



Mayor – Sandy Sanders

Acting City Administrator – Jeff Dingman

City Clerk – Sherri Gard

Board of Directors

Ward 1 – Keith Lau

Ward 2 – Andre’ Good

Ward 3 – Mike Lorenz

Ward 4 – George Catsavis

At Large Position 5 – Tracy Pennartz

At Large Position 6 – Kevin Settle

At Large Position 7 – Don Hutchings

AGENDA
Fort Smith Board of Directors
STUDY SESSION
February 9, 2016 ~ 12:00 Noon
Fort Smith Public Library
3201 Rogers Avenue

CALL TO ORDER

1. Review renewal of City fleet and property insurance (*March 2016 – March 2017*) / Review of existing insurance coverage, minimum insurance requirements and insurance coverage proposals ~ *Lau/Good requested said review at the January 12, 2016 study session, which was to be discussed during consideration of a Resolution authorizing an agreement for broker services at the January 19, 2016 regular meeting. The resolution was tabled pending the subject review at a study session / Settle/Pennartz placed this item on the February 9, 2016 study session pending review of the Arkansas Municipal League proposal at the January 26, 2016 study session ~*
2. Review of the annual salary ordinance ~ *Pennartz/Lorenz placed on study session “in the first quarter of 2016” at the December 1, 2015 regular meeting ~*
3. Review preliminary agenda for the February 16, 2016 regular meeting

ADJOURN

Interoffice Memorandum

TO: Jeff Dingman, Acting City Administrator

COPY TO: Jennifer Walker, Finance Director

FROM: Alie Bahsoon, Purchasing Manager *AB*

SUBJECT: Review of City Fleet & Property Insurance

DATE: February 5, 2016



At the January 26th study session, after hearing from the Arkansas Municipal League (AML) and the City's broker, Brown Hiller Clark Insurance (BHC), the board requested a legal opinion about the AML's plan as well as clarification from AML concerning their self-funded program.

Attached is a legal opinion from City Attorney, Mr. Rick Wade about the AML's program. Additionally, written responses from the AML are attached to further clarify and comment on questions raised by our broker. Their responses are noted in green.

Since the study session, I was able to confirm with Travelers Insurance that the 2016-2017 overall premium rates will be reduced 10.2%. This equates to a little over \$85,000 in premium reductions from the 2015-2016 policy.

The board requested a comparison of plans as to what the AML's premiums would have cost the City for the 2015-2016 period. I have outlined below a summary of actual premiums with the Travelers policy versus what the premiums would have been with AML (conservative estimate).

	<u>2015-2016 Insurance Comparison</u>	
Type of coverage	Travelers Insurance (Actual Rates)	AML Rate Estimates
Auto	\$408,101	\$310,000*
Equipment	\$33,619	Included in Auto total
Fine Arts & Misc.	\$26,830	Included in Property total
Property	\$357,794	\$320,000
Total	<u>\$826,344</u>	<u>\$630,000</u>

*Assumes Part 1 (Liability) & Part 2 (Physical damage)

2015-2016 Claims Review & Comparison

- Total accidents: 75
- Claims reported to Travelers: 18
- Claims reported & paid by other carriers: 11
- Claims not reported: 46 (fell below the \$1,000 deductible)
- Total paid by Travelers: \$162,162 \$87,162 would have been paid by the AML
- Deductible paid by city: \$3,000 Would have incurred same deductible with the AML
- 2 property claims unreported to Travelers due to damages each being under the \$25,000 deductible. With the AML, the City would have recuperated close to \$23,000 after the \$5,000 property deductible was applied

Once again, as the board considers the insurance coverage as we approach the renewal date of March 1, I would caution that it would not benefit the city to have two different policies with two carriers. Having one carrier benefits the account by lowering the premiums which are offset by the loss ratio of either the property or auto.

Depending on the board's recommendations, a resolution will be presented to the Board at the February 16th board meeting to approve the insurance coverage for the 2016-2017 billing period.

Please let me know if you should have any questions.

DAILY & WOODS

A PROFESSIONAL LIMITED LIABILITY COMPANY
ATTORNEYS AT LAW

KMW BUILDING
58 SOUTH SIXTH STREET
P.O. BOX 1446
FORT SMITH, AR 72902
TELEPHONE (479) 782-0361
FAX (479) 782-6160

www.dailywoods.com

JAMES E. WEST
OF COUNSEL

HARRY P. DAILY (1886-1965)
JOHN P. WOODS (1886-1976)
JOHN S. DAILY (1912-1987)
BEN CORE (1924-2007)

WRITER'S E-MAIL ADDRESS
RWade@DailyWoods.com

JERRY L. CANFIELD, P.A.
THOMAS A. DAILY, P.A.
WYMAN R. WADE, JR., P.A.
DOUGLAS M. CARSON, P.A.
C. MICHAEL DAILY, P.A. † ●
COLBY T. ROE, P.A.
MICHAEL A. LAFRENIERE

† Also Licensed in Oklahoma
● Also Licensed in Wyoming & North Dakota

February 5, 2016

Mr. Alie Bahsoon
Purchasing Manager
City of Fort Smith
623 Garrison Avenue, 5th Floor
Fort Smith, AR 72901

Re: Arkansas Municipal League Pooling Program for Property and for Auto

Dear Mr. Bahsoon:

The City's Board of Directors has been studying the existing insurance coverage for the City and, among other things, comparing that to the pooling program offered by the Arkansas Municipal League ("AML"). Scott Clark of Brown-Hiller-& Clark and you and I have discussed the coverage comparisons between the insurance currently provided through Travelers Insurance and the programs offered by the AML. As to the differences in coverage, Mr. Clark has created one or more charts that explain those differences, if any, in coverage and in deductibles, etc. – with the exception of a few provisions referenced below, we have not attempted to examine Mr. Clark's assessment of the differences in those coverages.

A question may have been raised as to whether, if the City of Fort Smith enters into an agreement with the Arkansas Municipal League, it should confirm that by a separate contract or agreement. While we believe that the brochures or pamphlets provided by the AML set forth a description of what is covered and what is not and what the deductibles are, and thus would constitute an agreement or contract with AML, there have been some oral and e-mailed explanations that may differ from the written terms and thus the precise terms of any flexibility in coverage and deductibles and exclusions should be confirmed in writing by an authorized representative of the AML. That is, the AML offers to its members certain benefits if they choose to participate, e.g., coverage for property damage and coverage for City vehicles are part of those benefits offered to members should they choose. In setting forth its property program and automobile program, AML has, on its website and through various pamphlets or brochures, identified in writing what it will do and will not do relative to claims under those programs. It is our opinion that acceptance of participation in either or both of those programs, coupled with any required payment to participate, would constitute an enforceable agreement between the City of Fort Smith and the Arkansas Municipal League.

If a dispute were to arise between the City of Fort Smith and the AML, we believe that either or both parties could ultimately try to resolve their differences by looking to the courts. See, e.g., City of Marianna, et al. v. Arkansas Municipal League, Administrator, Municipal League

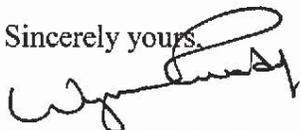
Defense Program, 291 Ark. 74, 722 S.W.2d 578 (1987). Because a court might be called upon to resolve any disagreement as to what the program offers or about requirements under the program, the language of the program as set forth in AML's website and brochures becomes important. Similarly, any deviations, variations from, or supplements to those written provisions should be confirmed in writing by the parties.

A number of questions have been posed to the AML with the assistance of Mr. Clark in an effort to clarify provisions in the AML's property and/or automobile program. In a number of instances, the AML has indicated in oral presentations to the Board of Directors or in subsequent e-mail responses that, though the precise language in a program provision suggests strict compliance, it has in the past, or will in the future, be somewhat flexible. In those instances, e.g., requirements for reporting within a specified number of days or, perhaps, exclusion/inclusion of a previously unidentified vehicle, AML has suggested that flexibility rather than strict compliance will be practiced. Because of the potential that a claim might be denied on the basis of failure to comply strictly with a provision of the terms of the program, any potential deviations from the written language or flexibility in the application of that language should be confirmed in writing by the parties.

