



A.C.T. PROVISIONS POLICY NO: 215-P

- Applies To: Eligible Full-Time Employees listed within the roster of this provision
- Effective Date: 04/01/2025
- Associated References: None

Purpose:

To provide written documentation of the provisions which affect the unrepresented Administrative, Confidential and Technical (A.C.T.) City Employees. The policies, insurance and benefit coverages contained in this document are subject to change with or without notice.

Additional Authority:

City Charter, Chapter V, Section 39. Administrative Departments.

Scope:

This policy is intended as a guide to the conditions of employment and benefits that apply to the unrepresented Administrative, Confidential and Technical (A.C.T.) employees within the city. Nothing herein contained shall be construed to be a contract between the employer and the employee. Additionally, this policy is not to be construed by any employee as containing binding terms and conditions of employment.

Implementation: The city retains the absolute right to terminate any A.C.T. employee, at any time, with or without cause. Management retains the right to change the contents of this policy as it deems necessary, with or without notice. This policy shall be reviewed periodically and updated as necessary to meet the evolving needs of the City of Traverse City and its employees. Questions regarding this policy should be directed to Human Resources or the City Manager's Office.

Responsibility:

The City Manager, through the Human Resource Department, is responsible for the development and implementation of this policy.

Definitions/Acronyms:

Exempt: Under Section 13(a)(1) of the Fair Labor Standards Act (FLSA), certain employees are exempt from the federal minimum wage and overtime pay requirements. These employees, referred to as exempt employees, primarily include individuals who work in executive, administrative, or professional (EAP) roles. Exempt employees are not covered by the FLSA's protections concerning overtime pay, meaning they are not entitled to receive additional compensation for hours worked beyond 40 in a workweek. Exempt employee must meet the following criteria:

Salary Threshold: The employee must earn at least \$35,568 per year (or \$684 per week). This is established by the Fair Labor Standards Act (FLSA).

Salary Basis: The employee must be paid on a salary basis, meaning they receive a fixed amount of compensation on a regular basis, regardless of the number of hours worked or the quality of their work.

Exempt Job Duties: The employee must primarily perform duties that fall under the definitions of executive, administrative, or professional work, which typically involve high-level responsibilities, decision-making authority, or advanced knowledge and expertise. For example:

- Executive employees generally manage a department or division and supervise at least two or more full-time employees.
- Administrative employees perform office or non-manual work related to management or general business operations and exercise independent judgment on significant matters.
- Professional employees typically perform work that requires advanced knowledge in a field of science or learning, usually acquired through specialized education.

Non-Exempt: Under FLSA regulations, employers are required to pay non-exempt employees overtime pay at a rate of at least one and a half times the employee's regular hourly rate for any hours worked beyond 40 in a single workweek. Non-exempt employees may be paid on either an hourly or salaried basis, but their pay must be based on the total number of hours worked, including overtime hours.

Policy Statement:

SECTION 1. COVERAGE AND STATUS

The City Manager may modify the “Position Roster” by adding or removing positions. However, adding budgeted positions requires final approval from the City Commission. A current list of approved positions is available on the final page of the roster.

A.C.T. employees serve “AT WILL” at the discretion of the City Manager. Both the City and the employee may terminate the employment relationship at any time, with or without cause. The City Clerk and City Treasurer are subject to appointment and removal provisions outlined in the City Charter.

The standard workweek for full-time employees is Monday through Friday, 8:00 a.m. to 5:00 p.m., with a 60-minute unpaid lunch break. Changes to this schedule require Department Head approval, while adjustments to a Department Head’s schedule require approval from the City Manager. A workweek may not exceed six out of any seven consecutive days unless operational needs dictate otherwise.

Exempt employees may need to work more than 40 hours per week due to seasonal operations, organizational meetings, or other requirements, without additional compensation. While efforts will be made to provide flex time, it may not always be possible.

Departments that operate seven days a week, such as Parking Services, Law Enforcement, and Fire Operations, will establish specific work schedules within their department policies.

