



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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TRANSMITTAL LETTER FOR BOARD MEETING OF OCTOBER 7, 2010

COMMITTEE ON PENSION, HUMAN RESOURCES AND CIVIL SERVICE

Mr. Richard Lanyon, Executive Director

Requesting Approval to Change Personnel Rule 5.10 and Personnel Rule 5.048

Dear Sir:

Following discussion at the August 12, 2010 study session and suggestions received from employees, two changes are recommended to the benefits received by non-represented employees. Both changes require amendments to Personnel Rule 5. Personnel Rule 5 contains the specific rules and procedures for salary administration for non-represented employees in the classified service of the District.

1. Overtime: It is recommended that Personnel Rule 5.10 Overtime Administration be changed to reduce overtime eligibility and compensation to bring District practice in line with other private and public sector practices. Estimated annual savings is \$440,000 in cash overtime and the equivalent of \$435,000 in compensatory time. The recommended changes are:

“5.10 Overtime Administration: A department head may prescribe reasonable periods of overtime work to meet operational needs. Such overtime shall be reported separately on the time records and the payrolls of the department.

“Any employee compensated under the GS Salary Schedule or PM employee at ~~PM12~~ PM 08, or TAM Salary Schedule at Grade ~~48~~ 16, and below, who is obliged to work overtime shall be compensated in time off or paid in cash. Such employees shall be allowed ~~two~~ (2) one and one-half hours off for each hour of authorized overtime worked. If compensated in cash, such overtime will be paid at the rate of one and one-half hours for each hour of authorized overtime worked.

“Employees at ~~PM13~~ PM 09 or TAM ~~49~~ 17 and above shall not be eligible for overtime compensation.

However, the Department Head may authorize time off for such employees in special cases. In no case shall employees at grade PM13 or TAM 19 and above be paid in cash for overtime.

"5.101 Operational Circumstances: From time to time, an operational need may necessitate the use of special duty pay. The Director of Human Resources may recommend such pay which shall be administered according to current state and federal laws and regulations and/or policies of the Executive Director."

The District provides competitive pay rates to employees, and should also provide competitive compensatory time allowances for non-represented employees. The Fair Labor Standards Act requires a minimum of 1.5 hours compensatory time or cash pay for each overtime hour worked. The prevailing practice is to provide 1.5 hours compensatory time for each overtime hour worked.

Under certain operational conditions, special duty pay may be warranted. For example, employees on call, who are otherwise ineligible for overtime, may receive special duty pay. Such situations will be handled on a case-by-case basis, subject to Department Head and Executive Director approval.

Exhibit A illustrates the potential annual savings resulting from the recommended changes to Personnel Rule 5.10.

2. Eliminate Pay Schedules GS and PM: It is recommended that Personnel Rule 5.048 Transitional Rules for Employees in the Employ of the District on December 31, 1999 be deleted in its entirety. Potential savings is \$116,335 in 2011 and \$232,669 each year thereafter for as long as incumbent employees remain in the workforce. The recommended changes are:

~~"5.048 Transitional Rules for District Employees in the Employ of the District on December 31, 1999. [Amendment No. 360, 11/16/99] Employees in the employ of the District on December 31, 1999, who are compensated under Schedule GS or PM shall transition to Schedule TAM according to the following provisions:~~

~~(a) Employees will be placed in the same step under Schedule TAM they held under Schedule GS or Schedule PM. If such placement would result in a reduction in salary, such employees shall continue to be compensated under Schedule GS or PM. Upon promotion or reclassification, such employees shall be placed in Schedule TAM.~~

~~(b) Those employees who retain their grade and step under Schedule GS or PM pursuant to rule 5.048 a), whose salary potential would improve under the corresponding salary grade under Schedule TAM, shall be placed in that step of Schedule TAM which would be appropriate based on length of service to the District.~~

~~(c) Employees in classifications appropriately allocated to the Cooperative Student and Trainee Schedule will receive a salary corresponding to this schedule."~~

Rule 5.048 was originally created to protect over 400 employees from reductions in salary that would have resulted from the 1999 implementation of the new pay plan. It was expected that employee turnover and advancements would eliminate the situations in which employee pay would be reduced. However, 10 years later, 80 employees continue to receive wages that are above the market rate for their job titles. There is no justifiable reason to continue this practice indefinitely. Generally, these employees occupy positions that are designated in the budget as #4. It is recommended that these employee salaries be transitioned to the current pay plan through 2011 and 2012. The two-year transition will lessen the impact of the pay reductions on the individual employees.

Exhibit B illustrates the potential cost savings resulting from deletion of Personnel Rule 5.048.

The Statute requires the Director of Human Resources to establish rules, titles and pay grades for all positions in the classified service, subject to the disapproval of the Civil Service Board. Upon approval by the Board of Commissioners, written notice of the proposed Rule 5 changes will be submitted to the Civil Service Board in accordance with the Statute.

Requested, Denice E. Korcal, Director of Human Resources

Respectfully Submitted, Gloria Alitto Majewski, Chairman Committee on Pension, Human Resources and Civil Service

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for October 7, 2010

Attachments