as long as the employee is ruled to be totally disabled, but not to exceed a maximum of 26 weeks.

Otherwise, the employee may choose to supplement his or her worker's compensation payment utilizing available benefit leave balances. Employees will continue to accrue full benefits including vacation and sick leave while receiving workers' compensation benefits.

LEAVE BENEFITS

Bereavement Leave

Employees are entitled to bereavement leave for three (3) consecutive days from either the date of death or three (3) days from the date of burial of a member of the employee's immediate family. Employees on a scheduled leave of absence will not be eligible for bereavement leave.

The immediate family includes an employee's spouse and the following relatives of the employee or their spouse: children, brother, sister, parents, step-parents, grandparents, grandchildren, daughter-in-law, son-in-law, blood relative or ward residing in the employee's household.

Holidays

There are eleven (11) paid holidays per calendar year, plus the Presidential Election Day every fourth year.

The following are standard holidays:

1. New Year's Day
2. Labor Day
3. Civil Rights Day
4. Veteran's Day
5. Memorial Day
6. Thanksgiving Day
7. Independence Day
8. Christmas Day

The remaining three (3) days are determined by the Mayor in January of each year. Nonexempt employees who are required to work a holiday will receive 1.5 times their regular hourly rate. Exempt employees are allowed to carry forward and use the holiday compensatory time within sixty (60) days following the holiday.

If a holiday falls on a Saturday, the preceding Friday is observed. If the holiday falls on a Sunday, the following Monday is observed. Employees must be on payroll the day before and the day after the holiday in order to be eligible for holiday pay. Part time employees who are not scheduled to work on the holiday are not eligible for holiday pay.

Jury Duty

Employees called to jury duty will be paid the difference between the time served and their regular weekly salary. Employees must submit evidence of service as a juror and any compensation for jury duty to the Payroll Section.

Personal Days

Employees on payroll effective July 1st or hired before December 1st are entitled to three (3) personal days per fiscal year. Employees hired after December 1st are entitled to two (2) Personal Days and those hired after April 1st are entitled to one (1) Personal Day.

Personal days cannot be carried over from one fiscal year to another. Personal time must be requested and approved in advance and may be taken in half-hour increments. Personal Days are

not paid out when an employee leaves. Employees who are on an approved leave of absence will not receive their personal days' award until they return from their leave.

Budreau – Keep the first new sentence because it memorializes the current practice. Strike the second new sentence. Since the “award” is coincident with the beginning of each new fiscal year, this recommendation only impacts those employees who happen to be on leave on July 1. Since employees will receive the award when they return – the change will provide little to no impact to few or no employees, and the remark will create more questions than it answers.

This is an example of policy language that may add more complexity / confusion than value.

Vacation

Employees are entitled to use accrued vacation leave provided they are on payroll at least fifteen (15) days beginning the first of each month and have been employed with the city at least ninety (90) calendar days. Part time employees working a minimum of 20 hours earn vacation leave on a pro rated basis.

Vacation leave must be requested and approved by the employee's supervisor. Vacation leave is approved based on the operational needs of the department. Employees who resign or leave after ninety (90) days of employment with the city will be paid for all unused accrued vacation.

Vacation leave is accumulated per the vacation schedule below provided the employee is on payroll for the first fifteen (15) calendar days of any given month. Vacation is accumulated as follows:

- Less than 5 years: 10.8 days (7.2 hrs per month)
- Less than 10 years: 15 days (10 hrs per month)
- Less than 20 years: 21 days (14 hrs per month)
- 20 or more years: 27 days (18 hrs per month).

Employees on Long Term Disability will not accrue vacation leave. Employees may carry no more than two (2) times their respective annual accrual rate. Vacation is calculated at the employee's regular straight time rate. Vacation preferences must be made known to the department manager by April 1st. Employees with the most seniority have preference in requesting vacation time. In the event of an employee's death, lay off, retirement, or resignation, accrued vacation will be paid to the employee or designated beneficiary.

Credible Service Credit

Employees who have been hired into a Merit position from a direct/indirect service contract or as an independent contractor without a break in service may upon request be granted credible service credit for the purpose of vacation accrual and eligibility for long-term disability.