SECTION 2. SALARIES

The salary rates for A.C.T. employees are determined by the City Manager within the City Commission approved salary table, in accordance with budget appropriations.

New hires normally begin employment at Step 1 of the established grade classification. The City Manager may authorize a higher starting step dependent on comparable work experience or advanced academic qualifications. The City Manager in conjunction with the Human Resources Department will determine an appropriate starting step for employees who are approved for promotion or transfer from another City position.

Progression through the pay grade from Steps 1 to 9 shall be automatic, unless otherwise determined by the City Manager. Employees will be granted an increase of one (1) pay step once every twelve (12) months based on the employee’s date of hire/promotion date or 12 months following the last step increase, whichever is later.

Changes to the salary table are determined annually by the City Manager. Any recommended market rate changes by the City Manager shall be brought to the City Commission for inclusion to the budget. Annual market rate changes to the salary table is not guaranteed.

Overtime Pay

Non-exempt employees are eligible to receive overtime pay in accordance with the provisions of the Federal Fair Labor Standards Act (FLSA). Employees may earn compensatory time in lieu of paid overtime in accordance with provisions of the FLSA. However, accumulated compensatory time cannot exceed forty (40) hours. The employee's supervisor must authorize overtime in advance.

Exempt employees are not eligible for overtime pay unless specifically authorized by the City Manager.

Changes in Job Classification

When an employee is promoted or re-classified to a higher job classification, the employee will be paid the minimum rate of the appropriate pay range or at the lowest step in the salary table which provides for an increase in the employee's base wage/salary. In these cases, advancement in the wage scale thereafter shall be annual until the employee's wages reach the last step in wage scale.

Longevity Pay

Employees shall receive a pro-rated payment for longevity, which is added to the employee's hourly wage. This amount is calculated on the employees' anniversary date:

After 10 years continuous service- \$0.15

After 15 years continuous service- \$0.25

After 25 years continuous service- \$0.35

SECTION 3. EMPLOYMENT AND INSURANCE BENEFITS

Employment benefits begin the first day of the month following the date of hire unless otherwise noted.

LEAVES OF ABSENCES

Leave shall be granted in accordance with the Family and Medical Leave Act (FMLA). Employees must first exhaust any accrued vacation, short-term leave (STL), compensatory time, and personal leave. Accrued leave will be used to supplement the difference between an employee's regular wages and any payments received from workers' compensation, short-term disability, or unpaid leave of absence. It will also be applied to cover employee costs such as insurance premiums, 457 loan repayments, and other payroll deductions.

The total leave period, including FMLA and the use of accrued leave, shall not exceed twelve (12) weeks.

For details on using paid time off banks for sick leave related to an employee's health and well-being, please refer to Personnel Policy 232-P (Michigan Earned Sick Time Act).

Holidays

The City of Traverse City observes the following holidays:

| | | |
|-----------------|------------------|------------------------|
| New Year's Day | Memorial Day | Day after Thanksgiving |
| MLK Jr. Day | Fourth of July | Christmas Eve Day |
| President's Day | Labor Day | Christmas Day |
| Good Friday | Thanksgiving Day | New Year's Eve Day |

If a holiday falls on a Saturday, it will be observed on the preceding Friday. If it falls on a Sunday, it will be observed on the following Monday. Employees receive eight (8) hours of holiday pay for each observed holiday, starting from their date of hire.

For seven-day operations, non-exempt employees may defer holiday pay due to special events.

Vacation Leave

Vacation leave accrues each pay period at a rate based on an employee's length of service with the City. The use of vacation leave, including its timing and duration, is subject to the discretion and approval of the employee's supervisor. Vacation leave cannot be used before it is earned.

Employees may take a maximum of two consecutive weeks of vacation leave. However, if traveling internationally, they may request up to three weeks, subject to prior approval from the City Manager.

