

# ***San Geronio Pass Water Agency***

**DATE:** November 15, 2021  
**TO:** Board of Directors  
**FROM:** Lance Eckhart, General Manager  
**BY:** Tom Todd, Jr., Chief Financial Officer  
**SUBJECT: Draft Vacation Buy-Back Policy**

## **RECOMMENDATION**

The Board recommends approval of the Draft Vacation Buy-Back Policy at the next Regular Board meeting, November 22, 2021.

## **BACKGROUND**

As the Board is well aware, the Agency has just a few staff employees, and the Board and General Manager have been careful not to add employees unless necessary. This practice limits employee expense but has the downside of limiting the 'depth' of employees covering any particular Agency activity. If one employee goes on vacation, some jobs don't get done or are covered at the expense of other activities.

In addition, most staff employees have been working at the Agency for a number of years and have built up a significant vacation accrual or are nearing their maximum vacation accrual. This also builds up a liability for the Agency, which will need to be paid out upon their retirement or whenever a staff member leaves the Agency.

Management has limited tools in managing this situation. If a staff member gets too close to their maximum vacation accrual, they must take some vacation or lose their vacation accrual. Also, some employees have responsibilities that do not easily lend themselves to taking extended time for vacations. This can cause challenges for management when a staff member needs to take vacation at times that coincide with heavier workloads or critical operations.

## **ANALYSIS**

Staff is proposing a policy to help alleviate both the financial liability and the management issues associated with these vacation situations.

The proposed policy allows Management to offer the option of buying vacation accrual hours, instead of taking vacation. This gives Staff more flexibility in time management and reduces the overall financial liability of the Agency. The proposed policy also sets limits on the amount of vacation accrual that can be bought and provides other safeguards so that Staff is required to take some actual vacation, and not just buy all of it.

A vacation buy-back policy is commonly included in the policies of the majority of public agencies. The Agency is planning to update its employee manual in the coming year, and if this policy is approved, it will be added to the updated employee manual.

### **FISCAL IMPACT**

There will be a limited but undetermined shift from long-term liability to salary expense, depending on the amount of vacation buy-backs requested.

### **ACTION**

The Board recommends approval of the Draft Vacation Buy-Back Policy at the next Regular Board meeting, November 22, 2021.

### **ATTACHMENTS**

Draft Vacation Buy-Back Policy

## **San Gorgonio Pass Water Agency**

### **Vacation Buy-Back Policy**

**DRAFT**

November 15, 2021

Employees who have been employed with the Agency for a minimum of 1 year may elect to buy-back vacation hours that have been accrued, but unused. The following guidelines apply:

Minimum buy-back: 10 hours

Maximum buy-back: 50% of annual accrual

Must have a minimum of 40 hours vacation accrual after buy-back

Must have taken 40 hours in vacation in the previous 12 months

May request 1 buy-back each calendar year

Emergency requests that are inconsistent with this policy may be approved at the discretion of the General Manager.

Employees will be compensated at the salary rate in effect at the time of the request. Vacation hours for which the employee receives compensation will be deducted from the employee's accumulated total.

This policy will be added to the San Gorgonio Pass Water Agency Personnel Policy Manual at such time as it is updated.