Sick Leave

Sick leave is accumulated at 1.25 (10 hours) days per month provided the employee is on payroll for the first fifteen (15) calendar days of any given month. Total accumulation per year is fifteen

(15) days. Part time employees working a minimum of 20 hours earn sick leave on a pro rated basis. Employees on Long Term Disability will not accrue sick leave.

Employees hired prior to July 1995 may accrue up to a maximum of ninety (90) days for which they will receive 100% of their sick leave upon retirement from the City.

Employees hired on or after July 1, 1995 can accrue an unlimited amount of sick time; however, they will be eligible for twenty (20%) percent of their unused sick leave balance upon their retirement. Sick leave may be taken in ½ hour increments.

The City may, at its discretion, require medical verification from a licensed medical practitioner, which must state the nature of the illness, date seen, and the anticipated date of return. In the event of death, the employee's beneficiary will be entitled to fifty (50%) percent of the unused balanced of sick leave. An employee who resigns but returns to employment within one (1) year will have his or her sick leave balance reinstated.

Leave of Absence

An employee must submit to the hiring source a written request for a leave of absence prior to the initial date of leave indicating the reason for the leave of absence and the duration of the leave. An employee may request to use available vacation and/or personal time. Employees on an unpaid leave of absence will not accrue benefit leave (vacation/sick).

Employees with one (1) or more years of continuous service may be granted a personal leave up to one year. An employee with less than one year may be granted a personal leave up to thirty (30) days. The city will continue to pay its share of health insurance up to six (6) months for an employee who is on an approved leave of absence.

Family Medical Leave Act (FMLA)

An employee, who is employed for at least twelve (12) months, who has worked at least 1,250 hours during the prior twelve (12) month period, is eligible to take up to twelve (12) weeks leave of absence over a twelve (12) month period of time. FMLA leave is granted for the serious illness of the employee, spouse, the care of a minor child, the placement of a foster/adoptive child, the birth of a child, personal illness or the care of a parent, child or disabled child, who has a serious health condition. Please refer to the federal act for additional details including additional leave reasons related to military service.

Budreau – Instead of adding the recommended sentence, delete the whole paragraph and replace as follows: The City complies fully with the Family Medical Leave Act (FMLA). Please refer to the City of Nashua FMLA Policy for information regarding family medical leave administration.

Military Leave

An employee who voluntarily or involuntarily enters into the Armed Forces is entitled to a leave of absence for the anticipate length of enlistment. The employee upon discharge is entitled to reinstatement to his or her previous position or a position of like status.

Employees called to serve in the National Guard or Armed Forces Reserve are entitled to seventeen (17) days of paid leave of absence per Federal fiscal year (October 1st through September 30th). The employee will be required to submit verification of leave orders as evidence of the amount of pay received. Reservists called into active duty will be eligible for benefits in accordance to the Mayoral Memo dated October 5, 2001.

BENEFITS

Health Insurance

Health insurance is offered to all full time employees or part time employees, who work a minimum of twenty (20) hours per week. The cost for health insurance for part time employees is pro-rated. The types of coverage for health insurance are for an individual, two person, and family. The City currently offers the following plans:

Health Maintenance Organization: (HMO): selected by the city.

Point of Service Plan: selected by the city

High Deductible plan with HSA: selected by the city.

New employees who wish to enroll in a health insurance program must enroll in one within the first 30 days of employment. Employees who want to change their carrier or subscribe to another program can only do so during an annual “open enrollment” period or within 30 days of a qualifying event. See the plan descriptions for definitions of qualifying events.

Budreau – Change this paragraph as follows:

New employees hired before the 15th of the month are eligible ~~who wish to~~ enroll in a health insurance ~~plan program on the first day of the next month. Employees hired on or after the 15th of the month are eligible to enroll on the first day of the month following one month of employment. must enroll in one within the first 30 days of employment.~~ Employees who want to change their ~~carrier or subscribe to another program~~ health insurance coverage can only do so during an annual “open enrollment” period or within 30 days of a qualifying event. See the plan descriptions for definitions of qualifying events.