Vacation Accrual Schedule:

| Length of Service | Accrual Rate (Hrs/Pay Period) | Annual Accrual (Hrs/Days) |
|--------------------------|--------------------------------------|----------------------------------|
| 0 to 4 years | 3.08 | 80 hrs / 10 days |
| 5 to 14 years | 4.62 | 120 hrs / 15 days |
| 15 to 19 years | 6.15 | 160 hrs / 20 days |
| 20+ years | 7.69 | 200 hrs / 25 days |

New hires may begin using accrued vacation leave after six (6) months of employment. Upon the first full pay period following October 1 of each year, accumulated vacation leave shall not exceed five (5) weeks (200 hours).

Employees who separate from City employment after at least six (6) months of service will be compensated for unused vacation leave at their pay rate as of the separation date. This payout shall be included in the Final Average Compensation for pension benefits and will be excluded from MERS HCSP and 457 calculations.

Vacation Approval for Department Leaders:

- Department leaders must obtain City Manager approval for vacation requests of one week or more.
- Approved time off must be recorded in the management calendar.

New Hire Vacation Allotment:

- Non-supervisory employees will receive a one-time allotment of 40 hours of vacation leave upon hire.
- Supervisory employees will receive a one-time allotment of 80 hours of vacation leave upon hire, unless otherwise approved by the City Manager.

Short Term Leave

On December 1 of each year, employees receive 56 hours of short term leave. Short term leave may be used for illness or other purposes with the approval of the employee's supervisor. Short term leave does not accumulate. The benefit period is from December 1 to November 30 of each year. Effective the first full pay period following December 1 of each year, employees will be paid for any unused short term leave, not to exceed 56 hours, at the employees regular rate of pay. New hires will receive a pro-rata amount of short term leave based on their date of hire with usage beginning on their benefit eligibility date. Such payment shall not be included in the MERS HCSP or 457 calculations.

Personal Leave

Employees are granted 24 hours Personal Leave for each fiscal year (July through June). Personal leave is non-accumulative and may be taken with approval of the supervisor. Upon separation and after at least six (6) months of service, employees are entitled to a payout of any unused personal time. Any personal leave remaining as of June 30 of each year shall be lost.

Bereavement Leave

Each full-time employee covered by this Agreement shall be allowed up to forty (40) hours leave with full pay, for absences resulting from the death of a spouse or significant other, or the death of a child, stepchild, grandchild, parent or stepparent of either the employee or the employee's spouse or significant other. This also includes the death of other members of the employee's immediate family, as defined below.

"Other members of the immediate family" shall mean the guardian, brothers, stepbrothers, sisters, stepsisters, wards, in-laws of the current marriage, and grandparents of the employee.

"Significant other" means that a relationship exists between two people, neither of whom is married, that is intended to remain indefinitely and where there is joint responsibility for each other's common welfare, there are significant shared financial obligations, and there is a shared primary residence.

Jury Duty Leave

Employees shall be paid their regular wage for any response to a summons from a court of jurisdiction to perform jury service. The employee must submit to the City the jury duty payment from the Court, less mileage allowance. The Employer's payment is limited to a maximum of eight (8) hours to an employee scheduled to work on the date(s) jury service is required.

SECTION 4. INSURANCES

Health Insurance

-Effective 1st of the month following your date of hire

The employer shall provide the following health benefits. The coverage is the HMO HSA/High Deductible Health Plan with minimum individual and family deductibles subject to annual deductible adjustment in accordance with Internal Revenue Service (IRS) regulations. For employees unable to qualify for the above plan due to IRS regulations, the City will make available HMO Co-Pay Plan.

The City provides health insurance coverage to all regular full-time employees, their spouses, and dependents in accordance with federal law. Employees must complete an application for coverage and promptly notify the City of any status changes affecting their coverage. New hires are eligible for health insurance pursuant to the terms and conditions of the City's health insurance contract.