Inasmuch as Fort Smith police officers may be called upon to pursue vehicles into Oklahoma and the Fort Smith Fire Department, through existing mutual aid agreements, may periodically go into Oklahoma to assist in firefighting, it is possible that the tort immunity extended to municipalities and, via Arkansas Supreme Court decisions, to municipal employees for acts of negligence, may not, under Oklahoma law, be afforded the same protection. While Oklahoma does have an Oklahoma Governmental Tort Claims Act, 51 O.S. §§ 151 et seq., we are uncertain as to whether Oklahoma would extend immunity to an Arkansas municipality and its employees. In the event that Oklahoma did not recognize tort immunity, it might be possible for an Oklahoma citizen allegedly injured through a negligent act of a Fort Smith employee to seek damage recovery in excess of the policy limits without the employee or the City of Fort Smith having the benefit of tort immunity. Similar concerns relate to City employees traveling to or through states other than Arkansas.

Thank you for your attention to this matter.

Sincerely yours,



Wyman R. Wade, Jr.

cmm

ARKANSAS MUNICIPAL LEAGUE QUESTIONS, CONCERNS, AND COMMENTS FOR THE CITY OF FORT SMITH

Red=captions from AML's brochures Blue=City's concerns/questions Green=AML Response

PROPERTY PROGRAM

Intent of Program- 1(C)

The scope of the AML program's coverage shall be consistent with and equal to the coverage of any reinsurance agreement made by the program, such coverage terms are incorporated herein as it is set out word for word. The coverage of the reinsurance agreement shall prevail.

Is the reinsurance agreement available for review by our legal staff?

Yes. It is found on the AML's website at <http://www.arml.org/services/league-programs/program-details/?title=municipal-property-program>

Exclusions 2(B) - Mechanical Breakdown

Loss or damage caused by or resulting from wear & tear, gradual deterioration, mechanical breakdown... The AML program does not cover mechanical breakdown. Does it offer a "separate" policy for such breakdowns?

We do cover power surges that can be confirmed by a qualified technician via a notarized affidavit. In the case of a lightening peril we confirm with a lightening verification agency, namely StrikeForce.

Should a boiler blow up and cause property damage and/or loss of life, would the property policy kick in?
If damages are deemed to be caused due to mechanical issues coverage would not be extended.

Exclusion 2(D)

Exclusions made or otherwise enumerated in any reinsurance agreement entered into by the Program having effect at the time of loss.

What does this mean?

If the reinsurance has a particular exclusion we also include that exclusion.

If there are changes to the reinsurance policy, would the city be made aware of such changes and would copies of the changes be made available?

Yes.

Condition (C)

The limit of the Program's liability for loss shall not exceed either: (1) the actual cash value of the property or if the loss is of a part thereof, the actual cash value of such part at the time of loss, or (2) what it would then cost to repair or replace the property or such part thereof with other of like kind and quality with deduction for depreciation, or (3) the applicable limit of liability stated on the Enumeration Schedule or (4) Twenty-five percent (25%) of the Program's available funds at the time of settlement except where the Municipal Property Program has made additional coverage(s) available.

Since the AML does not contribute to the program, what happens in a widespread hail storm where multiple municipalities are affected? How close has the program's available funds been "tested"?

No in part due to application of reinsurance. The Program is never out more than \$100,000 on any loss.

Condition (D)

This coverage applies only to direct and accidental losses when such property described in this coverage is maintained and used as municipal property for proper municipal purposes under the direction of officials in charge.

The City conducts concerts, volleyball tournaments and boat shows at the Convention Center. We host wedding receptions, Blues festival at the river front, special events at the waterpark, community rooms at various parks. Would these events exclude coverage on such properties? What about the lodge and cabins at Lake Fort Smith? All of these are not "proper" municipal purposes. Does the league cover these scenarios in the event of a claim? Are there any exceptions to be noted?

If the city owns the property it can be covered.

ARKANSAS MUNICIPAL LEAGUE QUESTIONS, CONCERNS, AND COMMENTS FOR THE CITY OF FORT SMITH

Condition (F)

Requirement in which certification by the Fire Chief that the property has been inspected by proper authorities for fire hazards and deficiencies addressed shall be required on the Annual Enumeration Schedule.

The City does not conduct annual inspections. What if a loss occurs and there is not proper documentation in place as required above? How are deficiencies handled? Are they reported to the AML and at what point would they be "approved and certified"?

We encourage the members to have inspections. Claims are never denied due to lack of inspection.

Condition (H)

Cancellation provision: upon cancellation by the City, no refund will be made.

Do any short-rate or prorated cancellation fees apply?

No refund.

Condition (N)

The terms of the Program shall apply separately to each article listed and each shall be held to be separate pieces of property as respects limits including any deductible provisions.

Our current policy provides blanket building/Contents limits on a Replacement Cost basis for over \$252,341,395 of values. Therefore if a location on the schedule is insufficient for replacement then the Blanket limit would apply.

Buildings are valued for replacement cost at time of entering the program, at renewal, or at the request of the member. Since this is our practice there is no need for a blanket policy.

Please note that current Traveler's Policy has a 90% co-insurance penalty, this means the RCV is generated at the time of the loss and if the building is under insured it is subject to the penalty. The additional blanket coverage may not even cover the penalty. MPP doesn't require co-insurance.

Does this mean that the AML program would have a \$5,000 deductible per building, piece of equipment, etc.? Is it per occurrence or location?

There is a separate deductible per building/contents for each loss. However, there is only one deductible applied in the event of a covered peril that has damaged multiple buildings/equipment. (I.e. Hail storm)

What about equipment, computers, fine arts which currently have separate lower deductibles? How are those handled?

Equipment, computers, and fine arts are treated as content and included in the total amount the building is valued at. There is no separate deductible for these items. We have one coverage amount per building which includes all content.

Condition (V)

The funds and assets of the program shall be separated from the Arkansas Municipal League funds and assets and notwithstanding anything herein to the contrary, the league shall not be obligated directly or indirectly to pay any sum.

Who pays the claims?

MPP (Municipal Property Program)

ARKANSAS MUNICIPAL LEAGUE QUESTIONS, CONCERNS, AND COMMENTS FOR THE CITY OF FORT SMITH

Red=captions from AML's brochures Blue=City's concerns/questions Green=AML Response

AUTOMOBILE PROGRAM

Payments by Program:

Liability 1(B)

The first area of concern is this verbiage- "the Program may pay all sums any employee legally must pay as damages to which this agreement applies involving a covered municipal vehicle operated within the employee's scope of employment with authorization and direction to operate said motor vehicle".

Areas of concern: What about circumstances where a municipal vehicle is used personally or by a family member? Or in an instance where authorization and direction weren't specifically expressed?

The members are in charge of who drives their vehicles/equipment. We do not require a list of drivers.

"Each municipal employee operating a vehicle of a member municipality must have a valid driver's or commercial driver's license."

We understand the intent but what about the circumstance where a city employee is operating a municipal vehicle, has an at-fault accident and later finds out his/her driver's license had been suspended/expired (maybe they simply failed to renew)?

If the city wasn't aware of the suspension coverage would be extended. If the license was just expired we would recommend it be renewed to insure there is no other issues with their license.

Liability 1(C)

Limits of Liability- \$25,000 each person/ \$50,000 each accident and \$25,000 property damage.

These are Compulsory (minimum required by law) limits. Would the City have to establish a separate fund to pay excess of these limits? Example: a sanitation truck rear ends a taxpayers \$50,000 SUV and it's totaled. What about the transit department? Passengers are privied to the limits as well as the party(s) hit.

No. The cities have tort immunity above state minimum requirements.

Out-Of-State-Extension 3

When a covered municipal vehicle is in a state outside the State of Arkansas, the payment limits for that vehicle will be the lesser of the payment limits included herein or those specified by compulsory or financial responsibility law applicable to a municipality in the jurisdiction where the covered municipal vehicle is being used. Such payment limits in a state outside the State of Arkansas will provide the minimum amounts and types of other coverage's including No Fault that are required of out-of-state vehicles by the jurisdiction where the covered municipal vehicle is being used. However the Program will not pay anyone more than once for the same elements of loss because of this extension.

If a City owned vehicle were to have an at-fault accident in another state then that states minimum liability limits would apply which could be lower than Arkansas'. Tort immunity does not apply outside of Arkansas. What will the AML do if Oklahoma does not recognize tort immunity?

This event would only apply to claimants and we would honor the out of state limits. OK limits are 25/50/25, same as Arkansas.

Exclusion 4(C)

Damages to persons transported or in the care, custody or control of the municipality.

What about the transit department or the occasional guest or family member riding with an employee? What about a detainee being transported from a crime scene, or movement of prisoners from city to county jails?

