

**MEMORANDUM**

Human Resources Department

DATE: June 2, 2021

TO: Council Policy and Procedures Committee

FROM: Lindsey Bishop, Senior Human Resources Analyst
Jesse Takahashi, Finance and Administrative Services Director
Sue C. Rush, Human Resources Director

VIA: Kimbra McCarthy, City Manager

SUBJECT: Revisions to City Council Policy D-10—City Manager Approval of Overhire Positions

INTRODUCTION

The Council Policy and Procedures Committee (CPPC) is requested to consider recommended changes to the existing City Council Policy D-10 addressing the City Manager Approval of Overhire Positions (Attachment 1 to the memorandum).

BACKGROUND

In 1993, the City Council adopted a policy to delegate authority to the City Manager to approve interim positions in excess of the budgeted number of positions (overhire positions). Prior to this policy, overhires were approved by Council in the budget. The current policy requires the City Manager to review each potential overhire as it is requested to ensure a pending vacancy and availability of budgeted balances and, also, limits the number of concurrent overhires to up to two per department.

ANALYSIS

The use of overhires has been a critical tool in succession planning and continuity of services when staff receives notice that a key position will become vacant or to backfill an employee on a long-term disability. The City Manager's approval of an overhire creates the opportunity to recruit and onboard a successor staff member, and in some cases, provide an overlap to ensure new staff receive the training and transfer of institutional knowledge necessary to be effective in their work. In addition, with the additional restrictions related to the rehire of retired annuitants, any training and knowledge

transfer often must occur prior to the incumbent’s retirement. As outlined in the policy, the number of overhires in a given year are reported annually to Council. The number of overhires in the past four fiscal years have been as follows:

Fiscal Year	Count of City Manager Authorized Overhires*
2017-18	0
2018-19	2
2019-20	3
2020-21	4 (to date)

* NOTE: Does not include overhire positions approved by Council in the budget process.

In most cases, the utilization of up to two overhires concurrently in one department meets organizational staffing needs. However, in some cases, this creates barriers to the most efficient staffing strategies and impacts succession planning and continuity of services when key positions are vacant concurrently in the same department. For example, in Fiscal Year 2019-20, the Public Works Department had seven key positions vacated. Two of the three overhires in Fiscal Year 2019-20 were for Public Works and, fortunately, the City had effective succession plans in place, which included the promotion of current staff to key vacancies, resulting in the utilization of just two City Manager-authorized overhires for Public Works. Additional overhires were not needed to initiate external recruitments, and other strategies were used to achieve the training and institutional knowledge transfer that was necessary. In reviewing the current parameters, the limit of two overhires per department does not equitably address the needs in departments since two positions can represent between 1.4% and 66.7% of a department’s staffing dependent upon the size of the department. Rather than arbitrarily limiting overhires based on a staffing number, departments would be best served by the City Manager’s ability to review the totality of anticipated vacancies to approve a succession plan that best ensures continuity of services in the context of budget balances.

RECOMMENDATION

Staff recommends the City Council authorize an update of the policy to authorize the City Manager to approve overhire positions as needed with the following parameters evaluated by the City Manager:

- Approval is conditioned upon the availability of adequate budget balances to guarantee that the additional position will not cause the department to exceed its authorized budget.

- Approval is based upon the assumed permanent vacancy of an existing position in the near future and will only be authorized following a review of the necessity for filling the position immediately as an overhire.
- Duration of City Manager-authorized overhires shall:
 - Be approved and end within the same fiscal year; or
 - For positions that extend into the next fiscal year, departments must have other vacancies in the same fund to ensure sufficient salary savings to carry the overhire over without additional appropriations.

FISCAL IMPACT

The use of unfunded overhires, whether in the budget or authorized by the City Manager, may result in a reduction in salary savings and fiscal year-end carryover. However, the City Manager’s authority to approve an overhire requires there be a sufficient budget balance available for the department to absorb the cost of the overhire in order to ensure that there will not be a budgetary impact.

The policy has not, and will not, change the process for cases in which an overhire is recommended by the City Manager but requires additional appropriations because the department does not have a sufficient budget balance. In these cases, the overhire request will continue to require Council action for the appropriation of funds.

ALTERNATIVES

- In the event the CPPC requests more information, staff will return with additional analysis at a future meeting.
- The CPPC could recommended changes to the policy, such as conditions permitting the use and frequency of overhires.

LB-JT-SCR/1/HRD
035-06-02-21M

Attachment: 1. City Council Policy D-10 – City Manager Authority to Approve Overhire Positions

CITY COUNCIL POLICY

SUBJECT: CITY MANAGER APPROVAL OF OVERHIRE POSITIONS NO.: D-10

PURPOSE:

To delegate authority to the City Manager to authorize employment of staff in excess of the number approved by the City Council in the annual budget (overhire positions) in order to maintain staffing levels under unusual situations. This ~~p~~Policy will obviate the need to budget overhire positions in individual departments in the annual budget.

POLICY:

1. GENERAL

The use of overhires is discouraged except under exceptional circumstances. Under these circumstances, it may be desirable to employ additional staff beyond the levels authorized by the City Council. These conditions may include:

- a. Knowledge of a pending retirement/termination and the necessity to hire and cross-train a replacement employee prior to the departure of the existing employee.
- b. Backfilling an employee on long-term disability where the employee is not expected to return for an extended period of time, if ever.

The City Manager is authorized by this policy to approve employment of such "overhire" positions provided the overhire position does not cause a budget overrun.

2. CONDITIONS PERMITTING USE OF OVERHIRES

The City Manager may authorize employment of an overhire position in any circumstance where it is felt to be in the City's best interest.

Generally, the following circumstances would warrant consideration of an overhire request:

- a. Knowledge of a pending termination where it is necessary to hire and cross-train a replacement employee prior to the departure of the existing employee.

CITY COUNCIL POLICY

SUBJECT: CITY MANAGER APPROVAL OF OVERHIRE POSITIONS NO.: D-10

- b. Backfilling for an injured employee where the employee is not expected to return for an extended period of time, if ever.
- c. Knowledge of a pending termination where it is desirable to recruit and employ a replacement employee such that there is no reduction in staffing and service levels to the public during a recruitment process.

Under all circumstances, approval of an overhire position is based upon the assumed permanent vacancy of an existing position in the near future. Positions will only be authorized following a review of the necessity for filling the position immediately as an overhire.

Duration of City Manager-authorized overhire positions shall be approved and end within the same fiscal year or, for positions that extend into the next fiscal year, departments must have other vacancies in the same fund to ensure sufficient salary savings to carry the overhire over without additional appropriations.
~~No department shall exceed the use of two overhire positions at the same time without additional City Council authorization.~~

3. BUDGETARY CONSIDERATIONS

Approval of an overhire position is conditioned on the availability of adequate budget balances to guarantee the additional position will not cause the department to exceed its authorized budget allotment.

4. PROCEDURE

Departments shall submit written requests for overhire authorization to the City Manager. Approval of requests will be indicated by City Manager initials and forwarded to the ~~Employee Services~~Human Resources Department with a copy to the Finance and Administrative Services Department.

CITY COUNCIL POLICY

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5. REPORTING

The number of overhires on staff will be reported to the City Council during the annual budget process.

Effective Date: January 13, 1993, Resolution No. 15523

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