HMO HSA/High Deductible Health Plan

- The City covers 80% of the plan's deductible and premium.
- Employees are responsible for 20%, which will be payroll deducted.
- Employees enrolled in this plan will receive contributions to their Health Savings Account (HSA) as outlined in Personnel Policy 214-P (City Payment of Funds into Employee HSA).

HMO Co-Pay Plan

- The City covers 80% of the premium.
- Employees are responsible for 20%, which will be payroll deducted.

The City reserves the right to change health insurance providers and/or programs.

The City agrees to compensate employees who have other health insurance coverage, three thousand six hundred dollars (\$3,600.00) per year pro-rated at three hundred dollars (\$300.00) per month for each month the employee has opted out of the Employer's health insurance coverage. Opt-out compensation will be payable in the last pay in June for eligible employees. Eligible employees will be required to sign a Payment In Lieu of Insurance Waiver and Release form annually. The Opt-Out Benefit payment shall not be included in the Final Average Compensation for pension benefits.

Dental Insurance

-Effective 1st of the month following your date of hire

The City provides Delta Dental Plan 2979-0001, or equivalent, to Employees, the employee's spouse and dependent children to the end of the month in which they turn 26 and dependent unmarried children who are eligible to be claimed as an IRS dependent. The City pays 100% of the insurance premium.

Should the employee elect the Buy-Up option, the difference in the premium shall be borne by the employee through payroll deduction.

Vision Insurance

-Effective 1st of the month following your date of hire

The City offers optional vision insurance for employees who choose to purchase coverage. This plan includes co-pays for eye exams and materials. Employees are responsible for 100% of the insurance premium.

Life Insurance

-Effective 1st of the month following your date of hire

The City provides Group Life insurance to Employees. The benefit is two (2) times annual earnings, rounded to the next higher multiple of \$500, if not already a multiple of \$500. The maximum benefit amount is \$100,000. The City pays 100% of the insurance premium.

Life insurance amounts in excess of \$50,000 are subject to Federal tax. Tax deductions for life insurance are taken on the final paycheck at the end of the calendar year.

Short Term Disability Insurance

-Effective 1st of the month following your date of hire

Employees will be provided with Short Term Disability (STD) insurance for non-duty related injury or illness which provides the following:

- up to twenty-six weeks of coverage per occurrence
- coverage effective upon the first day of an accident and the eighth day of an illness
- a weekly benefit payment of 66-2/3% of the employee's gross wage.

The City pays 100% of the insurance premium. Benefit claims are based on the employee's base wages at the start of the claim (wage increases during the claim shall not be used to calculate the benefit).

Long Term Disability Insurance

-Effective 1st of the month following your date of hire

The City provides Long Term Disability insurance to employees. After a 180 day benefit waiting period, the benefit is 60% of the first \$6,667 of monthly pre-disability earnings, reduced by deductible income, with a maximum of \$4,000 before reduction by deductible income. The City pays 100% of the insurance premium.

Insurance Committee

The City reserves the right to change health insurance providers and/or programs. The selected provider must be licensed in the State of Michigan and generally recognized and accepted by the health services community.

The City of Traverse City Group Health Insurance Committee shall consist of representatives from each union and unrepresented employees. Up to two (2) employee volunteers from this provision may also serve on the committee. The committee is responsible for reviewing the health insurance program, including but not limited to, alternative providers, benefit levels, and premiums, and making recommendations to the City Manager.

This policy may be amended as needed.

POST-EMPLOYMENT BENEFITS

Pension Plan

-Effective 1st of the month following your date of hire

The City provides a defined benefit pension plan through the Michigan Municipal Employees' Retirement System (MERS).