Covered under Part II

Are they all excluded?

No

ARKANSAS MUNICIPAL LEAGUE QUESTIONS, CONCERNS, AND COMMENTS FOR THE CITY OF FORT SMITH

Exclusion 4(F)

AML excludes Indirect or consequential loss of any kind.

If a fire resulted in a maintenance garage to the building and there were vehicles parked inside, would this exclusion apply?

No. Exact event happened a few month ago in Bella Vista and we covered all destroyed vehicles and equipment.

Conditions 5 Part I (E)

This coverage applies only when such property is used for proper municipal purposes under the direction or approval of officials in charge.

The word "proper" could be interpreted in the AML's favor. What about an employee who uses a City vehicle on his lunch break or taken home overnight? Is personal usage considered "proper municipal purpose"? What are the limitations?

The member defines "proper" use, not AML.

Exclusions 7 (Part II) (B)

Water - The Travelers policy provides comprehensive coverage to all vehicles, which would pay for a loss from any cause except the covered auto's collision with another object or the covered auto's overturn.

Travelers also includes flood losses. Does the league?

Yes

Additional questions

- The Municipal League program states that it is not insurance and not regulated by the AR Insurance Department. Thus, in the event of insolvency, could the City of Fort Smith be held joint and severally liable for assessments needed to fund the program?
Not assessable.
- Additionally, since this is not regulated by the Insurance Department, does this mean the City does not have access to the Guaranty Fund?
YES
- Does the automobile program provide Non-owned Auto Liability Coverage? This coverage is necessary for when City employees use their personal vehicles on behalf of City Administration.
NO
- With regard to equipment, does the AML Program provide coverage for rented/leased equipment?
YES
- Does the equipment policy provide Weight of Load coverage?
YES
- Should the City joint the AML and leave after one year, will open claims be covered and honored should the city use another means for its insurance?
Yes

Renewal Premium Comparison

Named Insured City of Fort Smith
 Renewal Date 03/01/15

Line	2015/2016 Renewal Premium	2014/2015 Prior Yr's Premium	Difference	
			Rates	15/16 14/15
TRAVELERS:				
Commercial Package				
Property	\$342,110	\$379,385	Property	.14013 .1554
Equipment Breakdown	Included	Included		
Radio Equipment/Generators	\$ 3,730	\$ 3,435	Eqpt	.3470 .320
Auto Liability	\$322,706	\$356,440	Liab/Unit	\$602 \$665
Auto Physical Damage	\$ 85,395	\$ 94,827	Comp.	.254 .221
			Coll.	1.006 .623
Subtotal Travelers	\$753,941	\$834,087		
CHUBB GROUP INSURANCE:				
Equipment				
Scheduled Equipment	\$ 33,619	\$ 34,724	Cont. Eqpt	.304 .3140
Leased or Rented Equipment				
Fine Arts	\$ 1,000 (mp)	\$ 1,536	Fine Arts	.25 .4800
Scheduled Property Floater (Signs, Mobile/Portable Radios, Ferris Wheel, Carousel etc.)	\$ 11,159	\$ 14,314	Sched Prop	.29 .3720
Radio/Television & Broadcasting Equipment	\$ 14,671	\$ 14,665	Radio	.29 .2899
Terrorism	\$ Incl	\$ 1,341		
Subtotal Chubb Group	\$ 60,449	\$ 66,580		
GRAND TOTAL	\$814,390*	\$900,667	\$86,277 Decrease 9.6% Overall Decrease	

Expiring premium shown above are based on the new values with the expiring rates for an apples to apples comparison.

*Premium quoted based on list of assets submitted to Travelers and was prior to any adjustments/audits and endorsements issued by Travelers; actual premium paid for 2015-2016 was \$826,344

Renewal Premium Comparison

Named Insured City of Fort Smith
 Renewal Date 03/01/16

ACTUAL PAID

Line	<u>2016/2017</u> Renewal Premium	<u>2015/2016</u> Prior Yr's Premium	Notes
TRAVELERS INSURANCE CO:			
Commercial Package			<u>Rates</u> <u>16/17</u> <u>15/16</u>
Property	\$300,391	\$ 354,064	Property .111 .14013
Equipment Breakdown	Included	Included	
Radio Equipment/Generators	\$ 3,730	\$ 3,730	Eqpt .3470 .3470
Auto Liability (\$100,000 CSL)	\$297,701	\$320,866	Liab/Unit \$559 \$602
Auto Physical Damage	\$ 89,331	\$ 87,235	Comp. .223 .221 Coll. .659 .623
Subtotal Travelers	\$691,153	\$765,895	\$79,583 Decrease (10.3%)
CHUBB GROUP INSURANCE:			
Equipment			<u>Rates</u> <u>16/17</u> <u>15/16</u>
Scheduled Equipment	\$ 30,303	\$ 33,619	Cont. Eqpt .274 .304
Leased or Rented Equipment			
Fine Arts	\$ 1,000 (mp)	\$ 1,000 (mp)	Fine Arts .250 .250
Scheduled Property Floater (Signs, Mobile/Portable Radios, Ferris Wheel, Carousel, Radio/TV & Broadcasting Equipment)	\$ 23,692	\$ 25,830	Sched Prop .256 .290
Subtotal Chubb	\$ 54,995	\$ 60,449	\$ 5,454 Decrease (9%)
GRAND TOTAL	\$746,148	\$826,344	\$85,037 Decrease 10.2% Overall Decrease

Optional Quote for Auto Liability at \$50,000 Combined Single Limit: **\$271,503**
 Revised Total with Auto Liability at \$50,000 Combined Single Limit: **\$719,950**

Memo



To: Honorable Mayor & Members of the Board of Directors
From: Jeff Dingman, Acting City Administrator
Date: 2/5/2016
Re: Compensation Ordinance

Per the request of the Board of Directors, for review at the February 9, 2016 study session is the general structure, form, and content of the compensation ordinance adopted alongside the budget each year. The ordinance authorizes compensation expenditures that are in addition to the base salaries adopted in the annual budget such as any cost of living adjustment, merit pay adjustments, longevity, incentive pay, and several other pay provisions that have not been incorporated into employees' base salaries. It also clarifies administrative tasks related to Fair Labor Standards Act (FLSA) provisions relating to police and fire personnel work hours and leave benefits.

As for a history of the ordinance, it is my understanding that the city at one time adopted four similar ordinances each year. Separate ordinances were adopted covering sworn police personnel, certified fire personnel, non-uniformed personnel, and department heads. As many of the provisions in each ordinance were repetitive, the four different versions were combined into one ordinance, which has been adopted in similar form each year since 1999 with the implementation of the current position rating/grading system.

Each section of the ordinance is addressed specifically, as follows.

Section 1. Pay Rates and Salaries

- A. This section addresses the provision of merit, performance, step or time in grade pay increases that may be included in the upcoming fiscal year in addition to the base salaries provided for in the operating budget. If the Board authorizes a COLA increase or a merit pay increase for city employees, this section specifically adopts such increases. This is one of three similar sections in the ordinance, as the basic provisions are repeated in the sections of the ordinance that specifically address fire (Section 4) and police (Section 5) personnel. These three sections have been the only sections of the ordinance modified in the last several years, either to afford COLA/Merit increases or to specifically point out that (as in FY2016) no COLA or Merit increases are provided in the budget for the upcoming fiscal year. The section does provide that performance evaluations will continue as further described in this ordinance, even if merit pay adjustment is not available.
- B. Provides pay for performance rules for non-uniformed employees that are currently compensated below the midpoint of their salary grade.
- C. Provides pay for performance rules for non-uniformed employees that are currently compensated at or above the midpoint of their salary grade.
- D. Provides authorization and rules for the City Administrator to consider a one-time payment that is not part of the employee's permanent salary to be applied for non-uniformed employees that are currently compensated at or above the maximum salary for their salary grade.