Additional Plans: selected by the city: The city may make additional plans available to employees with benefit levels and premium cost sharing determined by the city.

City Contributions (effective October~~July~~ 1, 2011)

HMO the city contributes 80%, except the mayor may reduce the city’s contribution for the direct administrative support staff in the mayor’s office.

Point of Service (POS) the city contributes 70%, except the mayor may reduce the city’s contribution for the direct administrative support staff in the mayor’s office.

~~Employees who are married to another employee of the City, who also subscribes to a plan, will be subject to the birthday rule. The birthday rule states, whichever spouse's birthday falls first in a calendar year, is designated as the subscriber to any health plan.~~

Dental Insurance

The city will pay 100% of the premium for a one or two person dental plan selected by the city. Employees electing to participate in a family plan will pay the difference between the cost of a two person and a family plan. Employees may choose to elect to enroll in just the dental plan.

Regular part time employees working a minimum of twenty (20) hours per week are eligible to enroll on a pro rata basis. There is also a dental buy up plan which increases the dental benefits.

Employees are responsible for the entire additional cost of a buy up plan.

~~Employees who wish to change carriers may do so during open enrollment.~~

Budreau – Change this paragraph as follows:

Dental Insurance

The eCity provides two dental insurance plan options. The City will pay 100% of the premium for a one or two person coverage in the low option plan. An employee who elects family coverage must pay dental plan selected by the city.

Employees electing to participate in a family plan will pay the difference between the cost of a two person and a family plan.

~~The City will contribute the same amount for the high option plan. Employees who elect the high option plan are responsible for the entire additional cost of the plan. may choose to elect to enroll in just the dental plan.~~

Regular part time employees working a minimum of twenty (20) hours per week are eligible to enroll on a pro rata basis. There is also a dental buy up plan which increases the dental benefits.

Employees are responsible for the entire additional cost of a buy up plan.

~~Employees who wish to change carriers may do so during open enrollment.~~

COBRA

Medical and dental coverage may be maintained at the employee's expense for the following "qualifying events":

1. Termination other than for "gross misconduct"
2. Reduction of work hours
3. Death, divorce or legal separation
4. Child no longer dependent for IRS purposes

Employees who are terminated for other than "gross misconduct" are eligible for 18 months of coverage at his or her expense.

An employee's dependents are eligible for coverage for up to 36 months in the event of "qualifying events" at their own expense. Coverage may continue until dependents become eligible under another plan. Changes in plans may be made during open enrollment.

Life Insurance

Employees who work at least thirty (30) hours per week may participate in the term life insurance program. The benefit is equal to one and a half (1.5) times an employee's annual base pay with the city paying sixty-six (66%) percent of the premium. Optional term life is available at full cost to the employee. Whole life is available at full cost to employees who work twenty (20) hours or more per week.

Long Term Disability (LTD)

Full time employees who have been employed by the city for at least one (1) year are eligible for LTD. ~~Part time employees, who work a minimum of twenty (20) hours per week and have been employed for an equivalent of one (1) year of full time continuous service are eligible for LTD.~~ LTD is effective after 45 continuous workdays of illness or injury and is subject to federal income tax. Employees on Long Term Disability will not accrue either vacation or sick leave.

Short Term Disability (STD)

Employees may elect Short Term Disability insurance at their own expense.

Merit Sick Leave Bank

Please see the Merit Sick Leave Bank document for rules surrounding this benefit for employees who may have an injury or illness and insufficient leave accruals for their time away from work.

Dependent Care Assistance Plan (DCAP)

Any employee who is regularly scheduled to work at least ~~25~~20 hours per week and has dependent care expenses (day care, after school care, summer camp, etc.) which are incurred to enable them to work will be eligible to participate in this plan. This program is governed by the IRS and allows the employee to deduct up to \$2,500 if married and filing separately or up to \$5,000 if single or married filing a joint return which is pre-tax and pre-FICA.

