

## Paid Time Off (PTO)

### 1040.1 PURPOSE AND SCOPE

The purpose of this policy is to provide a paid time off (PTO) benefit to eligible employees for time away from work, whether its for vacation, illness, emergency, or other personal reasons.

Eligible employees: Full-time employees.

### 1040.2 POLICY

It is the policy of Northwest Fire District to provide Paid Time Off (PTO) to eligible regular full-time employees.

PTO is to be used at the discretion of the individual employee.

PTO shall be counted as "hours worked" when used in accordance with 1040.1 for the purposes of computation of overtime. PTO shall not be not counted as "hours worked" for the purposes of computation of overtime when on leaves including but not limited to short-term disability, workers' compensation, leaves of absence, and administrative leave with or without pay.

Forty (40) hours of annual PTO allotment is intended to meet the statutory requirements for Earned Paid Sick Time (EPST), as required under the Arizona Fair Wage and Healthy Families Act. Accordingly, full-time employees do not receive a separate allocation of EPST. (A.R.S, 23-372) (See Policy 1041 Earned Paid Sick Time)

New hire regular full-time employees begin earning PTO on day one of employment. PTO is accrued on a bi-weekly basis in hourly increments based on an employee's length of service.

Eligibility to accrue PTO is contingent on the employee either working or utilizing accrued PTO.

PTO is not earned in pay periods during which unpaid leave is taken, and when on Administrative Leave without Pay.

The bi-weekly PTO accrual is added to the employee's current fiscal year PTO accrual when the bi-weekly pay is processed.

PTO must be approve before the leave is taken by the employee's supervisor.

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#### 1040.3 ACCRUAL RATES

Full-time employees hired on or after July 1, 2019:

Continuous Years of Service	40 hour PTO Bank Cap is 532.50 hours		
	Hrs/PP	Days/YR	Annual Hrs
0-4	6.86	22.29	178.36
5-9	8.17	26.55	212.42
10-14	8.83	28.69	229.58
15-19	9.49	30.84	246.74
20+	10.14	32.95	263.64

Continuous Years of Service	56 hour PTO Bank Cap is 750 hours			Conversion Factor	
	Hrs/PP	Days/YR	Annual Hrs	From 56 to 40	From 40 to 56
0-4	10.15	11.00	263.90	0.675710	1.479924
5-9	12.00	13.00	312.00	0.680769	1.468927
10-14	12.92	14.00	335.92	0.683258	1.463576
15-19	13.85	15.00	360.10	0.685143	1.459549
20+	14.77	16.00	384.02	0.686458	1.456753

Full-time employees hired prior to July 1, 2019:

Continuous Years of Service	40 hour PTO Bank Cap is 1,065 hours		
	Hrs/PP	Days/YR	Annual Hrs
0-2	6.86	22.29	178.36
3-4	7.52	24.44	195.52
5-8	8.17	26.55	212.42
9-13	8.83	28.69	229.58
14-19	9.49	30.84	246.74
20+	10.14	32.95	263.64

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Continuous Years of Service	56 hour PTO Bank Cap is 1,500 hours			Conversion Factor	
	Hrs/PP	Days/YR	Annual Hrs	From 56 to 40	From 40 to 56
0-2	10.15	11.00	263.90	0.675710	1.479924
3-4	11.08	12.00	288.08	0.678700	1.473404
5-8	12.00	13.00	312.00	0.680769	1.468927
9-13	12.92	14.00	335.92	0.683258	1.463576
14-19	13.85	15.00	360.10	0.685143	1.459549
20+	14.77	16.00	384.02	0.686458	1.456753

The effective date for the change in accrual rate is the first day of the pay period following the employee's anniversary date that makes him eligible for the next accrual tier.

An employee must be working or on paid leave for the entire pay period in order to earn full PTO accrual for that pay period.

If an employee's accrual reaches the maximum allowable PTO bank cap, the hours in excess of the maximum shall be paid out to the employee at the current rate of pay during the annual PTO payout in June of each year. (See PTO Payout Procedure 1012)

#### **1040.4 PTO SCHEDULING**

a. Scheduled PTO may be taken in increments not to exceed six (6) calendar weeks in a twelve (12) month period.

1. Scheduled PTO requests should be submitted to the employee's immediate supervisor for prior approval.
2. Minimum Staffing guidelines will be considered when approving PTO requests for suppression staff. (See Policy 207)
3. If a suppression employee needs to cancel scheduled PTO, they must contact their supervisor. Notice of cancellation must be at least forty-eight (48) hours prior to their scheduled shift.

b. Unscheduled PTO is for illness or emergency situations that do not allow for the employee to get prior approval from their supervisor. The employee should notify their supervisor as soon as practicable depending on the emergency situation.

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### **1040.5 PTO PAYOUT PROGRAM**

1. To be eligible to participate in the annual PTO payout process, full-time employees are required to be at or exceed the Short Term Disability (STD) benchmark in their PTO bank. STD ensures that employees do not experience a financial burden if off work due to an off-duty injury or illness. STD has a 30 day waiting period from date of injury before benefits begin.
  - (a) Fifty-six (56) hour employees STD benchmark is 240 hours (10 shifts x 24 hours = 240 hours; equivalent to the 30-day waiting period)
  - (b) Forty (40) hour employees STD benchmark is 170 hours (4.25 weeks/month x 40 hours = 170 hours; equivalent to the 30-day waiting period)
2. Once eligible employees reach or exceed and maintain the STD benchmark, they may choose to either sell back excess accrued hours once during a twelve (12) month period at 50% of their current rate of pay, or participate in the annual PTO payout at the end of the Fiscal Year at 100% of their current rate of pay.
  - (a) The annual PTO payout will be paid up to one half (1/2) of the employee's current fiscal year's PTO accrual as long as the remaining PTO Bank balance is at or above the STD benchmark.

Please see PTO Payout Procedure 1012

### **1040.6 SEPARATION OF EMPLOYMENT**

- (a) Upon separation from employment (e.g., retirement, resignation, termination), any accrued PTO will be paid to the employee at (100%) of their current rate of pay up to the maximum accrual amount. See section 1040.3 above for PTO Bank CAP hours.
- (b) An employee who plans to retire has the option to transfer the amount of PTO hours paid out per a. above into their 457(b) deferred compensation account. If the employee does not have a 457(b) deferred compensation account, an account will need to be established by the employee.
  1. The amount transferred to the employee's 457(b) deferred compensation account is subject to the current annual contribution limitations as set forth by the Internal Revenue Service (IRS). If there is a PTO balance of hours remaining after the transfer, it will be paid out per a. above.
- (c) An employee who plans to retire has the option to transfer the amount of PTO hours paid out per a. above into their already established Health Savings Account (HSA). This is not applicable for Health Reimbursement Accounts (HRA) or Flexible Spending Accounts (FSA).
  1. The amount transferred to the employee's HSA account is subject to the current annual contribution limitations as set forth by the Internal Revenue Service (IRS). If there is a PTO balance of hours remaining after the transfer, it will be paid out per a. above.

A employee may choose one or a combination of the options above for their accrued PTO as applicable.