- E. Provides rules for step increases for police uniformed employees.
- F. Provides rules for step increases for fire uniformed employees.
- G. Provides departments the ability to designate language interpreters and pay them incentive pay of \$83 per month for being so designated. Requires testing to verify competency. *History: This was first implemented in the Police Department by the former Chief in about 2006, driven by a need to have more readily accessible language interpreters available without having to hire outside contractors when needed. The program was expanded & made available city-wide when that police chief became city administrator.*
- H. Provides departments the ability to designate an Information Technology (IT) user liaison and pay them incentive payoff \$100 per month for being so designated. Requires minimum training/certification from IT. *History: This program was introduced by a former director of Information Technology in the early 2000's in order to identify people in each department that could identify relatively simple fixes to hardware or software issues before an IT staffer needed to be called to address problems on the phone or make a visit to the user's location. The frequency of the needed use is likely mitigated by the online helpdesk service IT provides, as well as IT's current abilities to remotely access all client computers on the city's network from their location. These simpler types of fixes are often remedied, and IT can determine more readily on its own whether a site visit is required.*
- I. Provides for the application of longevity pay for non-uniformed personnel (similar provisions are included in Sections 4 and 5 for fire and police personnel, respectively). After five years of service, \$10 is added to monthly compensation. After each five-year period of continuous uninterrupted service, another \$5 per month is added. There is a \$30 per month cap to longevity pay. *History: This is apparently a holdover from a time when the city had labor unions, where longevity pay is not an uncommon element. My understanding is the labor force went on an illegal strike in 1978, and the city replaced almost 200 workers with non-unionized workers. Arkansas is now, of course, an at-will employment state, but the longevity provision for city employees remains. I also understand that the scale and amount of longevity pay has not changed since before 1978.*
- J. Provides departments the ability to designate members of a "chlorine emergency response team" and pay them incentive pay of \$100 per month for being so designated. Requires specialized initial training and a continuing education requirement. *History: The operation of the water plant in Mountainburg, and the proximity of the plant to the town of Mountainburg, necessitates a chlorine response team in the event of a chlorine incident that requires emergency response in the town of Mountainburg. It was relatively difficult to maintain volunteers among city staff to undergo the training required and remain at the ready to respond if called. This incentive was implemented in order to facilitate the required interest.*
- K. Salesperson commissions. Currently, two employees that work at the Fort Smith Convention Center have the potential to receive a 5% commission on sales that exceed their gross sales for the same quarter of the previous year. This is typically less than \$50 per quarter, and is an incentive for employees to outperform their sales marks for the previous year. *This has been in place since about 2006 and was implemented in order to create a performance incentive similar to what other agencies/centers were doing at the time.*

Section 2. Non-exempt, Non-uniformed Employees

- A. Provides a shift differential. Non-exempt, non-uniformed employees assigned to work 2nd Shift (2pm to 10pm) receive an additional 10-cents per hour. Employees assigned to work 3rd Shift (10pm to 6am) receive an additional 15-cents per hour. *(The language of this section appears to require that the shifts*

be worked sequentially in order to receive the differential, but that is not how it is intended and not how it is being applied.)

- B. Provides for non-exempt, non-uniformed employees to receive mileage reimbursement when they have written instructions (*presumably from his or her supervisor*) to use his or her personal vehicle on City business.

Section 3. Exempt Employees Salaries.

- A. Provides for 17 specific FLSA-exempt positions, all department head-level, to receive a contribution from the City of \$100 per month to their ICMA-RC account. *History: The origins of this program date back to approximately 1986, when the then hired city administrator opted out of the city's pension program and instead negotiated the city's contribution to a 457 plan administered by the ICMA-RC. The city's department heads were then somewhat successful in achieving this contribution to their 457 plans, with the amount of \$100 likely due to the fact that most of them were already participants in the city's pension program for non-uniformed personnel. When the city's employees voted to replace the defined benefit pension program in favor of a contribution to a defined contribution 401(a) program administered by ICMA-RC in 1997, this provision of \$100 for department heads to the 457 program held over and remains in place.*

Section 4. Civil Service (uniformed) employees of the Fire Department and the designation of rates of pay set forth in Appendix C of the ordinance. *(The section heading language contains the language similar to that in Section 1.A., which addresses whether or not any merit, performance, step, or time in grade pay increases will be applied within the upcoming fiscal year).*

- A. Provides rules for step advancement within the Firefighter F-1 position with satisfactory performance.
- B. Provides rules for step advancement within the Driver, Captain, Battalion Chief, Fire Marshal, Training Officer, and Assistant Chief positions based on job performance.
- C. Stipulates an FLSA-compliant work period for hourly compensated certified fire personnel.
- D. Provides rules for holiday equalization compensation for fire personnel in addition to the regular pay schedule.
- E. Provides for granting annual vacation hours to fire personnel. One year of service earns 144 hours of vacation. The annual hours earned graduate with six, ten, fifteen, and twenty years of service. At twenty years of service, the annual vacation hours earned is capped at 240 hours.
- F. Administrative clarification of how fire personnel are compensated for using annual vacation leave.
- G. Further administrative clarification for applying annual vacation leave.
- H. Provides for fire personnel to accumulate sick leave on an annual basis to a maximum of 2400 hours. Upon death or retirement from the department and qualifying for LOPFI retirement pension payments, any firefighter who has unused accumulated sick leave shall be paid for such sick leave, but such payment is capped by state law at an amount equivalent to three months' salary.
- I. Longevity pay provision for civil service fire department personnel. Same schedule as presented above for Section 1.I.
- J. Certificate Pay, available to all firefighters after their first year of probation. A firefighter may attain up to eight different certificates in order to receive an additional \$15 per month pay bonus for each

certificate, a maximum of \$120 per month. This program costs approximately \$111,000 annually, with about 98% participation. *Certificate pay is, I understand, common in public safety departments as a way to incentivize employees to improve and maintain their skills. A person is hired and receives their initial training and certification, but then there is no real job requirement that compels him or her to continually improve their skills and abilities. These certification incentives have been in place for many years in the fire department, at least back to the 1960's or before. If a person does not wish to pursue additional certification for whatever reason, he or she is not required to do so. Since 2009, I understand, the Fire Department administration has required completion of appropriate certification levels in order to qualify for promotion within the department.*

- K. Firefighters who become Certified Paramedics qualify for an additional 10% of their salary (after first year of probation). This certification pay continues as long as such certification is maintained. *The FSFD currently has nine (9) firefighters drawing certified paramedic bonus pay, and cumulatively this amounts to a total of \$49,790 in bonus pay for the nine employees. Since FSFD is only authorized to respond at the first responder level, we do not provide medical supplies or utilize their skills in live situations. The FSFD does utilize their skills in teaching continuing education classes for the department concerning emergency medical response and CPR. They also organize and maintain the FSFD response protocol for the First Responder program.*
- L. Requirement for all firefighters to receive an annual physical to determine fitness for firefighting activities.
- M. Firefighter educational bonus pay. There are provisions for an “old plan” that pre-dates 2005, but the basic schedule allows for firefighters to receive additional annual pay added as a bonus for achieving an Associate’s Degree (3% of salary); a Bachelor’s Degree (6% of salary); or a Master’s Degree (7% of salary). *The educational bonus pay for police/fire personnel has been in place for a long time, with the idea being that the departments could improve their overall effectiveness if they were able to hire employees that had attained a post-secondary education. It is particularly helpful in recruiting those with degrees to be able to tell them that their degree already qualifies them for a certain percentage above the base rate of pay. The perceived benefit to the community, then, is to have a more educated workforce in our public safety departments without putting specific educational requirements as a basic qualification for the position. Including such requirements may preclude the hire of qualified applicants that may have an affinity for fire or police work but are not necessarily academically ambitious or successful.*
- N. Provides the fire department the ability to offer incentive pay of \$100 month to designated firefighters certified to maintain and service breathing apparatus. *The Fire Department is required to have its breathing apparatus tested and certified on a regular basis. Offering incentive pay to the six individuals who have achieved certification to provide such testing/certification of this equipment amounts to \$7,200 per year. This arrangement eliminates the need for a third party contractor to perform the testing. A third party contractor would cost an estimated minimum of \$9,635. In addition to that amount, any time an airpack needs serviced above and beyond when it is being tested/certified, it is a \$75 trip charge and \$95/hour to work on the packs, plus the inconvenience of having them out of service until a certified tech can service them. The fire department advocates that it is much more efficient and cost effective to maintain this certification pay incentive.*

Section 5. Civil Service (uniformed) employees of the Police Department and the designation of rates of pay set forth in Appendix D of the ordinance. *(The section heading language contains the language similar to that in Section 1.A., which addresses whether or not any merit, performance, step, or time in grade pay increases will be applied within the upcoming fiscal year).*

- A. Provides rules for entry level Patrol Officers/Detectives in the P-1 Range.