Flexible Spending Account (FSA)

Any employee who is regularly scheduled to work at least 20 hours per week is eligible to participate in this plan. This program is governed by the IRS and allows the employee to deduct up to ~~\$2,000~~500 annually which is pre-tax and pre-FICA, to pay out of pocket health care expenses. Federal guidelines do not allow a family to have both a Flex account and an HSA account at the same time.

Deferred Compensation Plan (DCMP).

This supplemental retirement plan is governed by the IRS rules and regulations and is funded 100% by employee contribution. This plan (457) allows employees to deduct up to the maximum

set by the IRS annually that is pre-tax dollars. Contributions are invested at the employee's direction.

Educational Reimbursement

In order for employees to access educational reimbursement, funding must be included in the department budget. Employees who are mandated to participate in programs or workshops/conferences will be reimbursed at 100%. Employees are eligible for course reimbursement at an accredited institution for a maximum of \$1,500 per fiscal year as follows:

1. 75% for courses taken in a work related degree or certificate program.
2. 75% for work related courses.
3. 50% for courses taken in a non-work related degree or certificate program but related to the overall operations of the City.
4. 50% for courses taken in a non-work related, non-degree program, however the course must be related to overall operations of the City.

The City does not reimburse employees for books and/or related fees.

In order to qualify for this benefit, the employee must achieve a satisfactory grade of a "C" for undergraduate work and a "B" for graduate work that includes law and doctoral programs.

Employee Assistance Program (EAP)

All employees are eligible to request assistance from EAP at no cost to the employee. Any contact with EAP is confidential. Employees and their respective spouse and/or children are eligible for EAP services.

Transportation/Travel

City vehicles may only be used for work related business. Personal use of city vehicles, when authorized by the division director or the department manager, shall be subject to applicable Internal Revenue Service (IRS) regulations. An employee who either is provided transportation or reimbursed must present a valid driver's license annually to the Risk Management Department.

Parking

Employees shall be allowed to park at no cost to the employee in a City owned or leased lot or garage.

Retirement System

Employees who work thirty-five (35) hours or more are mandated to join the NH Retirement System (NHRS). Merit employees are assigned to Group I and contribute ~~5%~~ a percentage of their total pre-tax pay as set by NHRS every other year. The current employee contribution rate is 7%. In the Fire Department, the Chief, Assistant Chief(s) and Deputy Chiefs are assigned to Group II and contribute 9.3% of their total pre-tax pay. Employees should contact Human Resources or NHRS for additional information.

DPW merit employees are required to join the Public Works Retirement System at a rate of 9.15%. DPW merit employees should contact the DPW Business and Administration Office for additional information.

Budreau – change this paragraph as follows:

Retirement Systems

~~Employees, except those employed in the Department of Public Works (DPW), -who work thirty-five (35) hours or more are mandated to join the New Hampshire Retirement System (NHRS). City and employee contributions to the Plan are established by NHRS. Merit employees are assigned to Group I and contribute 5% a percentage of their total pre-tax pay as set by NHRS every other year. The current employee contribution rate is 7%. In the Fire Department, the Chief, Assistant Chief(s) and Deputy Chiefs are assigned to Group II and contribute 9.3% of their total pre-tax pay. Employees should contact Human Resources or NHRS for additional information.~~

~~DPW Merit-merit employees are required to join the Public Works Retirement System; the current employee contribution -at a rate is of 9.15%. Members of the DPW Retirement System do not contribute FICA to the US Social Security Administration; members hired after 4/1/86 are subject to Medicare contributions. merit employees should contact the DPW Business and Administration Office for additional information.~~



City of Nashua

Office of the Chief Financial Officer
229 Main Street - Nashua, NH 03060

(603) 589-3171
Fax (603) 589-3233

TO: Members of the Personnel Advisory Board
FROM: John L. Griffin, CFO *JL*
RE: Amendments to Proposed Merit Employee Rules and Regulations
DATE: May 16, 2016

Thank you for your willingness to serve the City of Nashua as a member of the Personnel Advisory Board.

The purpose of this communication is to provide you with my comments on the changes to the Merit Plan proposed as part of O-16-010. By way of background, I joined the City of Nashua as Chief Financial Officer in August 2010. I was a member of an internal team that reviewed and proposed similar changes to the Merit Plan during the spring of 2014. As you may know, that proposed ordinance was not adopted by the Board of Aldermen and accordingly we are currently operating under the Merit Plan Ordinance that became effective on July 1, 2011.