Effective July 1, 2014 for employees hired before July 1, 2009, the pension multiplier shall be reduced to a 1.5% multiplier of FAC (final average compensation) upon termination for all future years of service. The plan includes the following benefit provisions:

| | |
|---------------------------|--|
| Benefit Program B-3: | For years of service prior to July 1, 2014, 2.25% multiplier, not to exceed 80% of employee's final average compensation (FAC) |
| Normal retirement age: | 60 |
| Vesting: | V-6 (6 years) |
| Early retirement benefit: | F55 (25) – full retirement benefit at age 55 with 25 years of service |
| FAC-5: | Average of the highest consecutive 5 year (60 months) period of earnings of the employee's credited service |
| Employee contribution: | 0% |

For employees hired on or after July 1, 2009, the City provides a defined benefit pension plan through MERS. The plan includes the following benefit provisions:

| | |
|---------------------------|---|
| Benefit Program C-1 New: | For years of service after to July 1, 2014, 1.5% multiplier |
| Normal retirement age: | 60 |
| Vesting: | V-6 (6 years) |
| Early retirement benefit: | F55 (25) – full retirement benefit at age 55 with 25 years of service |
| FAC-5: | Average of the highest consecutive 5 year (60 months) period of earnings of the employee's credited service |
| Employee contribution: | 0% |

Section 457 Deferred Compensation Plan

-Effective 1st of the month following your date of hire

The City offers a Section 457 Deferred Compensation Plan. Participation in the plan is voluntary. For employees participating in the plan, the City provides a guaranteed 4% (no employee contribution necessary). In addition to the guaranteed 4%, the City will also contribute a dollar-for-dollar match up to 6% of the employee's gross pay (including regular hours, overtime, vacation pay, short term leave/sick pay and longevity). Annual benefit cash-outs and retirement cash-outs are not eligible to receive the City match. Employees can individually choose investment options offered through these programs. All employees are required to enroll in accordance with I.R.S. regulations covering such plans. Employees will be automatically enrolled in a target date fund, if enrollment is not selected by the effective date.

IRS Qualifying Health Care Savings Plan (HCSP)

-Effective 1st of the month following your date of hire

The City provides an I.R.S. qualifying Health Care Savings Plan, through MERS, that allows employees to save for retiree medical expenses with pre-tax dollars. The City will contribute 2% and each employee will contribute ½ % of the employee's gross pay (including regular hours, overtime, vacation pay, short term leave pay, and longevity). Annual benefit cash-outs and retirement cash-outs are not subject to employer or employee contributions. All employees are required to enroll in accordance with I.R.S. regulations covering such plans.

Retiree Health Insurance

For employees hired prior to July 1, 2012 and who have not waived their eligibility for health insurance at retirement, the City will pay the single rate premium amount for the retiree only for the first three (3) years of retirement (36 consecutive months) for employees who retire from the City subject to the following conditions:

1. The employee must have a minimum of six (6) years of service with the City; and
2. The employee must have qualified for a pension under the Michigan Municipal Employees' Retirement System (MERS); and
3. The employee must leave employment collecting the MERS pension benefit (under regular or disability retirement).

The single rate premium amount for retirees is the monthly single rate premium for HMO Plan 1, or equivalent. The single rate premium amount is deposited into the retiree's IRS qualifying Health Care Savings Plan account on the first of each eligible month.

Employees who retire under the Traverse City Act 345 retirement system are not eligible for this benefit.

Effective for any employee hired on or after July 1, 2012, there will be no retiree health insurance.

Miscellaneous Benefits

Section 125 Plan

The City has established a Section 125 Plan that includes an employee pre-tax premium program for group health plans, a voluntary dependent care assistance program and a voluntary limited purpose health flexible spending account program.

Indemnification

Members of this provision shall be indemnified against any and all claims and liabilities.

Automobile Accident Deductible Reimbursement

The City pays up to \$300 deductible for employees involved in accidents using personal vehicles to conduct City business.

Tuition Reimbursement

The City of Traverse City recognizes the value of continuing education. Therefore, a tuition reimbursement program has been established to help eligible employees improve job skills and enhance opportunities for advancement within the City. Tuition reimbursement is available to eligible employees who voluntarily pursue educational opportunities or training from an accredited college, university or trade school. The City, in its sole discretion, will determine whether or not a degree program or course is business or job related. Refer to Personnel Policy 224P, Tuition Reimbursement, for further requirements.