- B. Provides rules for advancement to the Corporal rank.
- C. Stipulates an FLSA-compliant work period for hourly compensated certified police personnel.
- D. Provides rules for holiday equalization compensation for police personnel in addition to the regular pay schedule.
- E. Provides for granting annual vacation hours to police personnel. One year of service earns 15 working days (150 hours) of vacation. The annual hours earned graduate with six and ten years of service. At ten years of service, the annual vacation hours earned is capped at twenty working days (200 hours). This section also allows for one discretionary day off per year, after one year of service, and stipulates that annual leave shall not be accumulated for more than a twelve-month period.
- F. Provides for police personnel to accumulate sick leave on an annual basis to a maximum of 120 working days (168 calendar days). Upon death or retirement from the department and qualifying for LOPFI retirement pension payments, any police officer who has unused accumulated sick leave shall be paid for such sick leave, but such payment is capped by state law at an amount equivalent to three months' salary (for officers with the rank of Captain or above) or 520 hours for officers in the rank of Sergeant and below.
- G. Longevity pay provision for civil service police department personnel. Same schedule as presented above for Section 1.I.
- H. Certificate Pay, available to all police officers after their first year of probation. For completion of each of the four different levels of the Arkansas Law Enforcement Standards and Training Certificates, a police officer adds \$20 per certificate to his or her monthly compensation. This is capped at \$80 per month per officer. *Comments/history similar to the discussion of certificate pay in the fire department as noted above.*
- I. Police Officer educational bonus pay. There are provisions for an "old plan" that pre-dates 2005, but the basic schedule allows for police officers to receive additional annual pay added as a bonus for achieving an Associate's Degree (3% of salary); a Bachelor's Degree (6% of salary); or a Master's Degree (7% of salary). *As noted above regarding educational bonus pay in the fire department, at some point the city instituted this program in an effort to encourage a more educated public safety workforce without imposing higher education requirements as a basic qualification for those positions. Overall in terms of recruitment, it has been perhaps more useful to the police department as a recruiting tool to attract educated officers. The percentage of pay above the base hiring amount has been helpful to recruit candidates that otherwise may have gone somewhere else. Offering such benefits to existing employees encourages our workforce to become more educated, which in turn is expected to develop an educated, well-rounded workforce.*

Section 6: Policy. Provides that, for non-uniformed employees, the City Administrator may waive or alter the step increase procedure as necessary to fill a position with the most highly qualified candidate and assign the appropriate wage within the job classification.

The intent of this Memorandum is to review the provisions of the compensation ordinance, along with relevant information as to why certain provisions are included. If you have further questions or concerns about any specific provision, please forward them so that staff may address them either before or during the study session discussion of this item.

ORDINANCE NO. 87-15AN ORDINANCE ESTABLISHING SALARIES AND BENEFITS
AND RELATED PROCEDURES FOR CITY EMPLOYEES

BE IT ORDAINED AND ENACTED BY THE BOARD OF DIRECTORS OF THE CITY OF FORT SMITH, ARKANSAS THAT:

SECTION 1: Pay Rates and Salaries

All employees shall be paid based on the salary grade ranges as shown in Appendix A.

- A. **For calendar year 2016 all merit, performance, step or time in grade pay increases as defined throughout this ordinance are hereby suspended for all City employees. However, performance evaluations will continue through 2016 as described in this ordinance.**
- B. For non-uniformed employees below the midpoint of the salary grade, a pay for performance evaluation will take place shortly before their position anniversary date:
1. If the employee is meeting job requirements, a step increase will be granted on the position anniversary date.
 2. An additional step increase may be granted if the employee at times exceeds job requirements (an average of 2.0 or better on the attached performance scale). Should the step increases place the salary at or above the midpoint, any pay increase over the midpoint shall be based on the formula found in Section C (2.) of this Ordinance.
 3. Two additional step increases may be granted if the employee consistently exceeds job requirements (an average of 3.0 on the attached performance scale). Should the step increases place the salary at or above the midpoint, any pay increase over the midpoint shall be based on the formula found in Section C (1.) of this Ordinance.
 4. No step increase will be granted to an employee evaluated as Progressing to Minimum Requirements. (An average score of less than 1.0 or one or more evaluation category rating of E)
 5. The 2016 pay increase will be rescinded if the employee is found to need improvement and a decision about the employee's future with the City will be made no later than the time of the evaluation. (An average score of less than 1.0 and one or more evaluation category rating of E)
- C. For non-uniformed employees at or above the midpoint of the salary grade, a pay for

performance evaluation will take place shortly before their position anniversary date.

1. Based on the employee's average score, a pay increase of 3% will be granted if funding is available (which it is not for 2016) and if the employee consistently exceeds job requirements. The actual percentage will be determined by the attached scale in Appendix B and will be adjusted to either one third or two thirds of the total percentage in Appendix B if the employee's first or second step of the increase otherwise placed them above the midpoint.
2. Based on the employee's average score, a pay increase between 1-3% will be granted if funding is available (which it is not for 2016) and if the employee at times exceeds job requirements. The actual percentage will be determined by the attached scale in Appendix B and will be adjusted to one half of the total percentage in Appendix B if the employee's first step of the increase otherwise placed them above the midpoint.
3. No additional pay increases will be granted if the employee is evaluated as Meeting Job Requirements.
4. No more than one-third of the 2016 pay increase may be granted, if the employee is working toward expectations. (An average score of less than 1.0, or one or more evaluation category rating of E)
5. No portion of the 2016 pay increase will be granted if the employee is found to need improvement and a decision about the employee's future with the City will be made no later than the time of the evaluation. (An average score of less than 1.0 and one or more evaluation category rating of E)

While the preceding steps in SECTION 1. B. & C. are listed to illustrate the effect of the pay decisions based on their performance evaluation, Supervisors and Department Heads are encouraged to engage in periodic evaluation discussions with employees. These discussions are intended to let employees know if they are meeting or exceeding expectations during the year. Supervisors and Department Heads are hereby directed to deal with deficient performance issues immediately and not wait until the scheduled evaluation to inform the employee of these problems.

- D. For non uniformed employees at or above the maximum salary for the grade, no salary increase will be granted if the employee is meeting expectations. A onetime payment that will not become part of the employee's permanent salary may be approved by the City Administrator if the employee consistently exceeds or at times exceeds job requirements. The amount of the onetime payment will follow the same percentages found in Section C (1.) & C (2.) of this Ordinance.
- E. For Police uniformed employees, a step increase will be granted if the employee is evaluated as satisfactory regardless of their location on the pay grade until the employee has reached the last step.

No pay increases will be granted, including cost of living, to any employee if they are found to be unsatisfactory on their annual performance evaluation.

- F. For Fire Department uniformed employees, a step increase will be granted if the employee is evaluated as satisfactory regardless of their location on the pay grade until the employee has reached the last step.

No pay increases will be granted, including cost of living, to any employee if they are found to be unsatisfactory in any one evaluation category.

- G. Employees designated by their department director as a language interpreter are eligible for language incentive pay of \$83.34 per month subject to certain conditions and procedures as follows:

1. Each employee will be required to pass a certification test verifying their ability to speak, listen or sign at the designated competency level required by their department. The City will pay for the first two certification tests for the designated employee.
2. If the employee fails to pass the certification test on the first two attempts, it will then be the employee's responsibility to pay for any subsequent attempts to achieve certification.

- H. Employees designated as an IT user liaison are eligible for incentive pay of \$100.00 per month subject to certain conditions and procedures as follows:

1. Each employee will be required to attend IT user liaison training and pass a certification test verifying their competency.
2. IT user liaisons will spend 5-10 % of their work week supporting IT users and the IT function of the city.

- I. All non uniformed employees shall receive longevity pay as follows:

1. After the first five (5) years of continuous and uninterrupted service, the sum of \$10.00 shall be added to monthly compensation.
2. After each five (5) year period of continuous and uninterrupted service thereafter, an additional \$5.00 per month for each said five year periods shall be added provided however, that \$30.00 per month shall be the maximum longevity pay.

- J. Employees designated by their department director as a member of the chlorine emergency response team are eligible for incentive pay of \$100.00 per month subject to certain conditions and procedures as follows: Each employee will be required to initially complete 40 hours of specialized training to be eligible to participate on the chlorine emergency response team. Then each member will be required to complete a minimum of 8 hours of continuing education each year to remain on the chlorine emergency response team.

