



<b>SUBJECT:</b> Overtime Compensation	<b>EFFECTIVE:</b> July 2007 <b>REVIEWED:</b> December 2012, November 2015, September 2020 <b>REVISED:</b> May 2023
<b>CATEGORY:</b> 200 (Personnel) <b>POLICY NUMBER:</b> 200.38	<b>CROSS REFERENCE:</b> Compensation Administration 200.08 Payroll Reporting 400.3

**Purpose**

To ensure city employees are fairly compensated for the work performed and the city’s compensation practices comply with state and federal wage and hour laws.

**Definitions**

Definitions of exempt and non-exempt status are based on provisions of the Fair Labor Standards Act (FLSA) and state law. These definitions are summarized as follows:

**Compensatory Time:** Time earned by non-exempt employees in lieu of overtime to be used for future time off. Employees may not be required to accept compensatory time in lieu of payment.

**Exempt:** Non-represented positions which meet the criteria established by the FLSA and state law are exempt from overtime pay requirements, such as executive, professional and administrative positions.

**Non-Exempt:** Employees whose positions do not meet FLSA and state exemption tests and who are not exempt from overtime pay requirements. All union represented employees are considered non-exempt from overtime laws and regulations.

**Regular Rate of Pay:** Pay rate used to calculate hourly overtime rate based on the average hourly earnings for the work week. May be different than the hourly rate published on the salary schedule.

**Scope**

Employees will be compensated for overtime pursuant to this policy and procedure. Union-represented employees are compensated for all hours worked, including overtime, in accordance with the collective bargaining agreement.

**Policy**

The city’s goal is to minimize the necessity for overtime work. Work resulting in overtime compensation, except for emergencies, requires advance approval of the employee’s immediate

supervisor. City job classifications are categorized as exempt or non-exempt in compliance with the Fair Labor Standards Act (FLSA) and state law and for pay administration purposes.

### **Guidelines for Use**

- Part-time employees are compensated at their regular rate of pay for all hours worked up to forty (40) hours in a workweek.
- Overtime is generally paid at 1.5X the employee's regular rate of pay for all hours worked exceeding 40 hours in a work week. In some instances outlined in the collective bargaining agreement, represented employees may be paid at rates of more than 1.5X the regular rate.
- Unless specifically defined in a collective bargaining agreement, use of paid leave does not count toward the weekly hours worked.
- Non-represented non-exempt employees will be paid overtime at 1.5X their regular rate of pay for hours worked in excess of their regularly scheduled eight (8), nine (9), or ten (10) hour workday or when hours worked exceed forty (40) hours in a week. Overtime must be rounded to the nearest minute as outlined in the Payroll Reporting Policy – 400.3.
- Employees in positions exempted from FLSA overtime compensation receive management leave.
- When calculating overtime, only hours of work performed apply.
- Working out of class and longevity pay will be included in overtime rates.

### **Compensatory Time Off**

- Compensatory time off in lieu of cash compensation may be granted, at the request of the employee, at the same rate they would otherwise receive overtime compensation.
- Comp time may not accumulate above eighty (80) hours at any given time. After eighty (80) hours of compensatory time accumulation, the City will pay out any additional overtime earned.
- Compensatory time balances must be reduced to sixty (60) hours by the last day of the last pay period for the fiscal year, June 23rd each year. Balances over sixty (60) will be paid out as cash payment.
- Employees may "sell back" for cash payment up to forty (40) hours of accrued compensatory time off per fiscal year. Sell-back opportunities are offered twice per fiscal year only in December and June and require a request to Payroll by the first working day of the month or per Payroll instructions.
- Upon separation from city employment, accrued compensatory time will be paid in the same manner salary due the departing employee is paid.
- If an employee is transferred from one department to another, accrued compensatory time off will be transferred with the employee.
- If an employee is promoted or reclassified to a position not eligible for compensatory time accrual, accrued compensatory time off will be paid to the employee prior to the promotion or reclassification.

### **Responsibilities**

#### **Employees:**

- Record hours worked.

**Supervisors:**

- Control the use of overtime while ensuring compliance with the FLSA and other applicable laws.

**Human Resources:**

- Ensure the appropriate FLSA exemption status is assigned to all job classifications.

**Payroll:**

- Monitor compensatory time accrual banks.
- Notify employees of opportunities to sell back compensatory time.