Although several changes are being proposed, I would like to address the Merit Salary Grid specifically and the Merit Plan in general. As we move into FY2017, over 30 of the approximate 125 Merit employees will be "off the grid" at various grade levels. The increase in pay for these employees with a satisfactory performance review will be .9% in FY2017 and is based on the three year average of the Consumer Price Index Urban – Northeast (CPIU – Northeast).

As for the proposed ordinance changes, I am in support of the elimination of the lowest three steps and the addition of six steps for each grade. I also support increasing each of the six steps by 2.9%. Although there are differences, the Merit plan is often compared to the UAW Professional and UAW Clerical/Technical union groups. The respective UAW contracts call for increases of 2.8% to 3.0% depending on grade for FY2017.

A few issues with the Merit Grid:

The original grid was created in the mid 1990's and has not been materially adjusted for inflation and/or market conditions since 1999 (with the exception of \$750 being added to the grid in 2008 to compensate the employee for an increase in the employee's contribution to their healthcare working rate premiums at that time).

We have been hiring new employees at or near the top step – providing little room for salary growth. We have had challenges finding qualified candidates for mid to senior level management positions. Salary compression is also occurring for those management employees who are off the grid. Essentially, the employees that these managers are supervising are receiving larger percentage increases such that the difference between their pay and that of the employee's they are supervising is shrinking.

The grid is not really for “merit”, but rather longevity for a passing grade. Going forward, it may be appropriate to move to a more traditional merit based plan which may include Min, Mid and Max dollar values for each grade, eliminating the need for the current grid. I am familiar with systems that result in a merit based review such as Distinguished, Commendable, Competent, Adequate and Failing evaluations (5,4,3,2,1). As part of these compensation plans, the manager has the opportunity to increase salaries based on the detailed performance review, available funds for increases, and the location of the employee’s salary relative to his/her mid-point. If this type of compensation plan were to be adopted, the City would need to invest in performance review training for supervisors and managers to ensure fairness and consistency.

Finally, it may make sense over the next several months to update all job descriptions, assess the grade structure (for possible simplification), slot positions in the resulting grades and conduct a salary survey.

May 30, 2016

Mayor James Donchess
City of Nashua
229 Main Street,
Nashua, NH
(603) 589-3266

RE: Amendments to Merit Employee Rules and Regulation
Effective July 1, 2016

Dear Mayor Donchess:

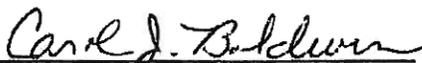
Thank you for this opportunity to serve the City of Nashua. The Personnel Advisory Board has reviewed the proposed changes outlined in Ordinance 0-16-010, the recommendations of Larry Budreau, Human Resources Director, and John Griffin, Chief Financial Officer, as well other documents provided to us by Kim Kleiner.

Attached please find a spreadsheet with our recommendations for each proposed change. With respect to the merit pay system, we believe it is time for a compensation study to be performed so that compensation will be more in line with current best practice and will help to attract and retain a strong workforce for the city. In the interim, we do not believe that employees who have reached the top of their grade should have their salaries frozen but, rather, should receive the same percentage increase, likely 2%, that all merit employees will be receiving.

We have been advised that our presence is expected at the Personnel and Administrative Affairs meeting on Monday, June 6th, at 7:00 p.m.

Please let us know if you need anything further at this time.

Sincerely,
Personnel Advisory Board


Carol J. Baldwin
Carol J. Baldwin
Sheila J. Kabat
Michelle O'Malley

cc: Kimberly Kleiner
Attch.