- K. Employees designated by their position description as a salesperson will be paid a commission of 5% on all sales in excess of their gross sales (excluding contract labor fees) for the same quarter of the previous year subject to certain conditions and procedures as

follows: The gross sales amount for the previous year will be determined by the department director of the salesperson eligible to receive the commission.

SECTION 2: Non-Exempt Non-Uniformed Employees

- A. Shift Differential - a Non-Exempt employee assigned to work a second shift shall receive a shift differential of ten (10) cents per hour for each hour worked beginning with a regularly scheduled shift starting time of 2:00 p.m. and ending before 10:00 p.m. A Non-Exempt employee assigned to work a third shift shall receive a shift differential of fifteen (15) cents per hour for each hour worked beginning with a regularly scheduled shift starting time of 10:00 p.m. and ending before 6:00 a.m.
- B. Mileage Reimbursement - Employees, who on written instructions, use their personal automobile(s) on City business will be reimbursed at the most recently published Internal Revenue Service Code reimbursement rate.

SECTION 3: Exempt Employees Salaries

- A. In addition to any other current contributions, a contribution to the International City Managers Association - Retirement Corporation (ICMA-RC) of one-hundred dollars (\$100) per month will be made for each department head as listed below:

City Administrator	Deputy City Administrator
District Court Clerk	Police Chief
Fire Chief	Director of Engineering
Director of Development & Construction	Director of Human Resources
Director of Finance	Director of Utilities
Director of Sanitation	Director of Streets & Traffic Control
Director of Parks & Recreation	Director of Transit
Director of Information & Technology	City Clerk
Internal Auditor	

SECTION 4: Civil Service (uniformed) employees of the Fire Department shall be paid a rate of pay as set forth in Appendix C. **For calendar year 2016 all merit, performance, step or time in grade pay increases as defined throughout this ordinance are hereby suspended for all City employees. However, performance evaluations will continue through 2016 as described in this ordinance.**

- A. All firefighters hired (including rehires) by the City shall initially be placed in Step A in the Firefighter F-1 position. Advancement to Step B shall occur on the first anniversary date of the date of appointment to the position if an employee's performance is found to be satisfactory. Advancement into each step subsequent to Step B shall occur on the respective subsequent anniversary date of the appointment to the position.
- B. Drivers, Captain, Battalion Chiefs, Fire Marshals, Training Officer and Assistant Chief are eligible on their position anniversary date for advancement to Step B (in the applicable range) based on merit as determined by a job performance evaluation. Advancement to each step subsequent to Step B shall also be based on merit as determined by a job performance evaluation on each subsequent promotion anniversary date.

- C. All hourly compensated firefighters shall have a work period of fourteen (14) days (106 hours) and shall be subject to the Section 7 (k) exemption of 29 CFR Part 553 application of the Fair Labor Standards Act to Employees of State and Local Governments.
- D. All firefighters shall receive compensation for an additional thirteen (13) days paid as legal holidays in accordance with the provisions of Act 501 of 1987. Compensation for holidays is based on the firefighter's daily rate of pay and is in addition to the regular pay schedule. Holiday compensation is included in the rates of pay provided in Appendix C. The thirteen (13) days of holiday equalization pay shall be prorated and paid during the regular payroll periods. "Daily rate of pay" for all hourly compensated firefighters is hereby defined for all budgetary purposes of the City of Fort Smith as being one-tenth of the biweekly base pay for the applicable employment grade and range. The biweekly base pay period for all firefighters shall be based on an average of one-hundred-twelve (112) hours worked biweekly.
- E. All firefighters shall be granted annual vacation as follows:
- After twelve (12) months of continuous and uninterrupted service, 144 hours.
 - After six (6) consecutive years of continuous and uninterrupted service, 168 hours.
 - After ten (10) consecutive years of continuous and uninterrupted service, 192 hours.
 - After fifteen (15) consecutive years of continuous and uninterrupted service, 216 hours.
 - After twenty (20) consecutive years of continuous and uninterrupted service, 240 hours.
- Annual vacation leave shall not be accumulated from calendar year to calendar year.
- F. For administrative convenience, the annual vacation of not less than fifteen (15) days with full pay for Fire Department employees as required by A.C.A. 14-53-107 and provided in Section (E) above is hereafter defined in terms of annual vacation hours as provided in this section. Each three days of annual vacation with full pay provided for in A.C.A. 14-53-107 and each three days of additional annual vacation granted by Section (E) above is deemed to be equal to one scheduled working shift of twenty-four (24) hours. For administrative record keeping of the City, the City Administrator and his designated agents are authorized to maintain records regarding annual vacation leave in terms of "scheduled working hours." Using such administrative procedure, the annual vacation provided by Section (E) above shall be provided in terms of three (3) calendar days being equal to one (1) working shift of twenty-four (24) hours. For each hour of vacation leave that a firefighter is away from a regularly scheduled work shift, one hour shall be credited against his or her annual vacation benefit.
- G. The administrative procedures provided in Section (F) shall not be interpreted or construed to enlarge or decrease the current vacation leave benefit provided by A.C.A. 14-53-107 and this ordinance.
- H. Sick leave for firefighters shall accumulate at a rate of 360 hours per year beginning with the date of employment and decreasing to 288 hours per year beginning four (4) years after employment. Unused sick leave shall accumulate to firefighters provided with 360 hours per year and 288 hours per year sick leave to a maximum of 2400 hours. If at the end of his/her term of service, upon death or retirement defined as being eligible to receive normal, early or disability LOPFI retirement pension payments immediately upon

separation of employment, any firefighter who has unused accumulated sick leave, he/she shall be paid for such sick leave at the regular rate of pay in effect at the time of retirement provided, however, that payment for unused sick leave upon retirement shall not exceed three (3) months salary as per state law, A.C.A. 14-53-108

- I. All Civil Service Fire Department personnel shall receive longevity pay as follows:
1. After the first five (5) years of continuous and uninterrupted service, the sum of \$10.00 shall be added to monthly compensation.
 2. After each five (5) year period of continuous and uninterrupted service thereafter, an additional \$5.00 per month for each said five year periods shall be added provided however, that \$30.00 per month shall be the maximum longevity pay.
- J. All firefighters, after their first year of probation, shall be eligible for a monthly pay bonus for the completion of certificates awarded by the Arkansas State Fire Academy or the National Fire Academy according to the following schedule.

<u>Certificate</u>	<u>Monthly Pay Bonus</u>
1. Pump Operation/Emergency Driving	\$15.00
2. Fire Inspector 1	\$15.00
3. First Responder	\$15.00
4. Fire Officer 1	\$15.00
5. Emergency Medical Technician EMT	\$15.00
6. Special Certification Certificate as per Fire Chief	\$15.00
7. Arson Investigation	\$15.00
8. Hazardous Materials	<u>\$15.00</u>
Total possible Certificate pay	\$120.00

- K. An additional 10%, after their first year of probation, shall be added to the pay rate of a firefighter who becomes a Certified Paramedic. Certification must be maintained or certification pay will be eliminated.
- L. All firefighters shall receive an annual physical examination by the City to determine their physical fitness to perform firefighting activities.
- M. All firefighters are eligible for educational bonus pay subject to certain conditions and procedures as follows: If the employees hire date is prior to or December 31, 2004 and the employee has entered an educational program then schedule (1) will be followed. If an employee has not entered an educational program prior to January 1, 2005 or the employee hire date is January 1, 2005 or later then schedule (2) will be followed. If an employee who is eligible and receiving bonus pay based on schedule (1) earns a bachelors degree then that employee will be eligible for schedule (2).

<u>Schedule (1)</u>	
<u>Educational Program</u>	<u>Percentage of Total Annual Pay Added as Bonus</u>
Entry into the Plan	1%
Completion of 15 semester hours	2%
Completion of 30 semester hours	3%

Completion of 45 semester hours	4%
Completion of 60 semester hours plus	5% attainment of Associates Degree

Schedule (2)

<u>Educational Program</u>	<u>Percentage of Total Annual Pay Added as Bonus</u>
Associates Degree	3%
Bachelors Degree	6%
Masters Degree	7%

- N. Firefighters designated by the fire department and certified to maintain and service breathing apparatus are eligible for incentive pay of \$100.00 per month.