SECTION 5. RESIDENCY

Employees must live within a radius of thirty (30) miles of the City limits as measured from the nearest City of Traverse City limit. New hires have one (1) year from the date of hire to attain such residency. Failure to comply with this provision shall be a reason for termination. Extensions due to extenuating circumstances may be granted by the City Manager. Change of address shall be reported within seven (7) calendar days to the Office of Human Resources.

Position Roster for Administrative, Confidential and Technical (A.C.T.) employees

| | | | |
|---|------------|---|------------|
| Administrative Assistant (Fire) | NON-EXEMPT | Garage Superintendent | EXEMPT |
| Administrative Assistant (Police) | NON-EXEMPT | Garage Supervisor | EXEMPT |
| Asset Management/GIS Analyst | NON-EXEMPT | Hickory Hills Manager | EXEMPT |
| Asset Management/GIS Technician | NON-EXEMPT | Human Resource Director | EXEMPT |
| Assistant City Manager | EXEMPT | Human Resource Generalist | EXEMPT |
| City Assessor | EXEMPT | Human Resource Specialist | NON-EXEMPT |
| City Attorney | CONTRACT | Investigative Services Administrative Assistant | NON-EXEMPT |
| City Clerk | EXEMPT | I.T. Support Specialist | NON-EXEMPT |
| City Engineer | EXEMPT | Legal Assistant | NON-EXEMPT |
| City Manager | CONTRACT | Municipal Utilities Administrative Assistant | NON-EXEMPT |
| City Manager Executive Assistant/Purchasing Agent | NON-EXEMPT | Parking and Mobility Director | EXEMPT |
| City Treasurer/Finance Director | EXEMPT | Parking Services Operations Supervisor | EXEMPT |
| Civil Engineer I | EXEMPT | Parks Supervisor | EXEMPT |
| Civil Engineer II | EXEMPT | Parks/Recreation Superintendent | EXEMPT |
| Clerk's Office Operations Coordinator | NON-EXEMPT | Planning Director | EXEMPT |
| Code Enforcement Officer | NON-EXEMPT | Planning/Zoning Administrator | NON-EXEMPT |
| Communications Manager | EXEMPT | Police Chief | EXEMPT |
| Deputy Assessor | EXEMPT | Police Social Worker | EXEMPT |
| Deputy City Clerk | EXEMPT | Police Social Worker / Coordinator | EXEMPT |
| Deputy City Engineer | EXEMPT | Public Service Assistant - Engineer | NON-EXEMPT |
| Deputy City Planner/Sustainability Coordinator | EXEMPT | Public Service Director | EXEMPT |
| Deputy Treasurer/Assistant Finance Director | EXEMPT | Street Superintendent | EXEMPT |
| Director of Municipal Utilities | EXEMPT | Street Supervisor | EXEMPT |
| EMS Administrator | NON-EXEMPT | Utilities Manager | EXEMPT |
| Finance Analyst/Compliance Officer | NON-EXEMPT | Water Treatment Plant Superintendent | EXEMPT |
| Fire Chief | EXEMPT | Water/Sewer Maintenance Superintendent | EXEMPT |
| G.I.S./I.T. Administrator | EXEMPT | | |

This list is subject to change based on Reclassification and Positions approved by the City Commission

| | |
|---|---|
| <p align="center">Approved By: Elizabeth Vogel on 04/01/2025</p> <p>Signature: <u></u></p> | <p align="right">HISTORY:</p> <p align="right">Initial Adoption Date: 08/15/2007</p> <p align="right">Amended Date: 07/2011</p> <p align="right">Amended Date: 07/2/2014</p> <p align="right">Amended Date: 08/25/2017</p> <p align="right">Amended Date: 12/08/2022</p> <p align="right">Amended Date: 04/01/2025</p> |
|---|---|