RECOMMENDATIONS OF PERSONNEL ADVISORY BOARD

Wednesday, June 01, 2016

Ordinance Page		Proposed Change	Recommendation
1	Schedule	Add "Variations from the standard 8am-5pm schedule require written permission of an employee's supervisor."	Strike sentence altogether
1	Buddy Punching	Add: "Buddy Punching time stamping at a clock or on a computer for another employee is strictly prohibited and may subject both employees to progressive discipline up to and including termination of employment."	The PAB recommends striking the sentence. It further suggests that the Kronos time and attendance system be adjusted to allow employees to record their time, when offsite, via their home computer or mobil app.
2	Personnel File	Add (bolded section) that personnel/representatives will be required to sign "a form in order" to review personnel files.	The PAB recommends the addition for tracking purposes.
4	Exit Interview	Add "All City property must be returned at this interview.	Strike sentence altogether. Redundant.
5	Merit Pay	Replace "...shall be eligible for a salary increase with annual lump sum payment....	The PAB recommends striking annual lump sum payment because it freezes the salary. Further, the PAB strongly believes that a compensation study should be undertaken and completed in 2017 so that a plan that is more inline with best practices by other employers, and that would increase employee retention, can be adopted. In the interim, the PAB recommends granting a 2% increase to each employee.
6	Payroll Deductions	Remove "US Savings bonds" and add "Short-Term Disability and Roth IRA" as payroll deductions.	Recommend not adding Roth IRA.

6	Workers Compensation	Add "Employees will continue to accrue full benefits including vacation and sick leave while receiving workers' compensation benefits."	Recommend as stated
7	Personal Days	Add "(1) Personal Days are not paid out when an employee leaves. (2) Employees who are on an approved leave of absence will not receive their personal days' award until they return from their leave."	PAB recommends that personal days be paid out when employees leave to be consistent with vacation and sick time payout. PAB advises striking sentence 2.
9	FMLA	Add "Please refer to the federal act for additional details including addition leave reasons related to military service."	Recommend as stated
10	Benefits	Added (bolded section) "New employees who wish to enroll in a health insurance program must enroll in one within the first 30 days of employment. Employees who want to change their carrier or subscribe to another program can only do so during an open enrollment period or within 30 days of a qualifying event. See the plan descriptions for definitions of a qualifying event. "	PAB believes this language likely matches the plan document and so recommends deleting and replacing with: New employees hired before the 15th of the month are eligible to enroll in a health insurance plan. Employees hired on or after the 15th of the month are eligible to enroll on the first day of the month following one month of employment. Employees who want to change their health insurance coverage can only do so during an annual open enrollment period of within 30 days of a qualifying event. See the plan descriptions for definitions of a qualifying event.
11	Birthday Rule	Remove "Employees who are married to another employee of the City, who also subscribe to a plan, will be subject to the birthday rule. The birthday rule states, whichever spouse's birthday falls first in a calendar year, is designated as the subscriber to any health plan."	Strike altogether

11	Dental Insurance	<p>Add: There is also a dental buy up plan which increases the dental benefits. Employees are responsible for the entire additional cost of a buy up plan. Delete: Employees who wish to change carrier may do so during open enrollment.</p>	<p>The PAB recommends striking and replacing with this clearer language: The City provides two dental insurance plan options. The City will pay 100% of the premium for one or two person coverage in the low option plan. An employee who elects family coverage must pay the difference between the cost of a two person and a family plan. The City will contribute the same amount for the high option plan. Employees who elect the high option plan are responsible for the entire addition cost of the plan. Regular part time employees working a minimum of twenty (20) hours per week are eligible to enroll on a pro rata basis.</p>
12	LTD	Remove the coverage for part time employees.	Recommend as stated
12	STD	Add voluntary STD	Recommend as stated
12	Merit Sick Leave Bank	Incorporate current policy into Merit Employees Rules and Regulations Document	Recommend as stated
12	FSA	Increase maximum annual deduction from \$2,000 to \$2,500 in accordance with IRS regs. Add: Federal Guidelines do not allow a family to have both a Flex account and an HSA account at the same time.	Recommend as stated
13	Retirement System	Changes the employee's required contribution to the NH Retirement System (NHRS) from 5% to 7%.	<p>The PAB recommends replacing the sentence with this clearer language : Since the NHRS sets the rate, recommends simply stating "City and employee contribution to the Plan are established by NHRS." Add language to make it more clear that DPW workers have their own system.</p>