SECTION 5: Civil Service (uniformed) employees of the Police Department shall be paid a rate of pay as set forth in Appendix D. **For calendar year 2016 all merit, performance, step or time in grade pay increases as defined throughout this ordinance are hereby suspended for all City employees. However, performance evaluations will continue through 2016 as described in this ordinance.**

- A. All Police Officers hired (including rehires) by the City shall initially be placed in the Entry Level in the Patrol Officer/Detective P-1 Range. Advancement to subsequent levels of pay shall be based upon an officer's anniversary date as indicated in the schedule in Appendix D.
- B. Advancement to the Corporal rank P-1 will occur upon reaching the tenth step of a patrol officer/detective. Advancement to subsequent levels of pay shall be based upon an officer's position anniversary date as indicated on the schedule in Appendix D.
- C. All hourly compensated Police Officers shall have a work period of seven (7) days, shall receive overtime pay after 40 hours, and shall be subject to the Section 7 (K) exemption of 29 CFR Part 553 Application of the Fair Labor Standards Act to Employees of State and Local Governments.
- D. All Police Officers shall receive compensation for an additional thirteen (13) days as paid legal holidays in accordance with the provisions of Act 501 of 1987. Compensation for holidays is based on the officer's daily rate of pay and is in addition to the base pay schedule. In calculating the holiday pay, the "daily rate of pay" for all hourly compensated Police Officers is hereby defined for budgetary purposes of the City of Fort Smith as being the per hour rate of base pay times (8) hours for the applicable employment grade and range. Holiday compensation is included in the rates of pay provided in Appendix D. Holiday pay is to be prorated and paid during the regular payroll periods.
- E. All Police Officers shall be granted annual vacations as follows:
1. After twelve (12) months of continuous and uninterrupted service, fifteen (15) working days.
 2. After six (6) consecutive years of continuous and uninterrupted service, seventeen (17) working days.

3. After ten (10) consecutive years of continuous and uninterrupted service, twenty (20) working days.
4. In addition to the foregoing vacation days, each officer will receive one (1) discretionary day off with pay each year after (12) months of continuous service.

Annual vacation leave and the discretionary day shall not be accumulated for more than a twelve month period from the date of accrual for Civil Service Employees.

- F. All Police Officers shall accumulate sick leave at the rate of twenty (20) working days (i.e., 28 calendar days) per year beginning one (1) year after the date of employment. Sick leave may be accumulated from year to year to maximum accumulation of one hundred twenty (120) working days (i.e., 168 calendar days) at any one time. If at the end of his/her term of service, upon death or retirement defined as being eligible to receive normal, early or disability LOPFI retirement pension payments immediately upon separation of employment, any Police Officer has unused accumulated sick leave, he/she shall be paid for such sick leave at the regular rate of pay in effect at the time of retirement or death, provided however, that payment of unused sick leave upon retirement or death shall not exceed (3) months salary for Police Officers in the rank of Captain and above and shall not exceed salary for five hundred twenty (520) hours for Police Officers in the rank of Sergeant and below.
- G. All civil service police officers shall receive longevity pay as follows:
1. After the first five (5) years of continuous and uninterrupted service, the sum of \$10.00 shall be added to monthly compensation.
 2. After each (5) year period of continuous and uninterrupted service thereafter, an additional \$5.00 per month for each of said five (5) year periods shall be added, provided, however, that \$30.00 per month shall be the maximum longevity pay.
- H. All Police Officers, after their first year of probation, shall be eligible for a monthly pay bonus for the completion of the State of Arkansas Law Enforcement Standards and Training Certificates as follows:
1. General Certificate - \$20.00 added to monthly compensation
 2. Intermediate Certificate - \$40.00 added to monthly compensation.
 3. Advanced Certificate - \$60.00 added to monthly compensation.
 4. Senior Certificate - \$80.00 added to monthly compensation.
- I. All police officers are eligible for educational bonus pay subject to certain conditions and procedures as follows: If the employees hire date is prior to or December 31, 2004 and the employee has entered an educational program then schedule (1) will be followed. If an employee has not entered an educational program prior to January 1, 2005 or the employees hire date is January 1, 2005 or later then schedule (2) will be followed. If an employee who is eligible and receiving bonus pay based on schedule (1) earns a bachelors degree then that employee will be eligible for schedule (2).

Schedule (1)

<u>Educational Program</u>	<u>Percentage of Total Annual Pay Added as Bonus</u>
Entry into the Plan	1%
Completion of 15 semester hours	2%
Completion of 30 semester hours	3%
Completion of 45 semester hours	4%
Completion of 60 semester hours plus	5% attainment of Associates Degree

Schedule (2)

<u>Educational Program</u>	<u>Percentage of Total Annual Pay Added as Bonus</u>
Associates Degree	3%
Bachelors Degree	6%
Masters Degree	7%

SECTION 6: Policy

As to non-uniformed employees, in extreme and unusual employment and promotional situations related to business necessity and efficiency, the City Administrator may waive or alter the step increase procedure to fill a position with the most highly qualified candidate and assign the appropriate wage within the job classification.

SECTION 7: All ordinances and parts of ordinances in conflict with this ordinance are hereby repealed.

PASSED AND APPROVED THIS 1st day of December, 2015

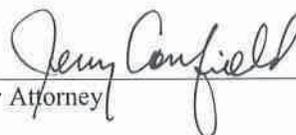
APPROVED:


Mayor

ATTEST:


City Clerk

Approved as to form:


City Attorney

Appendix A

HOURLY PAY GRADE RANGES
BUDGET YEAR 2016
 (basis, 8 hrs/day, 5 days/week, 52 weeks/year)

Grade	Entry	Midpoint	Maximum	Step
1	\$ 9.53	\$ 11.52	\$ 13.51	\$ 0.40
2	\$ 10.66	\$ 12.89	\$ 15.11	\$ 0.44
3	\$ 11.77	\$ 14.23	\$ 16.71	\$ 0.49
4	\$ 12.91	\$ 15.60	\$ 18.30	\$ 0.54
5	\$ 14.04	\$ 16.96	\$ 19.89	\$ 0.59
6	\$ 15.15	\$ 18.31	\$ 21.46	\$ 0.63
7	\$ 16.26	\$ 19.65	\$ 23.07	\$ 0.68
8	\$ 17.37	\$ 21.01	\$ 24.63	\$ 0.72
9	\$ 18.50	\$ 22.38	\$ 26.24	\$ 0.77
10	\$ 19.62	\$ 23.74	\$ 27.84	\$ 0.83
11	\$ 20.75	\$ 25.09	\$ 29.43	\$ 0.88
12	\$ 20.77	\$ 26.71	\$ 32.66	\$ 1.18
13	\$ 21.85	\$ 28.11	\$ 34.35	\$ 1.24
14	\$ 23.13	\$ 29.76	\$ 36.38	\$ 1.32
15	\$ 24.20	\$ 31.12	\$ 38.06	\$ 1.39
16	\$ 25.54	\$ 32.86	\$ 40.14	\$ 1.46
17	\$ 26.60	\$ 34.22	\$ 41.84	\$ 1.53
18	\$ 27.68	\$ 35.62	\$ 43.54	\$ 1.59
19	\$ 28.77	\$ 37.04	\$ 45.29	\$ 1.65
20	\$ 29.86	\$ 38.42	\$ 46.99	\$ 1.71
21	\$ 30.96	\$ 39.83	\$ 48.69	\$ 1.77
22	\$ 32.01	\$ 41.21	\$ 50.39	\$ 1.84
23	\$ 33.11	\$ 42.61	\$ 52.11	\$ 1.91
24	\$ 34.20	\$ 44.01	\$ 53.80	\$ 1.97

BI-WEEKLY PAY GRADE RANGES
BUDGET YEAR 2016
 (basis, 8 hrs/day, 5 days/week, 52 weeks/year)

Grade	Entry	Midpoint	Maximum	Step
1	\$ 762.40	\$ 921.60	\$ 1,080.80	\$ 32.00
2	\$ 852.80	\$ 1,031.20	\$ 1,208.80	\$ 35.20
3	\$ 941.60	\$ 1,138.40	\$ 1,336.80	\$ 39.20
4	\$ 1,032.80	\$ 1,248.00	\$ 1,464.00	\$ 43.20
5	\$ 1,123.20	\$ 1,356.80	\$ 1,591.20	\$ 47.20
6	\$ 1,212.00	\$ 1,464.80	\$ 1,716.80	\$ 50.40
7	\$ 1,300.80	\$ 1,572.00	\$ 1,845.60	\$ 54.40
8	\$ 1,389.60	\$ 1,680.80	\$ 1,970.40	\$ 57.60
9	\$ 1,480.00	\$ 1,790.40	\$ 2,099.20	\$ 61.60
10	\$ 1,569.60	\$ 1,899.20	\$ 2,227.20	\$ 66.40
11	\$ 1,660.00	\$ 2,007.20	\$ 2,354.40	\$ 70.40
12	\$ 1,661.60	\$ 2,136.80	\$ 2,612.80	\$ 94.40
13	\$ 1,748.00	\$ 2,248.80	\$ 2,748.00	\$ 99.20
14	\$ 1,850.40	\$ 2,380.80	\$ 2,910.40	\$ 105.60
15	\$ 1,936.00	\$ 2,489.60	\$ 3,044.80	\$ 111.20
16	\$ 2,043.20	\$ 2,628.80	\$ 3,211.20	\$ 116.80
17	\$ 2,128.00	\$ 2,737.60	\$ 3,347.20	\$ 122.40
18	\$ 2,214.40	\$ 2,849.60	\$ 3,483.20	\$ 127.20
19	\$ 2,301.60	\$ 2,963.20	\$ 3,623.20	\$ 132.00
20	\$ 2,388.80	\$ 3,073.60	\$ 3,759.20	\$ 136.80
21	\$ 2,476.80	\$ 3,186.40	\$ 3,895.20	\$ 141.60
22	\$ 2,560.80	\$ 3,296.80	\$ 4,031.20	\$ 147.20
23	\$ 2,648.80	\$ 3,408.80	\$ 4,168.80	\$ 152.80
24	\$ 2,736.00	\$ 3,520.80	\$ 4,304.00	\$ 157.60

ANNUAL PAY GRADE RANGES
BUDGET YEAR 2016
 (basis, 8 hrs/day, 5 days/week, 52 weeks/year)

Grade	Entry	Midpoint	Maximum	Step
1	\$ 19,822.40	\$ 23,961.60	\$ 28,100.80	\$ 832.00
2	\$ 22,172.80	\$ 26,811.20	\$ 31,428.80	\$ 915.20
3	\$ 24,481.60	\$ 29,598.40	\$ 34,756.80	\$ 1,019.20
4	\$ 26,852.80	\$ 32,448.00	\$ 38,064.00	\$ 1,123.20
5	\$ 29,203.20	\$ 35,276.80	\$ 41,371.20	\$ 1,227.20
6	\$ 31,512.00	\$ 38,084.80	\$ 44,636.80	\$ 1,310.40
7	\$ 33,820.80	\$ 40,872.00	\$ 47,985.60	\$ 1,414.40
8	\$ 36,129.60	\$ 43,700.80	\$ 51,230.40	\$ 1,497.60
9	\$ 38,480.00	\$ 46,550.40	\$ 54,579.20	\$ 1,601.60
10	\$ 40,809.60	\$ 49,379.20	\$ 57,907.20	\$ 1,726.40
11	\$ 43,160.00	\$ 52,187.20	\$ 61,214.40	\$ 1,830.40
12	\$ 43,201.60	\$ 55,556.80	\$ 67,932.80	\$ 2,454.40
13	\$ 45,448.00	\$ 58,468.80	\$ 71,448.00	\$ 2,579.20
14	\$ 48,110.40	\$ 61,900.80	\$ 75,670.40	\$ 2,745.60
15	\$ 50,336.00	\$ 64,729.60	\$ 79,164.80	\$ 2,891.20
16	\$ 53,123.20	\$ 68,348.80	\$ 83,491.20	\$ 3,036.80
17	\$ 55,328.00	\$ 71,177.60	\$ 87,027.20	\$ 3,182.40
18	\$ 57,574.40	\$ 74,089.60	\$ 90,563.20	\$ 3,307.20
19	\$ 59,841.60	\$ 77,043.20	\$ 94,203.20	\$ 3,432.00
20	\$ 62,108.80	\$ 79,913.60	\$ 97,739.20	\$ 3,556.80
21	\$ 64,396.80	\$ 82,846.40	\$ 101,275.20	\$ 3,681.60
22	\$ 66,580.80	\$ 85,716.80	\$ 104,811.20	\$ 3,827.20
23	\$ 68,868.80	\$ 88,628.80	\$ 108,388.80	\$ 3,972.80
24	\$ 71,136.00	\$ 91,540.80	\$ 111,904.00	\$ 4,097.60

Appendix B

Performance Score

<u>Performance Level</u>	<u>Performance Points</u>
A	3
B	2
C	1
D	0
E	0

Performance Increase

<u>Average Score</u>	<u>Increase if below MP</u>	<u>Increase if MP or above</u>
1.0 - 1.1	1 step	0.0%
1.2 - 1.3	1 step	1.0%
1.4 - 1.5	1 step	1.5%
1.6 - 1.7	1 step	2.0%
1.8 - 1.9	1 step	2.5%
2.0 - 2.1	2 steps	3.0%
2.2 - 2.3	2 steps	3.0%
2.4 - 2.5	2 steps	3.0%
2.6 - 2.7	2 steps	3.0%
2.8 - 2.9	2 steps	3.0%
3.0	3 steps	3.0%

Appendix C

City of Fort Smith
Fire Department
Pay Schedule
Budget Year 2016

Rank	Range	Rate	A	B	C	D	E	F	G
Probationary Firefighter & Firefighter	F1	Hourly	\$10.31	\$11.14	\$11.93	\$12.74	\$13.50	\$14.30	\$15.05
Driver	F2	Hourly	\$15.62	\$17.14					
Captain	F3	Hourly	\$18.63	\$20.41					
Captain (exempt)	F3	Monthly	\$4,709.97	\$5,159.26					
Fire Marshal Battalion Chief Training Officer	F5	Monthly	\$5,592.35	\$6,291.42					
Assistant Chief	F6	Monthly	\$7,042.48						

Appendix D

City of Fort Smith
Police Department
Pay Schedule
Budget Year 2016

Rank	Rate	Entry	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9
Patrol	Hourly	\$ 16.59	\$ 17.12	\$ 17.65	\$ 18.14	\$ 18.67	\$ 19.21	\$ 19.74	\$ 20.28	\$ 20.80	\$ 21.33
		\$ 0.83	\$ 0.86	\$ 0.88	\$ 0.91	\$ 0.93	\$ 0.96	\$ 0.99	\$ 1.01	\$ 1.04	\$ 1.07
		\$ 17.42	\$ 17.98	\$ 18.53	\$ 19.05	\$ 19.60	\$ 20.17	\$ 20.73	\$ 21.29	\$ 21.84	\$ 22.40
Corporal	Hourly	Step 10	Step 11	Step 12	Step 13	Step 14	Step 15	Step 16	Step 17	Step 18	Step 19
			\$ 21.86			\$ 22.42			\$ 22.71		
			\$ 1.09			\$ 1.12			\$ 1.14		
		\$ 22.95			\$ 23.54			\$ 23.85			
Sergeant	Hourly	Entry	Step 1	Step 2	Step 3	Step 4	Step 5				
		\$ 23.55	\$ 24.24	\$ 24.98	\$ 25.66	\$ 26.36	\$ 27.09				
		\$ 1.18	\$ 1.21	\$ 1.25	\$ 1.28	\$ 1.32	\$ 1.35				
	\$ 24.73	\$ 25.45	\$ 26.23	\$ 26.94	\$ 27.68	\$ 28.44					
Captain	Annually	Entry	Step 1	Step 2	Step 3	Step 4	Step 5				
		\$ 59,147.97	\$ 60,259.14	\$ 61,370.30	\$ 62,481.45	\$ 63,592.61	\$ 64,724.92				
		\$ 2,957.40	\$ 3,012.96	\$ 3,068.52	\$ 3,124.07	\$ 3,179.63	\$ 3,236.25				
	\$ 62,105.37	\$ 63,272.10	\$ 64,438.82	\$ 65,605.52	\$ 66,772.24	\$ 67,961.17					
Major	Annually	Entry	Step 1	Step 2	Step 3	Step 4	Step 5				
		\$ 67,961.20	\$ 70,142.49	\$ 72,323.78	\$ 74,505.06	\$ 76,686.35	\$ 78,867.62				
		\$ 3,398.06	\$ 3,507.12	\$ 3,616.19	\$ 3,725.25	\$ 3,834.32	\$ 3,943.38				
	\$ 71,359.26	\$ 73,649.61	\$ 75,939.97	\$ 78,230.31	\$ 80,520.67	\$ 82,811.00					